

SUBCOMMITTEE NO. 5

Agenda

Senator Loni Hancock, Chair
Senator Joel Anderson
Senator Jim Beall



OUTCOMES

Tuesday, May 19, 2015, 10:00 a.m.
State Capitol - Room 113

Consultant: Julie Salley-Gray

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PROPOSED FOR VOTE ONLY**0250 Judicial Branch**

1. **Trial Court Funding and Trial Court Trust Fund Revenue Shortfall.** The Governor's May Revision requests an additional \$15.5 million General Fund to cover the revenue shortfall in the trial court budget. This brings the total General Fund transfer for the shortfall to \$66.2 million. *Overall trial court funding was heard in this subcommittee on March 26, 2015. This is a technical adjustment to the Governor's January proposal based upon updated revenue estimates.*

Action – Approved the \$15.5 million General Fund requested by the Administration and an additional \$10 million General Fund to fund six additional trial court judge positions.

Vote: 3 – 0

2. **Dependency Counsel Funding.** The Judicial Council currently allocates \$103.7 million annually for dependency council. With court-appointed counsel providing representation to approximately 142,500 parents and children, the current level of funding is sufficient to provide representation at a rate of one attorney for approximately 250 clients. *This issue was discussed in this subcommittee on March 26, 2015.*

Action – Increased dependency counsel funding by \$33.1 million General Fund. Shifted all dependency counsel funding (\$136.8 million GF) to a newly created budget item (such as 0250-101-0933). Adopted placeholder trailer bill language establishing maximum client caseloads of 1 attorney to 188 clients for those attorneys who use social workers as support, and 1 attorney to 77 clients, for those that do not.

Vote: 3 – 0

3. **Extension of Fee Increases.** The Governor's budget proposes the adoption of trailer bill language that removes the sunset date for certain fines and fees. The fee increases included in the proposed trailer bill were initially intended to be temporary and are scheduled to sunset on July 1, 2015. *This issue was discussed in this subcommittee on March 26, 2015.*

Action – Adopted as placeholder, draft trailer bill language extending the sunset to July 1, 2018.

Vote: 2 – 1 (Anderson no)

4. **Finance Letter: Telecommunications Network.** The Administration submitted a spring finance letter requesting \$5.5 million to fund telecommunication improvements for all 58 superior courts. The requested funding would be used to support hardware refresh, training, and the maintenance and security of the judicial branch network. *This issue was discussed in this subcommittee on April 30, 2015.*

Action – Approved the Governor’s spring finance letter request.

Vote: 3 – 0

5. **Capital Outlay.** The Governor’s budget and subsequent April 1st finance letters request 130.9 million for Immediate and Critical Needs Account, \$86.6 million from the Public Buildings Construction Fund, and \$68 million in reappropriations for local trial court capital outlay projects. *This issue was discussed in this subcommittee on April 30, 2015.*

Action – Approved the Governor’s January budget and spring finance letter requests.

Vote: 3 – 0

5196 Public Safety Realignment

1. **Enhancing Law Enforcement Activities Growth Special Account.** The Governor’s budget proposed trailer bill language deleting the requirement that funds in the Enhancing Law Enforcement Activities Growth Special Account be distributed on August 25th of each fiscal year. Additionally, the proposal amends language to specify that each growth allocation from the Enhancing Law Enforcement Activities Growth Special Account shall utilize the same allocation schedules calculated for the base allocations from the same fiscal year to which the growth is attributed.

Action – Approved the Governor’s placeholder trailer bill language.

Vote: 3 – 0

5225 California Department of Corrections and Rehabilitation

6. **Juvenile Population Adjustment.** The May Revision includes a decrease of \$494,000 General Fund in 2014-15 and \$2 million General Fund in 2015-16 for costs related to adult inmate and parole population changes. The revised average daily population projections for juvenile wards are 683 in 2014-15 (a decrease of two wards below the Governor’s January budget) and 677 in 2015-16 (a decrease of 32 wards below the Governor’s January budget). *CDCR’s population projections were discussed in this subcommittee on April 23, 2015.*

Action – Approved the May Revision request.

Vote: 3 – 0

7. **Psychiatric Technician Staffing Model Adjustment.** The May Revision includes a decrease of \$975,000 General Fund and 10.6 positions to implement the revised staffing model for Psychiatric Technicians.

Action – Approved the May Revision request.

Vote: 3 – 0

8. **Coleman v. Brown Technical Adjustment.** The May Revision includes a decrease of \$3.45 million General Fund and 30.1 positions to reflect updated costs for the Governor's January budget proposal. *This issue was discussed in this subcommittee on April 23, 2015.*

Action – Approved the May Revision request.

Vote: 3 – 0

9. **Lease Revenue Debt Service Adjustment.** The May Revision includes a decrease of \$10.95 million General Fund to make technical corrections to the amount budgeted for debt service as a result of three bond refundings this spring, which result in lower debt service costs and the issuing of fewer bonds than anticipated.

Action – Approved the May Revision request.

