

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto



Thursday, April 9, 2026
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Nora Brackbill

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Public Comment

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.

ITEMS FOR DISCUSSION

0552 OFFICE OF THE INSPECTOR GENERAL

Issue 1: Overview, Intake Processing Unit, and Update on Medical Reviews

Panelists.

- Amarik Singh, Inspector General
- Heather McCray-Pool, Chief Assistant Inspector General, Office of the Inspector General
- Orlando Sanchez Zavala, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
- Alyssa Cervantes, Principal Program Budget Analyst, Department of Finance
- Ryan Weinberg, Principal Program Budget Analyst, Department of Finance

Proposal. The proposed budget includes \$51.9 million General Fund and 253.8 positions for the Office of the Inspector General (OIG). This includes \$275,000 General Fund to fund two positions in 2026-27 and ongoing to address the increased workload of the OIG's Intake Processing Unit.

Background. The OIG was established in 1994 and provides independent oversight of California's prison system. The OIG's duties and authorities have varied over the years. The OIG's current duties are established in Sections 2641 and 6125 through 6141 of the Penal Code. They include:

- Monitoring the processes for employee discipline, handling allegations of staff misconduct, and use-of-force reviews.
- Providing immediate, on-site responses to critical incidents, including riots, use of deadly force, and unexpected inmate deaths.
- Evaluating the quality of medical care.
- Conducting audits (discretionary) and special reviews (requested by the Governor, Assembly or Senate).
- Maintaining a hotline to receive complaints about CDCR from any source.
- Acting as an ombudsperson for sexual abuse complaints and reviewing allegations of mishandled sexual abuse investigations.
- Reviewing complaints of retaliation that departmental staff level against members of their management.
- Vetting wardens and superintendents.

Intake Processing Unit. The OIG receives reports and information about potential misconduct, wrongdoing, or improper governmental activity in the state prison system through its Intake Processing Unit (IPU). Reports may be submitted through written correspondence, a toll-free public telephone number, or the OIG's website. Incarcerated individuals may use their tablets to contact the OIG. This unit also handles complaints related to the federal Prison Rape Elimination Act (PREA) and the state Sexual Abuse in Detention Elimination Act (SADEA). IPU reviews each complaint, completes research, responds to the complainant, and may share information with CDCR if it is time-sensitive or with the consent of the complainant. The IPU currently has 12 staff.

Between 2022 and 2024, the number of individual complaints the OIG received increased from 3,200 to 6,591 (105 percent) and is projected to continue to grow. Complaints may contain more than one issue, or claim, and OIG tracks both workload measures, as shown in the table below.

Workload History						
Workload Measure	2020	2021	2022	2023	2024	2025
Complaints received	4,144	4,200	3,200	5,225	6,591	7,611**
Claims received	n/a*	n/a*	n/a*	8,099	10,481	13,374**

*The OIG did not begin separately tracking the number of claims in each complaint until 2023.

**Projected based on current data for the months of January through December 16, 2025.

To address the increasing volume of complaints and the additional workload required to assess and respond to those complaints, the OIG requests an additional two positions to ensure that complaints are processed in a timely manner, and to minimize any backlog of complaints.

Medical Reviews. In 2007, the OIG began inspecting CDCR’s delivery of medical care as part of the *Plata v. Newsom* court oversight, which will be discussed in Issue 2. In 2011, the Legislature amended the OIG’s authority in Section 6126 of the Penal Code to require that “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.”

The OIG uses a combination of quantitative and qualitative data analysis methods to assess medical care. The OIG performs medical inspections in cycles. During each cycle, the OIG inspects medical care at each department adult institution. After each inspection, the OIG publishes a report of each of institution’s medical inspection results.

In 2025, the OIG completed its seventh cycle of medical inspections. Most individual institution reports have been published, and include case review and compliance ratings and various recommendations¹. The OIG also plans to publish a cycle analysis summarizing trends across institutions and between cycles.

Staff Recommendation. Hold open.

¹

https://www.oig.ca.gov/publications/?search=&institution=&service=medical_inspection&publicationtype=&cycle=&report=&minDate=&maxDate=

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION**Issue 2: Health Care Overview****Panelists.**

- Duane Reeder, Deputy Director, Fiscal Management Section, California Correctional Health Care Services (CCHCS)
- Janene DelMundo, Deputy Director, California Advancing and Innovating Medi-Cal Program, CCHCS
- Orlando Sanchez Zavala, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
- Alyssa Cervantes, Principal Program Budget Analyst, Department of Finance
- Ryan Weinberg, Principal Program Budget Analyst, Department of Finance

Background.

