Senate Budget and Fiscal Review—Mark Leno, Chair

SUBCOMMITTEE NO. 5 Agenda

Senator Loni Hancock, Chair
Senator Joel Anderson
Senator Lois Wolk

Wednesday, May 23, 2012
1:30 p.m.
Room 3191
Part B

Consultant: Joe Stephenshaw

Item Number and Title **Page**

Vote Only

5225 California Department of Corrections and Rehabilitation
(1) Local Flexibility 2
(2) Shift Phase I Jail Funding to Phase II……3
(3) Authorize the Sale of the SYCC..... 3
(4) CDCR's Blueprint..... 4
(5) ISMIP Program 8
(6) CDCR Reorg..... 8
5227 Board of State and Community Corrections
(1) BSCC Workload..... 9

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible.

Vote Only Items

		Vote Only Calendar		
Item Number	**Department**	**Issue**	**Action**	**Amount**
1	CDCR	Local Flexibility	Approve as Budgeted	$0
2	CDCR	Shift Phase I Jail Funding to Phase II	Approve as Budgeted	$0
3	CDCR	Authorize the Sale of the SYCC	Approve as Budgeted	$0
4	CDCR	CDCR's Blueprint	Approve with Modifications, Page 7	See Issue, Page 4
5	CDCR	ISMIP Program	Approve as Proposed	$0
6	CDCR	CDCR's Reorg	Approve as Proposed	$0
7	BSCC	BSCC Workload	Approve as Proposed	$750,000

CA Department of Corrections and Rehabilitation (5225)

Issue 1 – Local Flexibility

Governor's Proposal. The May Revise proposes trailer bill language to 1) allow a county to enter into an agreement with another county or multiple counties for the purpose of housing any adult offenders serving a term in a county jail and 2) allow local government entities to hire extra help for one-time or short-term events, such as high profile trials that require additional sheriff coverage, and to allow the retired person to be utilized as needed for these types of events for more than one fiscal year.

Background.
County to County Transfers. Under existing law counties can only contract with nearby counties for the housing of adult misdemeanants and any persons required to serve a term of imprisonment in county adult detention facilities as a condition of probation. Sheriffs are unable to contract with other counties for the housing of adult felony offenders who now serve their terms in local jails.

Use of Temporary Employees by Counties. This change allows retired persons to be appointed to vacant permanent positions. The intent is to allow local government entities to hire extra help for one-time or short-term events and allow the retired person to be utilized as needed for these types of events for more than one fiscal year. As an

example, Sheriffs currently use retired persons during significant criminal trials to provide additional security personnel for a short period of time, typically not exceeding two to three weeks. It would not be prudent to use a permanent employee for this work, as those positions would have to be redirected from patrols in the community or would have to be covered with more expensive overtime.

Recommendation. Approve as proposed.

Issue 2 – Shift Phase I Jail Funding to Phase II

Governor's Proposal. The May Revise proposes trailer bill language to shift $171.3 million lease revenue bond authority relinquished in Phase I of the Local Jail Construction Financing Program to Phase II.

Background. Phase II of the Jail Financing Program, AB 900 (Solorio 2007), was amended by 2011 trailer bill that allow counties that received awards in Phase I and had not yet encumbered state financing to relinquish their award and re-compete in Phase II. Three counties chose to relinquish their Phase I award: Kern ($100 million), Santa Barbara ($56.3 million), and San Benito ($15 million). The proposed trailer bill language would move the relinquished financing authority to Phase II, where it would be awarded back to these counties.

Recommendation. Approve as proposed.

Issue 3 – Authorize the Sale of the Southern Youth Correctional Reception Center and Clinic

Governor's Proposal. The May Revise proposes trailer bill language to declare the Southern Youth Correctional Reception Center and Clinic surplus property and authorize the Department of General Services to sell it to Los Angeles County at market value.

Background. The Southern Youth Correctional Reception Center and Clinic is located in Norwalk, Los Angeles County and consists of 32 acres. The majority of the approximately 30 structures were built in 1954 and are in various stages of disrepair. The proposed trailer bill language would allow the sale to LA County to occur sooner than the traditional surplus property bill. Until LA County has acquired the property they intend to lease the property from the state.

Recommendation. Approve as proposed.