Vote: 3 – 0

10. **Janitorial Services Augmentation.** The May Revision includes an increase of \$600,000 General Fund and 13.9 positions to complete the roll-out of the CalPIA janitorial services programs to all institutions, with the exception of the California Health Care Facility in Stockton. *The CalPIA Janitorial Services Program was approved in the 2014 budget.*

Action – Approved the May Revision request.

Vote: 3 – 0

11. **California Men's Colony: Central Kitchen Replacement.** The Administration submitted a May 1st spring finance letter requesting the reappropriation of construction funds appropriated for the working drawings and construction of a new kitchen at CMC. Construction is expected to begin in early 2015-16.

Action – Approved the May Revision request.

Vote: 3 – 0

12. **Drug Interdiction.** The 2014 budget act provided \$5.2 million General Fund for increased contraband and drug interdiction efforts. In addition, the Legislature adopted trailer bill language requiring that any drug and contraband interdiction efforts on the part of CDCR be applied to all individuals in a facility including inmates, department staff, volunteers, and contract employees and that CDCR establish methods to ensure that the searches shall be done randomly and without advance notice. *This issue was discussed in a joint Public Safety/Budget Subcommittee 5 hearing on March 3, 2015, and again in this subcommittee on April 16, 2015.*

Action – Adopted placeholder trailer bill requiring an independent evaluation of the effectiveness of CDCR's drug interdiction efforts and removing the strip search requirement from statute.

Vote: 2 – 1 (Anderson no)

8120 Commission on Peace Officer Standards and Training (POST)

13. **POST Reduction Plan.** Rather than eliminating 32 POST positions, as proposed in the Governor's January budget, the May Revision requests a \$5.2 million reduction as follows:

- a. Reducing administrative costs by \$800,000.
- b. Increasing the reduction of contracted, non-mandated training courses \$1.9 million sustained in the current year.
- c. Continuing the suspension of reimbursements for local law enforcement to backfill behind officers participating in training for a savings of \$2.5 million.

The proposed reduction is a continuation of existing reductions and should not further impact the current training services offered to local law enforcement. *This issue was discussed in this subcommittee on March 26, 2015.*

Action – Approved the May Revision request.

Vote: 2 – 0 (Beall not voting)

ITEMS TO BE HEARD

5225 Department of Corrections and Rehabilitation

Issue 1: Population Update Overview

May Revision Proposal. The May Revision includes a decrease of \$21.3 million General Fund in 2014-15 and \$108.5 million General Fund in budget year for costs related to adult inmate and parole population changes. The revised average daily population projections for adult inmates are 133,451 in 2014-15 (a decrease of 1,535 inmates below the Governor's January budget) and 127,990 in 2015-16 (a decrease of 5,119 inmates below the Governor's January budget). The revised average daily parolee population projection is 44,073 in 2014-15 (an increase of 847 parolees above the Governor's January budget) and 44,570 in the budget year (an increase of 4,103 parolees above the Governor's January budget).

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 2: Housing Unit Conversion/Standardized Staffing

May Revision Proposal. The May Revision requests a reduction of \$9.7 million General Fund and 76.5 positions to reflect staffing changes, consistent with standardized staffing models, resulting from housing or mission changes to institutions.

The Future of California Corrections Blueprint. In 2012, the Administration proposed a comprehensive, long-term plan, *The Future of California Corrections* — the blueprint — to improve the effectiveness of the state's prison system. The Legislature adopted the plan, based on the understanding that over time, it would significantly reduce CDCR's budget and the prison population, and it approved the necessary funding and statutory changes.

In April 2012, CDCR released the blueprint detailing the Administration's plan to reorganize various aspects of CDCR operations, facilities, and budgets in response to the effects of the 2011 realignment of adult offenders, as well as to meet federal court requirements. The blueprint was intended to build upon realignment, create a comprehensive plan for CDCR to significantly reduce the state's investment in prisons, satisfy the Supreme Court's ruling to reduce overcrowding in the prisons, and get the department out from under federal court oversight.

One component of the blueprint was the implementation of standardized staffing levels. Realignment's downsizing left the department with uneven, ratio-driven staffing levels throughout the system. The blueprint proposed adopting a standardized staffing model for each prison, based on factors such as the prison's population, physical design, and

missions. For the most part, prison staffing levels would remain fixed unless there were significant enough changes in the inmate population to justify opening or closing new housing units. In contrast, historically, prison staffing levels were adjusted to reflect changes in the inmate population regardless of the magnitude of those changes.

As a key assumption for this May Revision proposal, CDCR notes:

CDCR is entering the third year of the five-year Blueprint plan. Included in the Blueprint was the implementation of standardized staffing which replaced the outdated-ration driven staffing model and was based on each facility's physical plant design, inmate classification levels, perimeter security, inmate programming opportunities and daily operational timeliness (feeding, medication distribution, education) while taking into account specialized missions.

During the development of the blueprint, CDCR experts reviewed all custody and non-custody positions in each prison and then developed a standardized staffing model based upon the needs described above.