The Governor's budget proposes total funding of \$14.2 billion (\$13.8 billion General Fund and \$400 million other funds) for CDCR in 2026-27. This includes \$4.1 billion General Fund for health care programs under California Correctional Health Care Services (CCHCS). Of this, the majority (\$2.7 billion) is for medical services, followed by \$746.2 million for mental health services. CDCR's health care costs have increased an average of four percent per year over the past nine years. For 2026-27, the proposed state budget estimates the average per capita cost of incarceration to be \$138,000 per individual. Health care expenses, including medical, mental health, and dental care; pharmaceuticals; and off-site guarding and transportation account for roughly \$57,000 per incarcerated individual, or about 40 percent of the total CDCR per capita cost. As will be discussed in Issue 4, there is a significant age-related disparity in health care costs.

Court Oversight. CDCR's prison health care system, California Correctional Health Care Services or CCHCS, has been under federal court oversight for decades, resulting from long-standing and still heavily litigated class action lawsuits. In particular, the *Plata v. Newsom* case, filed in 2001, resulted in a federal receivership of the health care system. Another significant case focused on mental health, *Coleman v. Newsom*, will be discussed in Issue 3.

The *Plata* case is a class action lawsuit filed in 2001 that includes all prisoners. The lawsuit alleged that CDCR inflicted cruel and usual punishment by being deliberately indifferent to serious medical needs. A settlement agreement was reached in 2002, but a lack of progress led a federal judge to place California's prison medical care system under the control of a court-appointed Receiver in 2006². The *Plata* Receiver made significant changes to the prison health care system, including requiring the construction of various health care facilities, creating the Integrated Substance Use Disorder Treatment Program, initiating the Office the Inspector General medical reviews (discussed in Issue 1) and making various other changes and improvements related to information technology, pharmaceutical services, and staffing. Under the *Plata* Receiver, state spending on prison medical care more than doubled since the first year of the Receivership (after accounting for inflation).

² https://prisonlaw.com/post_case/plata-v-brown/

In 2015, the Court issued an order that outlined the process for the transfer of medical care back to the state, at the discretion of the Receiver. As of February 2026, the medical care at 30 institutions has been delegated back to the state (three of which have since been deactivated). The delegation of healthcare at four institutions remains. The Receiver must also delegate headquarter and systemwide functions back to the state. Once all these delegations are complete, the state must file a post-Receivership plan outlining how it will maintain a system of providing constitutionally adequate medical care. If the delegations stay in place for a year and the plaintiffs do not raise additional objections, the Receivership and the *Plata v. Newsom* case will end.

The LAO published an *Overview and Update on the Prison Receivership* in November 2023³. In this report, the LAO presented several issues for Legislative consideration, including that the timeline for the end of the Receivership was unclear, Legislative priorities and oversight should be reflected in any post-Receivership plans, medical staffing could be an ongoing challenge, and any prison deactivations should consider medical care infrastructure.

California Advancing and Innovating Medi-Cal (CalAIM) Justice-Involved Initiative. Medi-Cal is the state’s Medicaid program, with the federal government providing reimbursement of up to 90 percent of the cost for services provided. The CalAIM initiative is a set of Medi-Cal reforms aimed at improving access to services and providing well-rounded care for individuals. In general, individuals who are incarcerated are not eligible for Medi-Cal benefits (the “inmate exclusion”), but the CalAIM Justice-Involved Initiative aims to improve continuity of care upon release for this population. Specifically, in the 90-day period pre-release, the initiative seeks to enroll eligible individuals in Medi-Cal, allows Medi-Cal reimbursement for services provided, and links individuals to community providers. The broader CalAIM initiative also includes expanded benefits that may benefit the reentry population, such as those related to case management, housing, and community supports.

Up to the 2025 Budget Act, CCHCS and CDCR had received a total of \$18.9 million Providing Access and Transforming Health (PATH) funds to develop a new Medi-Cal billing system to become a billable entity and collect reimbursements, and to begin working with various local entities and managed care plans to improve continuity of services for individuals upon release from prison. CDCR received twelve positions in 2023-24 and seven positions in 2024-25, which were funded with PATH funds. The 2025 Budget Act included 65 positions and reimbursement authority of \$21.5 million in 2025-26 and \$11 million ongoing to support implementation of the CalAIM Justice-Involved Initiative and to account for federal reimbursements. The budget adjusts the corresponding General Fund allocations with a reduction of \$6.2 million in 2025-26, an increase of \$3.8 million in 2026-27, and a reduction of \$11 million ongoing.