Issue 4 – CDCR's Blueprint

Governor's Proposal. In order to achieve $1 billion in savings in 2012-13 (growing to $1.5 billion by 2015-16) related to the reduction in CDCR's population driven by realignment, advance efforts to end various class-action lawsuits, and maintain an effective prison system, the May Revise includes a comprehensive plan for CDCR, *The Future of California Corrections (Blueprint)*, which includes the following:

1. A net reduction of $1.9 million.
2. The addition of a budget item (5225-007-0001) in the amount of $13.8 million to reflect continuation of the Community Correctional Program.
3. $810 million in lease revenue bond authority to construct three level II dorm facilities.
4. Includes $700 million in AB 900 (Solorio 2007) lease revenue authority for court-ordered medical upgrades.
5. Includes $167 million in AB 900 lease revenue authority for the conversion of the Dewitt juvenile facility (1,133 beds, including 953 health care beds).
6. Reappropriates funding necessary to ensure completion of health care projects required to comply with court orders as well as maintain the safe and efficient operation of existing prison facilities.
7. Adds provisional language specifying $2.8 million is available for expenditure on capital improvement projects at the Folsom Transitional Treatment Facility.
8. Eliminates duplicative provisional reporting language that will now be provided for in statute.
9. Amends provisional language to adjust contract dollars and average daily population figures for out-of-state facilities.
10. Adds the following TBL:
    a. **Civil Addicts Program Sunset Date** – Ceases commitments of civil addicts to CDCR beginning January 1, 2013.
    b. **Accountability Language** – Requires CDCR to establish appropriate oversight, evaluation, and accountability measures as part of the Blueprint.
    c. **Reporting Language** – Requires CDCR to submit estimated expenditures, as specified, to the Department of Finance for inclusion in the annual Governor's Budget and May Revision.
    d. **AB 900** – Amends various code sections related to AB 900 as follows:
        i. Eliminate approximately $4.1 billion in lease revenue bond authority that is no longer needed for implementation of CDCR's facilities plan.
        ii. Delete various sections of the Penal Code related to construction of reentry facilities and the benchmarks associated with phase two of infill, reentry, and health care facilities.
        iii. Allow for use of specific AB 900 funds for medication distribution facilities improvement projects.

iv. Revise reporting requirements so that the remaining projects are subject to an approval process that is the same as other state capital outlay projects.
v. Various clean-up amendments consistent with the changes outlined above.

Background. As noted in the Blueprint, for years, California's prison system has faced costly and seemingly endless challenges. Decades-old class-action lawsuits challenge the adequacy of critical parts of its operations, including its health care system, its parole-revocation process, and its ability to accommodate inmates with disabilities. In one case, a federal court seized control over the prison medical care system and appointed a Receiver to manage its operations. The Receiver remains in place today. The state's difficulty in addressing the prison system's multiple challenges was exacerbated by an inmate population that—until recently—had been growing at an unsustainable pace. Overcrowded prison conditions culminated in a ruling last year by the United States Supreme Court ordering the CDCR to reduce its prison population by tens of thousands of inmates by June 2013. At the same time that prison problems were growing, California's budget was becoming increasingly imbalanced. By 2011, California faced a $26.6 billion General Fund budget deficit, in part because the department's budget had grown from $5 billion to over $9 billion in a decade.

To achieve budgetary savings and comply with federal court requirements, the Governor proposed, and the Legislature passed, landmark prison realignment legislation to ease prison crowding and reduce the department's budget by 18 percent. Realignment created and funded a community-based correctional program where lower-level offenders remain under the jurisdiction of county governments. In the six months that realignment has been in effect, the state prison population has dropped considerably—by approximately 22,000 inmates. This reduction in population is laying the groundwork for sustainable solutions. But realignment alone cannot fully satisfy the Supreme Court's order or meet the department's other multi-faceted challenges.

This Blueprint builds upon the changes brought by realignment, and delineates a comprehensive plan for the CDCR to save billions of dollars by achieving its targeted budget reductions, satisfying the Supreme Court's ruling, and getting the department out from under the burden of expensive federal court oversight.

In summary the Blueprint contains the following components:

Improve the Inmate Classification System. As a result of research produced by a panel of correctional experts and input from seasoned professionals, the department is modifying its classification system. The modified system will enable the department to safely shift about 17,000 inmates to less costly housing where they can benefit from more access to rehabilitative programs. These modifications will begin to be implemented within six months, and they will eliminate the need to build expensive, high-security prisons.