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 3: Out-of-State Contract Beds

May Revision Proposal. The May Revision includes a decrease of \$73.3 million to reflect a 4,000 bed reduction in the out-of-state contract facilities by June 2016. The reduction assumes vacating two out-of-state facilities and reducing the use of the remaining out-of-state facilities.

The Future of California Corrections Blueprint. As noted above in the discussion of standardized staffing levels, CDCR is in the third year of implementing their five-year Blueprint. As part of the Blueprint, the Administration committed to returning all inmates from out-of-state facilities.

The department began sending inmates out-of-state when overcrowding was at its highest level in 2007. At the time of the blueprint, there were more than 9,500 inmates housed outside of California. The blueprint committed to ending all out-of-state contracts by 2015-16. The blueprint projected that by 2014-15 there would be 1,864 inmates remaining in out-of-state contract beds. Returning out-of-state inmates to in-state facilities was expected to save the state \$318 million annually.

The return of out-of-state inmates was subsequently delayed by the passage of SB 105 (Steinberg and Huff), Chapter 310, Statutes of 2013, which authorized CDCR to increase its level of contracted beds both in state and out of state in order to meet the court ordered population cap of 137.5 percent of prison capacity.

With the passage of Proposition 47, the prison population is now well below the court ordered cap. The May Revision proposes returning to the blueprint commitment by returning 4,000 out-of-state inmates to in-state facilities by June 2016.

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 4: Activation of Infill Projects

May Revision Proposal. The May Revision includes a request for an additional \$1.8 million General Fund and 14.7 positions in 2015-16 and \$5.9 million General Fund and 49.6 positions in 2016-17 for the activation of the Enhanced Outpatient Program facilities at Mule Creek State Prison (MCSP) and Richard J. Donovan State Prison (RJD). This brings the total request to \$37.4 million General Fund and 267 positions in 2015-16, growing to \$73.7 million General Fund and 567.8 positions in 2016-17 and on-going.

Governor's Budget Proposal. The budget proposal requests 252.3 positions and \$35.6 million (\$35.5 million General Fund and \$90,000 Inmate Welfare Fund) in 2015-16, and 518.2 positions and \$67.8 million (\$67.6 million General Fund and \$209,000 Inmate Welfare Fund) in 2016-17 for the custody, clinical, and support personnel and operating and equipment expenses associated with activating 1,584 new beds at MCSP and 792 beds at RJD.

The Future of California Corrections Blueprint. As part of the blueprint, the Administration requested funding to build three new infill facilities which would then allow for the closure of the decaying California Rehabilitation Center (CRC). As discussed below, the closure was subsequently delayed due to the federal court ruling. However, much like the return of out-of-state inmates discussed above, the passage of Proposition 47, and significant reduction in inmates, now allows the state to return to that commitment to close CRC six months after the activation of the infill projects. While the January budget proposal and the May Revision request funding to activate the infill projects, the Administration has not put forward a plan to close CRC.

Background. The 2012 Budget Act included an additional \$810 million of lease-revenue bond financing authority for the design and construction of three new level II dormitory housing facilities at existing prisons. Two of these new dormitory housing facilities will be located adjacent to Mule Creek State Prison in Lone, and the third will be located adjacent to Richard J. Donovan Correctional Facility in San Diego. The budget proposal before the Legislature assumes activation will begin in February of 2016.

At the time the Legislature approved the infill projects, it was assumed that the cost of operating the facilities would be offset by the closure of the California Rehabilitation Center (CRC) in Norco. That closure would have saved the state approximately \$160 million in General Fund per year.

After the three-judge panel ordered the state to reduce the prison population to 137.5 percent of capacity by February 28, 2016, the Administration decided part of the population reduction strategy would require keeping CRC open. However, with the passage of Proposition 47, that crisis point has passed and the population is significantly under the court-ordered cap. The May 1, 2015, monthly population report shows that the population is currently at 134.8 prior to the activation of the additional beds included in this proposal.

Action 1 – Approved the May Revision request.

Vote: 3 – 0

Action 2 – Adopted placeholder trailer bill language reinstating the commitment to close CRC six months after the activation of the beds at MCSP and RJD.

Vote: 2 – 1 (Anderson no)

Issue 5: Receivership Transition Plan

May Revision Proposals. The May Revision includes a request for \$1.9 million General Fund and 16 positions, in addition to the \$4.9 million and 30 positions requested in the January budget, to address the workload associated with the March 10, 2015, federal court order modifying the federal health care receivership transition plan.

Governor's January Budget Proposal. The Governor's budget proposed \$4.9 million from the General Fund, and 30 positions, to expand the receiver's quality management efforts in 2015-16. Of the additional staff being requested, 20 positions are to develop quality management programs in the receiver's new regional offices. Regional staff would be responsible for overseeing prisons located within their geographic area of responsibility. Similar to existing quality management staff, these requested staff would be responsible for tracking prison performance, identifying areas where medical care is deficient, developing performance improvement plans, and sharing best practices across prisons.

Prior Subcommittee Action. This item was held open pending an update in the May Revision.