CalAIM launched in CDCR in February 2025, with additional phases rolling out throughout July 2025⁴. Phase I focused on billing for medications, Phase 2 focused on billing for care management services, and Phase 3 focused on billing for medical services. From February to August 2025, 7,513 or 85 percent of patients had Medi-Cal activated prior to release; 6,096 or 69 percent of patients were assigned a Managed Care Plan prior to release; 5,463 or 62 percent of patients were

³ <https://lao.ca.gov/Publications/Report/4813>

⁴ <https://cchcs.ca.gov/2025/02/10/calaim-launch-cchcs-cdcr/>

released with a reentry care plan, and 2,170 or 25 percent of patients had a warm hand-off with an external care manager.

Staff Recommendation. This item is informational, and no action is required.

Issue 3: Mental Health Care Proposals

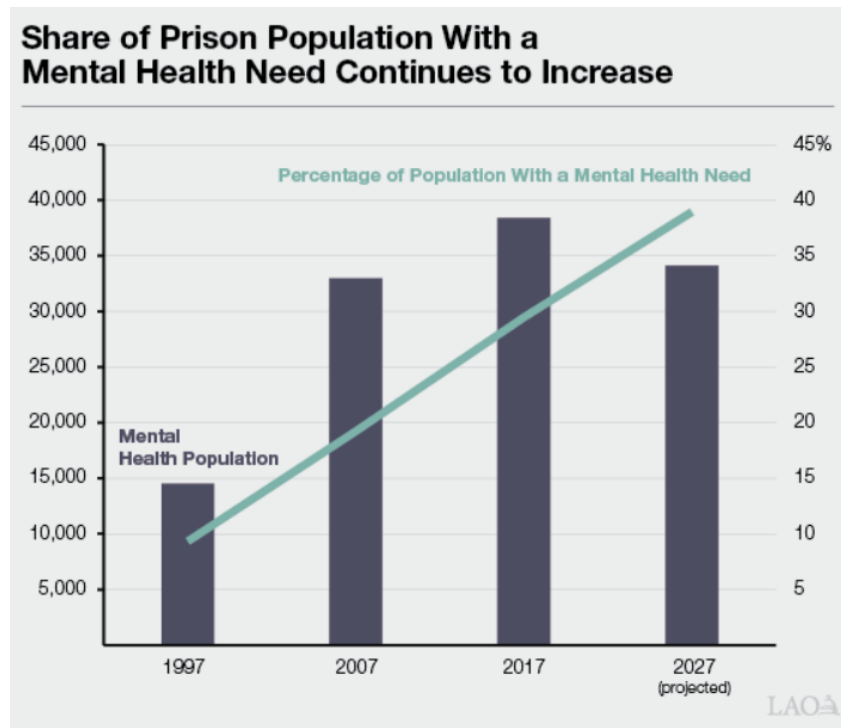
Panelists.

- Alyssa Challenger, Chief of Staff, *Coleman* Receiver’s Office
- Dr. Toni Martello, Assistant Deputy Director, Telemental Health Program, CCHCS
- Orlando Sanchez Zavala, Senior Fiscal and Policy Analyst, Legislative Analyst’s Office
- Alyssa Cervantes, Principal Program Budget Analyst, Department of Finance
- Ryan Weinberg, Principal Program Budget Analyst, Department of Finance

Proposal. The proposed budget includes \$746.2 million for mental health services in the state prisons in 2026-27, a slight increase from the revised 2025-26 level. The Governor’s budget includes the following proposals:

- \$33.9 million from the Mental Health Special Deposit Fund to establish the office of the Mental Health Receivership to address the deficiencies identified in the *Coleman* lawsuit.
- 69.0 positions and \$8.9 million General Fund in 2026-27, 119.0 positions and \$13.5 million General Fund in 2027-28, and \$12.8 million General Fund in 2028-29 and ongoing to augment staffing and resources to support the use of tele-mental health services.

Background. According to the LAO, nearly 35,000 people in prison have a diagnosed mental health need—representing about two out of five people in prison, as shown in the figure below⁵.