Return Out-of-State Inmates. The department began sending inmates out-of-state when overcrowding was at its worst in 2007. Currently, there are more than 9,500 inmates outside of California. The department will be able to bring these inmates back as the prison population continues to drop, classification changes are made, and additional housing units are constructed at existing facilities. Returning these inmates to California will stop the flow of taxpayer dollars to other states, and is expected to save the state $318 million annually.

Improve Access to Rehabilitation. This plan enables the department to improve access to rehabilitative programs and place at least 70 percent of the department's target population in programs consistent with their academic and rehabilitative needs. Increasing access to rehabilitative programs will reduce recidivism by better preparing inmates to be productive members of society. In doing so, it will help lower the long-term prison population and save the state money.

The department will establish reentry hubs at certain prisons to concentrate program resources and better prepare inmates as they get closer to being released. It will also designate enhanced programming yards, which will incentivize positive behavior. For parolees, the department will build a continuum of community-based programs to serve, within their first year of release, approximately 70 percent of parolees who need substance-abuse treatment, employment services, or education.

Standardize Staffing Levels. Realignment's downsizing has left the department with uneven, ratio-driven staffing levels throughout the system. Continued use of these increasingly outdated staffing ratios as the inmate population declines would be costly and prevent efficient operations. This plan establishes new and uniform staffing standards for each institution that will enable the department to operate more efficiently and safely.

Comply with Court Imposed Health Care Requirements. In recent years, numerous measures have been implemented that have significantly improved the quality of the department's health care system. The Inspector General regularly reviews and scores the department's medical care system, and these scores have been steadily rising. In addition, the capacity of the health care system will soon increase. Slated for completion during the summer of 2013, the California Health Care Facility in Stockton is designed to house inmates requiring long-term medical care and intensive mental health treatment. Its annex, the DeWitt Nelson Youth Correctional Facility, will open in the summer of 2014 to create a unified Stockton complex, allowing both facilities to efficiently transition inmate-patients between the two, while avoiding transportation and security costs as well as the need for expensive services in community hospitals and clinics. These projects, in addition to ongoing mental health and dental projects and new plans to increase medical clinical capacity at existing prisons, will satisfy court imposed requirements.

Satisfy the Supreme Court's Order to Reduce Prison Crowding. As previously mentioned, the department's newly released spring population projections suggest that

the department may fall a few percentage points short of meeting the final court-ordered crowding-reduction benchmark even with realignment. In June 2013, the department's prison population is projected to be at 141 percent of design capacity rather than the 137.5 percent goal identified by the Supreme Court. The additional measures proposed in this plan will allow the state to seek and obtain from the court a modification to raise the final benchmark to 145 percent of design capacity. Otherwise, alternatives such as continuing to house inmates out-of-state will have to be considered.

In its order, the Supreme Court contemplated that appropriate modifications to its order may be warranted. The Court explained that as the state implements the order, "time and experience" may reveal effective ways of ensuring adequate health care—other than through population reductions. The state "will be free to move" the Court for modification of the order on that basis, and "these motions would be entitled to serious consideration." This plan sets forth necessary reforms to satisfy this order as well as other court imposed requirements related to the provision of health care services.

The reduced prison population has already substantially aided the department's ability to provide the level of care required by the courts. As the population further declines, the department's ability to provide the required level of prison health care will continue to improve. New health care facilities and enhanced treatment and office space at existing prisons will enable the department to maintain a health care system capable of providing this level of care for a higher density prison population than the Court originally contemplated. This plan will provide critical support for the state's ability to satisfy the Supreme Court's order without having to maintain expensive out-of-state prison beds or release inmates early.

Realignment has provided California an historic opportunity to create not just a less-crowded prison system, but one that is safer, less expensive, and better equipped to rehabilitate inmates before they are released. This plan seizes on that opportunity. Each of the following sections describes key aspects of a prison system that combines the inmate reductions achieved in realignment with a facility-improvement plan that will enable a more efficient inmate health care delivery system. This is the prison system that best serves California.