Justification. On March 10, 2015, the federal court issued an order describing a process for ending the federal receivership. These additional positions will assist in the transition by allowing the federal receiver's office to review policies and procedures to create regulations, provide analytical assistance in determining which institutions will be removed from the receivership and to continue to monitor those institutions once their

health care has been return to CDCR responsibility. In addition, these positions, along with the 30 positions requested in the January proposal, will allow the receiver to quickly implement the Quality Management program.

Background. In June 2008, the federal court approved the receiver's "Turnaround Plan of Action" to achieve a sustainable constitutional level of medical care. The plan identified six major goals for the state's inmate medical care program, including specific objectives and actions for each goal. One of the identified goals was to implement a quality assurance and continuous improvement program to (1) track prison performance on a variety of measures (such as access to care), (2) provide some training and remedial planning (for example, developing a plan to improve access to care at a prison that is struggling to meet that goal), and (3) share best practices across prisons, among other tasks.

Currently, the quality management section within the receiver's office has 32 positions and a budget of \$3.9 million. In addition, there are also 170 staff statewide (five positions at each prison) who are involved in quality management activities. These staff include psychologists, managers, and program specialists who perform quality management functions as well as other responsibilities. According to CHCS, about 90 percent of their time is devoted to quality management activities.

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 6: Hepatitis C Treatment

May Revision Proposals. The May Revision includes a General Fund increase of \$51.8 million in 2014-15 and \$60.6 million in 2015-16 for the cost of providing inmates with new Hepatitis C treatments. The Governor's January budget proposal included this funding in the statewide set-aside for high cost medications. The funding is now proposed to be shifted to the CDCR budget.

The Governor's Budget. The January budget proposal reserved \$300 million General Fund (\$100 million in 2014-15 and \$200 million in 2015-16) for the costs associated with several new Hepatitis C drugs for inmates in state prisons, patients in state hospitals, and participants in Medi-Cal and the AIDS Drug Assistance Program who are infected with Hepatitis C. The Administration also indicates it will convene a workgroup of affected entities, including sheriffs and the receiver, to address the state's approach regarding high-cost drug utilization policies and payment structures.

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 7: Pharmaceutical Funding

May Revision Proposals. The May Revision requests a one-time General Fund augmentation of \$18.4 million in 2014-15 for unanticipated increases in the pharmaceutical budget.

Justification. While the number of patients has decreased, the receiver's office reports a significant increase in the cost of medications. For example, between 2013-14 and 2014-15, the cost per unit of over 110 different medications has more than doubled. For five of those medications, the per unit cost has increased more than 20 fold.

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 8: Correctional Officer Selection and Employee Development

May Revision Proposals. The May Revision includes a proposal to reduce the Correctional Officer Training Academy from 16 weeks to 12 weeks, remove the requirement that correctional officers receive an additional four weeks of institutional field training, and re-establish the Commission on Correctional Peace Officer Standards and Training (CPOST).

Legislative Analyst's Office. The May Revision proposes to redirect \$1.1 million in savings resulting from the reduction in the length of the correctional officer training academy from 16 to 12 weeks to re-establish the CPOST. Under the proposal, CPOST would be responsible for developing and monitoring standards for the selection and training of correctional officers and would be governed by six members (three from CDCR management and three from the correctional officers' union) appointed by the administration. The LAO finds that this proposal has merit but could be improved. Specifically, the LAO recommends that the Legislature modify the proposal to (1) increase the CPOST board from six to seven members and (2) require that the additional member be a nationally recognized expert on correctional officer training appointed by the Legislature. This would increase legislative oversight over correctional officer training and help ensure that the standards set by the board are consistent with national best practices.

Action – Approved the May Revision proposal with the modifications recommended by the LAO.

Vote: 3 – 0

Issue 9: Recidivism Reduction Fund

May Revision Proposals. The May Revision requests an additional \$3,296,000 and 20 positions to offset the General Fund costs associated with providing substance use disorder treatment to inmates who are in prisons that do not have reentry-hubs. In addition, the May Revision requests the reappropriation of additional 2014-15 community reentry facility savings of \$5,585,000 to allow CDCR to continue to expand community reentry facility beds.

The Governor's Budget. The Recidivism Reduction Fund (RRF), established by AB 105 (Steinberg and Huff), Chapter 310, Statutes of 2013, results from savings associated with an extension from the federal court allowing the state, until February 2016, to reduce its prison population to 137.5 percent of capacity. The Governor's budget assumes that \$16 million of the \$42 million provided to CDCR in the Budget Act of 2014 will be unspent due to delayed implementation of various recidivism reduction efforts. In addition, it assumes an additional \$12.2 million in revenue above the original projections. The budget reflects total revenue of \$28.2 million General Fund in the Recidivism Reduction Fund. The budget proposes using the funds toward recidivism reduction efforts, as follows:

- \$12.6 million for community reentry facilities.
- \$15.6 million to offset the General Fund cost of expanding substance use treatment at non-reentry hub institutions.

Previous Subcommittee Action. The subcommittee approved the reappropriation of \$12.6 million for community reentry facilities and rejected using the RRF to offset the General Fund costs associated with providing substance abuse treatment.