⁵ https://lao.ca.gov/Publications/Report/5137#Establishment_of_the_Second_California_Prison_Receivership

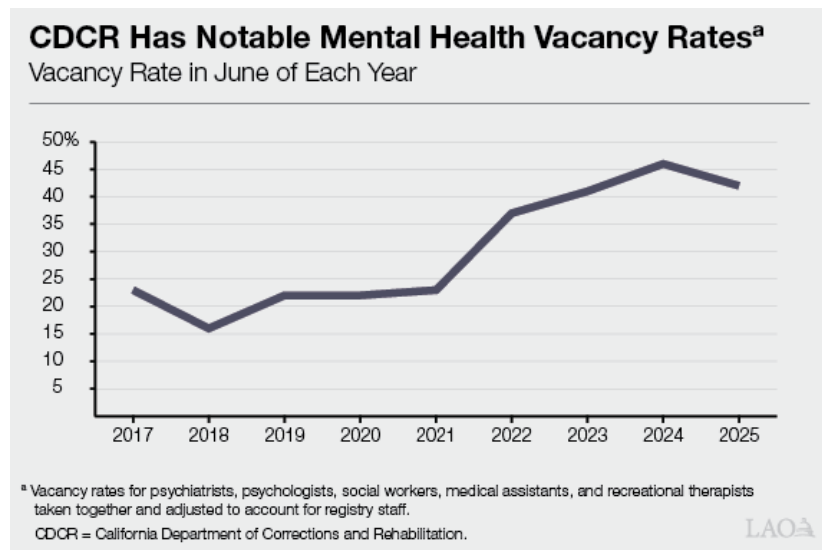
⁶ <https://lao.ca.gov/Publications/Report/5134>

CCHCS provides a spectrum of mental health services, from outpatient programs to crisis beds and inpatient programs. In some cases, patients may also be transferred to programs at state hospitals. Most patients (over 95 percent) are treated in outpatient programs.

Coleman. *Coleman v. Newsom* is a class action lawsuit filed in 1990 on behalf of all California state prisoners with serious mental illness, and covers approximately 35,000 incarcerated individuals. In 1995, the federal court found that prison officials violated the cruel and unusual punishment clause of the Constitution by not providing adequate mental health care, in particular “the court found overwhelming evidence of significant and chronic understaffing among mental health care service providers in California’s prison system, rising to the level of a violation of the Eighth Amendment”⁷.

The court issued an injunction requiring major changes in the prison mental health system, and approved CDCR’s remedial plan for providing mental health care. The court also appointed a Special Master who, among other things, monitored and reported on CDCR’s compliance with the plan. In agreement with the *Coleman* court, CDCR implemented the Mental Health Services Delivery System (MHSDS), which is “designed to provide an appropriate level of treatment and to promote individual functioning within the clinically least restrictive environment consistent with the safety and security needs of both the inmate-patient and the institution.”⁸ The court also imposed various requirements, including a staffing plan that mandated specific staff-to-patient ratios, and a suicide prevention plan.

Compliance Challenges. The *Coleman* case continues to be heavily litigated, primarily over staffing issues and suicide prevention. CDCR and CCHCS have had difficulty filling mental health staff positions for various reasons, including the challenging environment and population, concerns about safety, and the remote location of many of the institutions. These challenges are exacerbated by general shortages of mental health professionals.



Source: LAO⁹

⁷ https://rbgg.com/wp-content/uploads/ORDER-Finding-Defendants-in-Civil-Contempt-Ordering-Payment-of-Fines_06.25.24.pdf

⁸ <https://cchcs.ca.gov/wp-content/uploads/sites/60/2021-Program-Guide-2.1.22.pdf>

⁹ <https://lao.ca.gov/Publications/Report/5134>

Recent Developments and Fines. The state has yet to achieve the minimum staffing levels ordered by the court in 2009. In 2017, the court concluded that enforcement proceedings would be required. However, enforcement was delayed by a whistleblower report in 2018 that revealed that defendants knowingly presented misleading information to the court, and then the onset of the COVID-19 pandemic. The court approved revisions to the staffing plan in 2021.

On February 28, 2023, the state was issued a federal court order which stated that fines would be assessed beginning April 1, 2023, if the state was not in compliance with the staffing plan. To reach compliance, the state must have enough positions to meet the ratios set out in the staffing plan, and the positions must be no more than 10 percent vacant across five key mental health staff positions.

The state accumulated \$162 million in fines from April 2023 through October 2024. The 2024-25 Budget Act included provisional language authorizing the Controller to pay any fines ordered in *Coleman*. The state deposited \$155.1 million into the “Mental Health Staffing Special Deposit Fund”, which was created to hold these fines and to be used at the direction of the court to reduce the vacancy rates in these positions. The fine amount was later reduced to \$113 million by the United States Court of Appeals for the Ninth Circuit.