Recommendation. Approve CDCR's Blueprint with the following modifications:

1. Transfer $643,000 to the Office of the Inspector General (OIG) to support 5 positions and adopt trailer bill language specifying the OIG's responsibility for oversight and review of various staffing and program aspects of the Blueprint.
2. Remove funding for inmate rehabilitative programs from CDCR's main item of appropriation and create a separate item of appropriation for inmate rehabilitative programs, including a provision specifying that any funds not spent for the appropriated purpose shall revert to the General Fund.
3. Revise the propose trailer bill language for the Medical Upgrade Program and Dewitt conversion and budget bill language for the Infill Projects to specify that authorized funding shall only be expended on these projects and that detail scope and cost information for the Medical Upgrade Program and the Infill

Projects shall be provided to the Joint Legislative Budget Committee in conjunction with submittal to the Public Works Board.

4. Add budget bill language that specifies that the intent of the Infill Projects is to provide a flexible design to satisfy the needs of housing subpopulations of inmates, such as those with disabilities or mental health needs, that the department has not had sufficient capacity for, as various court orders have identified.
5. Adopt Trailer Bill Language that mandates that the California Rehabilitation Center (Norco) shall close upon completion of the Infill Projects.

Issue 5 – ISMIP Program

Proposal. Trailer bill language is proposed to improve the existing Integrated Services for Mentally Ill Parolee-clients (ISMIP) program strengthening the full spectrum of community services necessary to reduce recidivism and ensure a continuum of care for offenders with mental health needs by adding a focus on housing, collaboration with parole outpatient clinics, and ensuring providers work with county and regional services to help bridge services for parolees as they transition off of parole.

Background. Assembly Bill 900 authorized the California Department of Corrections and Rehabilitation to obtain day treatment and to contract for crisis care services for parolees with mental health problems. CDCR established and the Adult Parole Division implemented the ISMIP.

The ISMIP Program provides varied levels of care, supportive/transitional housing, and an array of mental health rehabilitative services to assist with the development of independent living in the least restrictive environment possible. Parole Agents and Parole Outpatient Clinic staff refer parolees to contracted ISMIP providers for day treatment and crisis care services. Mental health treatment is provided by contracted providers when the parolee has Medi-Cal or other resources established. Medication management is provided by POC to non-benefited parolees enrolled in ISMIP, as well as individual or group therapy when unavailable from other funding sources outside of CDCR.

Recommendation. Approve as proposed.

Issue 6 – CDCR Reorg

Proposal. Trailer bill language is proposed to ensure that CDCR's current organizational structure is reflected in statute.

Background. CDCR's organizational structure has changed in recent years, primarily due to the absorption of budget cuts. This language codifies these reductions in

executives at CDCR and makes several positions confirmable by the Senate. Including, the Executive Director of the Board of State and Community Corrections.

Recommendation. Approve as proposed.

Board of State and Community Corrections (5227)

Issue 1 – BSCC Workload

Governor's Proposal. The May Revise proposes $750,000 General Fund for the Board of State and Community Corrections (BSCC) to provide additional administrative support for the BSCC necessary to assist local governments with the implementation of realignment.

Background. The 2011-12 Budget, Chapter 36, Statutes of 2011 (SB 92) as amended by Chapter 136, Statutes of 2011 (AB 116) established the BSCC, effective July 1, 2012, and consolidated various public safety programs within the BSCC. Specifically, SB 92:
Abolished the Corrections Standards Authority (CSA) within CDCR and established the BSCC as an independent entity.

- Transferred the powers and duties of CSA to the BSCC.
- Transferred certain powers and duties that currently reside with the California Emergency Management Agency (Cal EMA) to the BSCC.
- Eliminated the California Council on Criminal Justice, and assigned its powers and duties to the BSCC.
- Reestablished the Commission on Correctional Peace Officers Standards and Training within CDCR.

Effective July 1, 2012, SB 92 establishes the BSCC through the transfer of the CSA from CDCR and certain local assistance grant programs from Cal EMA. The BSCC's mission is to provide statewide leadership, coordination, and technical assistance to promote effective state and local efforts and partnerships in California's adult and juvenile criminal justice system, including providing technical assistance and coordination to local governments related to realignment. This mission reflects the principle of aligning fiscal policy and correctional practices, including prevention, intervention, suppression, supervision, and incapacitation. The goal is to promote a justice investment strategy that fits each county and is consistent with the integrated statewide goal of improved public safety through cost-effective, promising, and evidence-based strategies for managing criminal justice populations.

The requested administrative resources are necessary for the BSCC to assist local governments with the implementation of realignment and to carry out its responsibilities to provide statewide leadership, coordination, and technical assistance to promote

effective state and local efforts and partnerships in California's adult and juvenile criminal justice systems.

Recommendation. Approve as proposed.