Action – Rejected the May Revision request to supplant an additional \$3.3 million General Fund with Recidivism Reduction Fund money. Approved the proposal to reappropriate unspent funding for community reentry facilities. In addition, approved the following:

1. \$3 million RRF to CDCR to award additional in-prison innovative program grants.
2. \$2 million the Board of State and Community Corrections and placeholder trailer bill language to create a Law Enforcement Assisted Diversion (LEAD) pilot program to address low-level drug and prostitution crimes. The pilot will be designed to divert low-level drug offenders and prostitution offenders into community-based treatment and support services – including housing, healthcare, job training, treatment and mental health support – instead of processing them through traditional criminal justice system avenues.
3. \$1.3 million RRF and budget bill language for the Judicial Council to award additional collaborative courts grants.

4. \$300,000 RRF to CDCR for an independent evaluation of appropriateness and effectiveness of CDCR's career technical education (CTE) programs and budget bill language requiring the report to be provided to both budget committees and both public safety policy committees by April 1, 2016.
5. \$3 million RRF to the Board of State and Community Corrections for the Mentally Ill Offender Crime Reduction (MIOCR) grant program.
6. \$8 million RRF for additional community recidivism reduction grants.
7. \$1.5 million RRF for the Supervised Population Workforce Training Grant Program.

Vote: 3 – 0 with the exception of #2 which was 2 – 1 (Anderson no).

Issue 10: Renewing Communities Initiative

May Revision Proposals. The May Revision includes the following proposed budget bill language:

It is the intent of the Legislature that the Chancellor identify, one, or multiple, community college districts that would be willing to utilize up to a total of \$5.0 million of their combined funding for the purpose of providing adult inmate education. These funds shall be utilized to receive a 1 to 3 match of state and private funds that could be available for the purpose of providing adult inmate education. Any private funds received would be allocated to the identified community colleges based on their proportion of the combined funding match.

Background. *Renewing Communities* is the California component of the Ford Foundation's national *Pathways from Prison to Postsecondary Education Project*. Pathways, which follows a public-private partnership funding model, has been embraced by the Governors and Legislatures of North Carolina, Michigan and New Jersey, and the Ford Foundation is being courted by Texas. In all states including California, private funding is contingent on the state dedicating funding to the Initiative.

Renewing Communities envisions a statewide network of high-quality developmental education, career technical education, and traditional academic education inside county jails and state prisons, combined with on-ramps to colleges in the community, mentoring support programs for formerly incarcerated students on college campuses, and links to reentry services for those students' success.

In California, at least ten California-based and national private foundations are prepared to launch *Renewing Communities* with a \$15 million investment over three years. This private funding could be withdrawn if the state does not match the funding with a \$15 million contribution over three years. The public and private funds would be used for both the statewide and local components of *Renewing Communities*. Statewide – up to \$5 million of the total -- the funding would build a learning community, ensure high quality for college programs in prisons or jails, provide technical assistance, and

evaluate success. Locally – the remainder of the total -- the funding would be distributed in a competitive Request for Proposals (RFP) process to foster innovation and build new programs. RFP funding would be available to California's public educational institutions and to 501(c)(3) organizations.

Staff Comment. Ten foundations have currently committed to providing a \$15 million match for a three-year initiative. The foundations have been very clear that they need a dedicated amount of money in the community college budget in order to ensure that the match requirement will be met. The intent language proposed by the Administration does not provide the appropriate level of assurance.

Action – Conformed to the Senate Budget and Fiscal Review Subcommittee #1 on Education action, dedicating \$15 million in one-time Proposition 98 funding to the *Renewing Communities* project.

Vote: 3 – 0

Issue 11: Arts in Corrections Funding

May Revision Proposals. The May Revision requests \$2 million General Fund for funding the Arts in Corrections program.

Background. The proposed budget for CDCR's rehabilitation programming is \$345 million General Fund. Approving the May Revision request would increase the budget to \$347 million General Fund.

Legislative Analyst's Office. The May Revision includes \$2 million General Fund for the Arts in Corrections Program that seeks to reduce recidivism by providing inmates with training in the arts. While such training could have some benefits, based on the LAO's review of existing research, they find little evidence to suggest that it is the most cost-effective approach to reducing recidivism. As such, the LAO recommends that the Legislature instead allocate these funds to support the expansion of existing programs that have been demonstrated through research to be cost-effective at reducing recidivism, such as cognitive behavioral therapy or correctional education programs.

Action – Approved the May Revision request.

Vote: 2 – 1 (Anderson no)

5227 Board of State and Community Corrections/Local Corrections**Issue 12: Community Corrections Incentive Grants**

May Revision Proposals. The May Revision includes an increase of \$1.1 million in Community Corrections Performance Incentive Grants funding due to an update in the formula used for measuring county performance. The May Revision proposes modifying the SB 678 grant formula in several ways, including: (1) removing payments to counties for offenders diverted from jail, (2) changing the baseline against which the county performance is measured, (3) basing payments on the types of offenders diverted from prison, and (4) basing a portion of each county's allocation on its past payments under SB 678 (Leno), Chapter 608, Statutes of 2009.