Receivership. Due to a continued lack of compliance, the court decided to replace the Special Master with a Receiver. Unlike the Special Master, who primarily monitored compliance and made recommendations, the Receiver has direct executive authority over the MHSDS and the authority to seek waivers of laws or requirements through the court. In April 2025, the court appointed a Receiver-nominee for a four-month period to develop an Action Plan. In August, the Receiver-nominee filed the plan, which was approved by the court. The Action Plan prioritizes staffing, suicide prevention, and quality assurance. The Receivership went into effect on September 1, 2025, and the court has been clear that they intend the Receivership to be temporary.

The Receiver’s action plan is estimated to cost \$41 million annually and take five to seven years to execute. The main drivers of these costs are (1) salary increases for mental health staff (\$25.3 million), (2) establishing the Office of the Receiver (\$8.2 million), and (3) creating resource teams to support staff working in inpatient units (\$6.7 million). The primary goals and actions are outlined in the table below from the LAO.

Receiver's Action Plan Outlines Goals and Actions to Improve Mental Health Care

Goal 1	Improve Mental Health Care Delivery Through Culture Change and Effective Management
Selected Actions	<ul style="list-style-type: none"> • Implement a comprehensive communications strategy. • Centralize and streamline mental health reporting structure under the Receiver.
Goal 2	Achieve and Retain a Qualified Mental Health Workforce
Selected Actions	<ul style="list-style-type: none"> • Enhance recruitment of clinicians by expanding use of mental health internship programs. • Assess factors contributing to clinician fear and identify strategies for addressing them. • Evaluate compensation concerns.
Goal 3	Provide Adequate Care at Every Level and Treat Each Patient at the Appropriate Level of Care
Selected Actions	<ul style="list-style-type: none"> • Evaluate the use of Resource Teams to enhance patients' ability and willingness to step down. • Increase compliance with existing policies regarding use of force.
Goal 4	Fully Implement a Suicide Prevention Program
Selected Actions	<ul style="list-style-type: none"> • Establish implementation goals and plans to resolve outstanding suicide prevention recommendations. • Complete transition of annual suicide reporting to CDCR.
Goal 5	Complete Development and Implementation of a Quality Assurance Program
Selected Actions	<ul style="list-style-type: none"> • Recommend final indicators and compliance thresholds to the court. • Complete development of user-friendly dashboards to monitor compliance. • Seek court approval for a process to recommend that CDCR has fully implemented a remedy.
Goal 6	Create Mechanisms to Demonstrate Remedies
Selected Actions	<ul style="list-style-type: none"> • Partner with external expert to assess feasibility of seeking accreditation.
CDCR = California Department of Corrections and Rehabilitation.	

Source: LAO¹⁰

The Governor's budget includes \$33.9 million from the Mental Health Staffing Special Deposit Fund to establish the Receiver's Office (\$8.2 million), fund outside consultants (\$355,680) and permanently extend bonus payments intended to help recruit staff (\$25.3 million), as shown in the table on the next page.

The pay rates for the Receiver's Office were determined by the court and outlined in its Electronic Case Filing (ECF) 8755 titled *Order Re Compensation of Receiver and Deputy Receivers*, filed on August 27, 2025. This filing also explains how the court made the determination that the state should pay the Receiver with a lump sum payment through a consulting contract.

¹⁰ https://lao.ca.gov/Publications/Report/5137#Establishment_of_the_Second_California_Prison_Receivership