Legislative Analyst's Office. The LAO finds that many aspects of the Governor's proposal have merit. For example, it makes sense to remove avoided admissions to county jail from the SB 678 formula because there is no need to incentivize counties to reduce the costs they incur when felony probations fail and are sent to county jail. In addition, it is appropriate to set a new baseline against which to measure county performance because the current baseline does not reflect significant changes in the felony probation population that have occurred following the 2011 realignment.

However, the LAO has two concerns with the Governor's proposal. First, the Administration's proposal to permanently set the new baseline using data from 2013 and 2014 would not reflect the significant changes resulting from Proposition 47. Second, permanently setting a portion of county payments based on past SB 678 payments does nothing to incentivize counties to improve future performance. However, given the complexity of these issues, it would be difficult for the Legislature to devote an appropriate amount of time to resolving them as part of its final budget deliberations. As such, the LAO recommends that the Legislature approve the proposed changes but adopt trailer bill language making the changes effective for only 2015-16. This would give the Legislature the opportunity to thoughtfully consider further refinements to the formula and make appropriate changes as part of the 2016-17 budget process.

Action – Approved the additional funding proposed in the May Revision.

Vote: 3 – 0

Action – Adopted draft placeholder trailer bill language that does not include the Administration's proposal to permanently establish new baseline data or to permanently set a portion of county payments based upon past SB 678 payments.

Vote: 2 – 1 (Anderson no)

Issue 13: Post Release Community Supervision

May Revision Proposals. The May Revision requests that the original Governor's budget proposal be reduced by \$4,141,000 to reflect a revised estimate of the temporary increase in the average daily population of offenders who have been placed on Post Release Community Supervision as a result of the new parole determination process for eligible non-violent, non-sex registrant second-strike offenders who have completed 50 percent of their sentence as ordered by the Three-Judge Panel and implemented on January 1, 2015.

Governor's Budget. The Governor's budget proposes to provide county probation departments with a \$16 million General Fund increase to address the temporary increase in the average daily population of offenders on Post Release Community Supervision (PRCS).

Prior Subcommittee Action. Approved the proposed funding.

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 14: City Law Enforcement Grants

Governor's budget. The Governor's budget includes a request for \$40 million General Fund to continue the three-year City Law Enforcement Grants program for a fourth year.

Prior Subcommittee Action. This item was heard in this subcommittee on March 26, 2015. No action was taken at that time.

Background. As part of the 2012–13 budget, the Governor proposed, and the Legislature approved, a three-year grant program (from 2012-13 through 2014-15) to provide state General Fund support to city law enforcement, primarily police. At the time the funding was proposed, the Administration indicated that the intent was to partially offset budget reductions that city law enforcement departments were facing due to the recession.

The funds were initially approved at \$24 million each year, and then were increased to \$27.5 million in 2013-14, and again to \$40 million in 2014-15. The Legislature approved the increased 2014-15 grant amount based on the understanding with the Administration that 2014-15 would be the final year for this grant program.

Legislative Analyst's Office (LAO).

Proposal Lacks Sufficient Justification. The Governor's proposal to provide \$40 million to extend the police grants for an additional year lacks justification for the following reasons:

- ***Need To Address Recession–Era Cuts Unclear.*** The Legislature authorized a three–year program as a stopgap measure to help city law enforcement address budget cuts resulting from the recession. However, the recession ended five years ago and, in that time, local revenues appear to have recovered to pre–recession levels. It is unclear how many additional years past the end of the recession the Governor thinks such funding is appropriate.
- ***Funds Unlikely to Make Significant Impact.*** The funding proposed is only a small fraction of total city police budgets and is unlikely to have a significant effect on the level of service provided by city law enforcement.

LAO Recommendation. In view of the above, the LAO recommends that the Legislature reject the Governor's proposal to provide \$40 million in city law enforcement grants in 2015-16.

Action – Rejected the Governor's proposal to continue the \$40 million City Law Enforcement Grants. Instead approved the following General Fund expenditures to support front line law enforcement:

1. **\$30 million General fund for the Board of State and Community Corrections to provide grants to local law enforcement for programs and initiatives intended to strengthen the relationship between law enforcement and the communities they serve, including but not limited to training for front-line peace officers on issues such as implicit bias; funding for research to examine how local policing services currently are being delivered, assess the state of law enforcement-community relations, compare the status quo with the best practices in the policing profession, and to receive recommendations for moving forward, including identifying policing models and operational options to improve policing; problem-oriented policing initiatives such as Operation Ceasefire; and restorative justice programs that address the needs of victims, offenders and the community.**
2. **\$10 million General Fund for the Commission on Peace Officer Standards and Training (POST) to assist in funding the initial cost of developing behavioral health training courses and requiring 20 hours of behavioral health training for peace officers in the academy and at least four hours of consecutive training every four years. In addition, to assist**

in funding a new requirement that field training officers have 40 hours of behavioral health training and the new requirement for 20 hours of field training be related to interactions with people who are mentally ill or with intellectual disabilities.

Vote: 3 – 0

Issue 15: Removal of Enhancing Law Enforcement Activities Subaccount Reversion Trailer Bill Language

May Revision Proposals. The May Revision proposed trailer bill language that would sunset the requirement that unspent local Citizens' Option for Public Safety and the Juvenile Justice Crime Prevention Act funds revert to the county Enhancing Law Enforcement Activities Subaccount. This provision ensures that 2011 Realignment funds are continuously appropriated to local agencies. This proposed trailer bill would sunset this provision as of July 1, 2015

Action – Approved the as placeholder trailer bill language.

Vote: 2 – 1 (Anderson no)

0250 Judicial Branch

Issue 16: Debt Amnesty Program

May Revision Proposals. The May Revision updates the Governor's proposed 18-month amnesty program, which allows individuals with past-due court-ordered debt to receive a reduction in the amount owed if they meet certain eligibility criteria. The May Revision expands the proposed program to allow drivers with suspended licenses to reinstate their licenses as part of the amnesty program.

Governor's January Budget. The January budget proposed a debt amnesty program for individuals with past-due, court-ordered debt from fines associated with traffic infractions and specified misdemeanors. The 18-month amnesty program would be administered by courts and counties and would provide a 50 percent discount for debt that was due prior to January 1, 2013.

Legislative Analyst's Office. The LAO will be providing a handout summarizing their recommendations in this area.

Action – Approved as placeholder trailer bill language.

Vote: 2 – 1 (Anderson no)

0552 Office of the Inspector General

Issue 17: Medical Inspections

May Revision Proposal. The May Revision requests \$3.85 million and 19 positions to allow the Office of the Inspector General (OIG) to evaluate medical care provided to inmates in all of the California Department of Corrections and Rehabilitation (CDCR) adult institutions on an annual basis.

Justification. On March 10, 2015, the federal court issued an order describing a process for ending the federal receivership. The order employs the OIG medication inspection reports to determine which institutions are providing a constitutional level of care. Once it is determined by the OIG and the receiver that an inspection shows that an institution is suitable for return to CDCR control, the authority for the healthcare at that institution will be delegated back to the state. Once the institution is returned to the state, the receiver will monitor the state's oversight for one year and at that time, if the quality of care is maintained, the institution will be removed from receivership. Finally, once healthcare in all 34 institutions has been returned to the state, and the final year of monitoring is completed, the plaintiffs will have 120 days to file a motion with the court if they do not believe a constitutional level of care is being provided. In the absence of such a motion, the parties are ordered to promptly file a stipulation and proposed order terminating the receivership and the Plata v. Brown lawsuit.

Background. In the 2014 Budget Act, the OIG received a \$1.262 million (General Fund) augmentation to establish four permanent positions in the Medical Inspections Unit of the OIG to evaluate medical care provided to inmates in state prison. In addition, the budget reduced the California Correctional Health Care Services (CCHCS) budget by \$645,000 (General Fund) and two positions. The net cost of the proposal was \$617,000.

The four positions consist of three physicians and one nurse who will provide medical expertise for the OIG to add clinical case reviews to the existing compliance-based monitoring system that is in place.

Staff Comments. The medical inspections conducted by the OIG do not currently include in-state contract facilities. The May Revision proposal would include California City Correctional Facility, but not the contracted community correctional facilities (CCFs). Concerns have been raised about the quality of medical care being provided at the CCFs. Therefore, the inspections should be expanded to include an annual inspection of those facilities as well to ensure that all inmates have access to adequate medical care.

Action –Approved the May Revision request and adopted the following as placeholder trailer bill requiring the OIG to include all in-state contract facilities in their annual medical inspections:

6126 (f) as amended:

(f) The Inspector General shall conduct an objective, clinically appropriate, and metric-oriented medical inspection program to periodically review delivery of medical care at each state prison and in-state contract facility.

Vote: 3 – 0

4440 Department of State Hospitals

Issue 18: Coleman Unit Activation

May Revision Proposal. The May Revision includes an increase of 38.2 positions and \$4.6 million General Fund in 2015-15, growing to an ongoing \$5 million General Fund from 2016-17 onward, to activate 30 beds at the California Medical Facility in Vacaville to treat inmates with acute mental illnesses.

Justification. CDCR's preliminary population projections for Coleman inmate-patients indicate that there will be a growing number of inmates with acute mental illnesses who will need to be housed and treated in a psychiatric program. The projection suggests that based upon the current psychiatric program capacity, the Department of State Hospitals (DSH) will need an additional 91 beds by the end of 2016 to accommodate the growing population. The request before the Legislature is for 30 additional beds to assist in closing that gap.

Action –

1. Approved the May Revision request.

2. Adopted draft supplemental report language requiring the Administration to provide a report to the Legislature on January 10, 2016, detailing the steps they have taken to provide Coleman patients with treatment consistent with constitutional mandates. In addition, the report shall include an update on the Administrations discussions regarding shifting responsibility for the care and treatment of Coleman patients back to the California Department of Corrections and Rehabilitation.

Vote: 3 – 0

Issue 19: Napa State Hospital Earthquake Repairs

May Revision Proposals. The May Revision includes two requests related to the damage at Napa State Hospital as a result of the August 2014 earthquake.