Receiver's Office Costs			
Receiver's Office Employees (Not Considered State Civil Service Employees):			
	FTE	Hourly Rate	Total
Receiver	1.0	\$390.76	\$812,781
Deputy Receiver	1.0	\$336.80	\$700,544
Deputy Receiver	1.0	\$330.71	\$687,877
Senior Advisor	1.0	\$330.00	\$686,400
Special Advisor, Chief of Staff	1.0	\$224.00	\$465,920
Attorney	1.0	\$300.00	\$624,000
Analyst/Paralegal	1.0	\$195.00	\$405,600
Analyst/Paralegal	1.0	\$195.00	\$405,600
Analyst/Paralegal	1.0	\$195.00	\$405,600
Admin Support	1.0	\$150.00	\$312,000
Subtotal	10.0		\$5,506,322
Subject Matter Experts/Consultants (Estimated)			
	FTE	Hourly Rate	Total
Human Resources	1.0	\$380.00	\$790,400
Custody	0.5	\$380.00	\$395,200
Mental Health	1.0	\$380.00	\$790,400
Communications	0.05	\$380.00	\$39,520
Programming	0.25	\$380.00	\$197,600
Consultant	0.05	\$375.00	\$39,000
Subtotal	3.6		\$2,252,120
Other Receiver's Office Cost (Estimated)			
	FTE	Hourly Rate	Total
Outside Counsel - Partner	0.05	\$495.00	\$51,480
Outside Counsel - Associate	0.1	\$345.00	\$71,760
Travel			\$216,000
Office Space			\$100,000
Supplies, etc.			\$25,000
Subtotal	0.15		\$464,240
Total Receiver's Office Costs	13.75		\$8,222,682
Implementation Plan Costs (Estimated)			
Staffing Challenges Assessment			
Consultant (30 Institutions @ 10 hours @ 2 ppl)	0.3	\$380.00	\$237,120
Clinician Fear			
Consultant	0.05	\$380.00	\$39,520
Programming			
Consultant to Recommend Plan to Expand and Centralize Evidence-Based Programming	0.05	\$380.00	\$39,520
Accreditation			
Consultant	0.05	\$380.00	\$39,520
Total Implementation Costs	1.7		\$355,680
Action Plan Cost (Receiver's Office and Implementation Costs)	15.45		\$8,578,362
Mental Health Staff Pay Differential (Permanent Bonuses)			\$25,300,000
Grand Total			\$33,878,362

Pay Differential Program. In October 2024, three new pay differentials were established to help recruit and retain mental health clinicians. These include a one-time stipend and monthly recruitment and retention stipends for specified bargaining units, and a referral bonus¹¹. From

¹¹ https://www.calhr.ca.gov/wp-content/uploads/sites/361/2025/04/Pay_Differential_501.pdf; https://www.calhr.ca.gov/wp-content/uploads/sites/361/2025/04/Pay_Differential_502.pdf; https://www.calhr.ca.gov/wp-content/uploads/sites/361/2025/04/Pay_Differential_503.pdf

August 2024 to December 2025, CCHCS saw some decreases in vacancy rates in the Psychiatric Inpatient Program, but cannot attribute them solely to pay differentials.

Tele-Mental Health Programs. In an effort to reduce staffing shortages and vacancies and come into compliance with the court orders, CDCR and CCHCS have expanded the use of tele-mental health (TMH) providers. This started with a tele-psychiatry program in 2021, which was expanded to tele-psychology and tele-social work in 2023. Through this program, individuals meet with TMH providers with the help of an onsite tele-presenter. Currently, the TMH program consists of 311.5 clinicians (psychiatrists, psychologists and social workers), along with 243.0 tele-presenters and supervisory staff.

CDCR and CCHCS are requesting additional supervisory staff and tele-presenter support staff for the existing clinical staff. As outlined in the table below, the proposed budget includes an additional 100 medical assistant tele-presenter positions (50 in 2026-27 increasing to 100 in 2027-28 and ongoing) to establish a 1:1 ratio for tele-presenters to providers. CDCR and CCHCS are also requesting additional supervisory and support staff and equipment for the program.

Classifications	Need	Current Allocation	Net Adjustment
Medical Assistants	312.0	212.0	100.0
Senior Psychiatrist Supervisor	8.0	8.0	0.0
Senior Psychologist Supervisor	9.0	6.0	3.0
Supervising Psychiatric Social Worker I	9.0	3.0	6.0
Chief Psychiatrist	2.0	2.0	0.0
Chief Psychologist	2.0	2.0	0.0
Supervising Psychiatric Social Worker II	2.0	1.0	1.0
Total	344.0	234.0	110.0

The Governor's budget includes 69.0 positions and \$8.9 million General Fund in 2026-27, 119.0 positions and \$13.5 million General Fund in 2027-28, and \$12.8 million General Fund in 2028-29 and ongoing to augment staffing and resources to support this program.

Audit on Health Care Staffing. In December 2025, the State Auditor released an audit on *State Health Care Staffing Contracts*¹². The audit focused on health care staffing and the use of contract workers at Salinas Valley State Prison, as well as at Department of Developmental Services and Department of State Hospital facilities. The Auditor made several key recommendations, including requiring the California Department of Human Resources to assemble and coordinate a cross-agency collaborative recruiting campaign, measuring the effectiveness of recruiting strategies and tracking compliance with required staff-to-patient ratios, and evaluating opportunities to improve recruiting efforts such exploring the feasibility of flexible shifts or affordable housing options.