1. Requests \$5.7 million in General Fund and \$17 million in federal funds to repair damage sustained in the earthquake. In addition the Administration requests provisional language to authorize a General Fund loan pending the federal reimbursements.

2. Requests \$1 million in General Fund and \$3 million in federal funds for preliminary plans, working drawings, and construction for the seismic retrofitting of the plant operations building, which was originally built in 1916.

Justification. In August 2014, the city of Napa and surrounding area sustained considerable damage due to a 6.0 earthquake. As a result of the damage, President Obama declared a federal disaster. Napa State Hospital is located in the Presidentially Declared Federal Disaster area. As such, the state is eligible for federal funding to pay for 75 percent of the cost of repairs.

Action –

1. Approved the May Revision request.

2. Adopted supplemental reporting language requiring DSH to report to the Legislature by January 10, 2016 on the seismic safety of State Hospitals. This report shall include any information that is known about the level of seismic safety of all State Hospital buildings and structures, detail the need for further assessment of the level of safety of the structures, and a plan for addressing deficiencies in seismic safety at all of the state hospitals.

Vote: 3 – 0

Issue 20: Lanterman-Petris-Short Unit Activation at Metropolitan State Hospital
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May Revision Proposals. The May Revision requests \$8.3 million in reimbursement authority and 67.1 positions to activate a 40-bed unit at Metropolitan State Hospital in the city of Norwalk for Lanterman-Petris-Short patients.

Justification. Data from July 2014 through March 2015 demonstrate an increasing need for LPS patient beds. The average pending placement for July 2014 was 10 people. As of March 2015, 42 people were waiting for placement in a state hospital.

Background. The State Hospitals provide treatment to approximately 5,400 patients, who fall into one of two categories: 1) civil commitments (referrals from counties); or 2) forensic commitments (committed by the courts). Civil commitments (known as Lanterman-Petris-Short (LPS) patients) comprise approximately eight percent of the total population while forensic commitments approximately 92 percent.

Funding for the LPS patients come from counties that use the DSH system. Therefore, there is no General Fund associated with this request.

Action – Approved the May Revision request.

Vote: 3 – 0

Issue 21: NGI Involuntary Medication Authorization

May Revision Proposals. The May Revision proposes reducing the Governor's budget request to nine positions and \$1.2 million from the General Fund. Under the proposal, DSH would institute a legal process for each patient who was found not guilty by reason of insanity (NGI) that refuses medication in order to obtain the necessary legal authority to compel the patient to take his or her medication.

Governor's Budget Proposal. The Governor's budget proposed \$3.2 million from the General Fund and 14.4 positions in 2015-16 for DSH to establish and implement an involuntary medication (IM) process for NGI patients that includes trial court review. These positions include clinical staff positions to provide patients with information and testimony in court, as well as legal positions to represent DSH during initial court hearings and annual review hearings. According to the Administration, the NGI involuntary medication process will be based on the existing involuntary medication process for other DSH patient types.

Previous Subcommittee Action. The subcommittee rejected the Governor's budget proposal because funding and staffing was based on the assumption that every NGI patient would refuse medication.

Legislative Analyst's Office. The Governor's January budget included \$3.2 million from the General Fund and 14.4 positions in 2015-16 for the Department of State Hospitals (DSH) to establish and implement an involuntary medication process for patients found not guilty by reason of insanity (NGI). According to the department, the May Revision proposal includes enough resources to conduct this legal process for about 20 patients per month. However, once DSH has obtained the authority for all of its current NGI patients that refuse medication, it will generally only need enough resources to conduct the legal process for the portion of the roughly 15 NGIs admitted each month that refuse medication. This ongoing workload will likely be a fraction of the amount assumed in the proposal. Accordingly, the LAO recommends that the Legislature approve this funding on a one-year basis and direct DSH to present a revised proposal in January that is adjusted to reflect the potentially significant future reduction in workload.

Action – Approved the May Revision request and required the Administration to provide a report to the Legislature on the expenditures and workload on January 10, 2016.

Vote: 3 – 0

Issue 22: Hepatitis C Treatment

May Revision Proposals. The May Revision includes a General Fund increase of \$6.3 million in 2015-16 for the cost of providing inmates with new Hepatitis C treatments. In the current year, DSH intends to absorb the \$5.4 million cost of providing the treatments. The Governor's January budget proposal included this funding in the statewide set-aside for high cost medications. The funding is now proposed to be shifted to the DSH budget.

The Governor's Budget. The January budget proposal reserved \$300 million General Fund (\$100 million in 2014-15 and \$200 million in 2015-16) for the costs associated with several new Hepatitis C drugs for inmates in state prisons, patients in state hospitals, and participants in Medi-Cal and the AIDS Drug Assistance Program who are infected with Hepatitis C. The Administration also indicates it will convene a workgroup of affected entities, including sheriffs and the Receiver, to address the state's approach regarding high-cost drug utilization policies and payment structures.

Action – Approved the May Revision request.

Vote: 3 – 0