¹² <https://www.auditor.ca.gov/reports/2024-114/>

LAO Comments and Recommendations.

Coleman Receiver. The LAO recommends that, despite the appointment of the Receiver, the Legislature continue to exercise oversight over the delivery of prison mental health, track progress towards exiting the mental health Receivership, direct CDCR to take additional steps to address mental health vacancies (such as increasing the use of tele-mental health), and monitor the impact of the recent salary increases for CDCR mental health staff implemented by the Receiver. Finally, the LAO recommends approving the Governor’s proposal to implement the Receiver’s action plan.

The LAO notes that costs will likely increase under the Receivership. For example, under the *Plata* Receiver, state spending on prison medical care has more than doubled since the first year of the Receivership (after accounting for inflation)—reaching \$3.1 billion in 2025-26. The *Plata* Receiver also ordered the construction of 31 healthcare facility improvement projects that have totaled over \$1.5 billion.

Tele-Mental Health. Given the urgency the state is in to fill prison mental health positions—and that tele-mental health positions appear to be easier to fill—the LAO recommends approving portions of the proposal. However, the LAO recommends reducing the request and CDCR’s baseline budget for tele-mental health medical assistants to account for the time when they are not directly supporting appointments. The LAO also recommends taking steps to increase the use of tele-mental health to the maximum levels allowed, including allowing remote providers to work from out of state, expanding licensing exemptions so that licensed out-of-state mental health providers no longer need a California license to work at CDCR, and pairing these changes with more recruitment from out of state. Finally, the LAO recommends the Legislature monitor whether on-site providers need a pay differential to encourage them to remain in positions that cannot be done remotely.

Mental Health Staffing. In February 2026, the LAO released a report titled *Addressing Chronic Vacancies in Prison Mental Health Care*¹³. The LAO recommended the Legislature take various steps to reduce chronic vacancies, including:

- Assessing the effectiveness of other steps before considering across-the-board pay increases.
- Eliminating the requirement for licensed out-of-state providers to get California licenses.
- Increasing the use of CDCR tele-mental health to maximum court-approved levels.
- Asking the court to allow tele-mental health providers to work from out of state.
- Requiring CDCR report on the feasibility of concentrating mental health population in prisons that are easier to staff.
- Directing CDCR to align inpatient capacity with actual need.

Staff Recommendation. Hold open.

¹³ <https://lao.ca.gov/Publications/Report/5134>

Issue 4: Alternatives to Incarceration for the Aging Population Report**Panelists.**

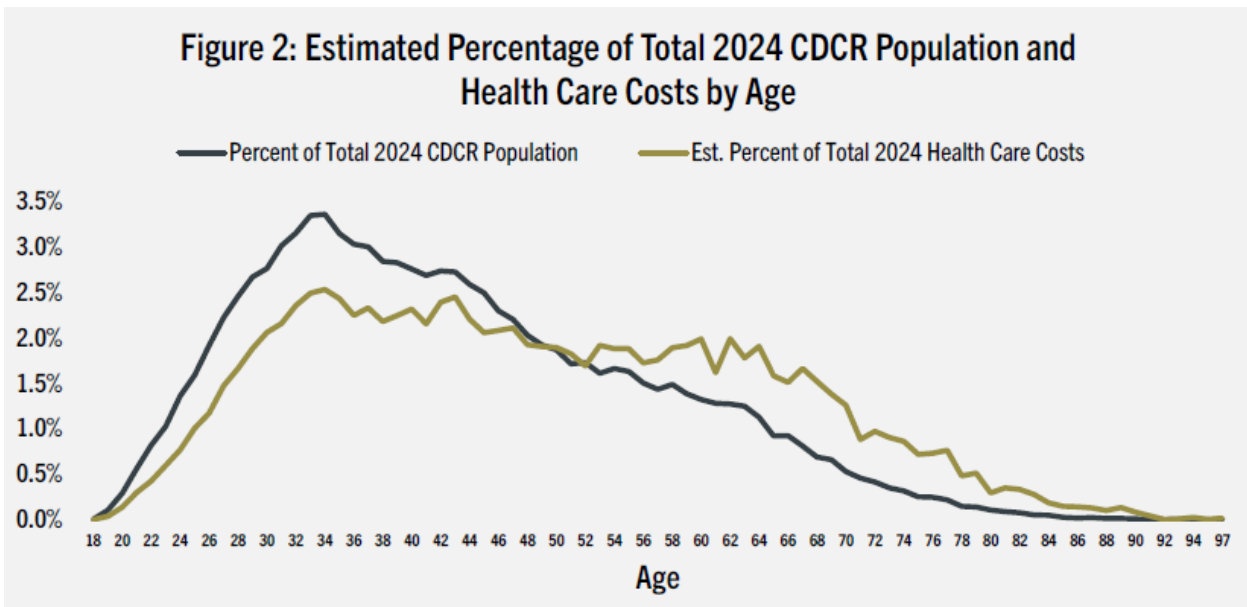
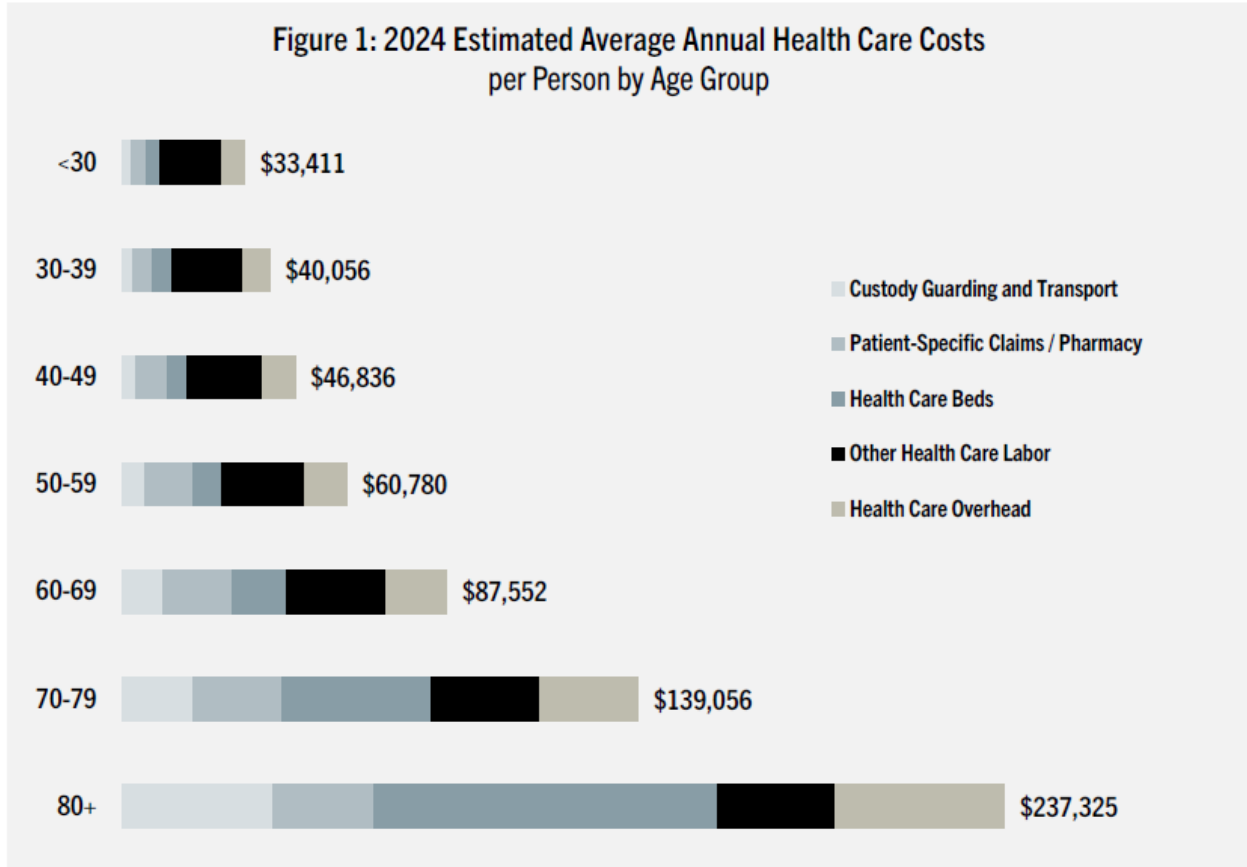
- Dr. Renee Kanan, Deputy Director, Medical Services, CCHCS
- Orlando Sanchez Zavala, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
- Alyssa Cervantes, Principal Program Budget Analyst, Department of Finance
- Ryan Weinberg, Principal Program Budget Analyst, Department of Finance

Background. The 2024 Budget Act directed CDCR to develop a report on alternatives to incarceration for individuals who are advanced in age, disabled, or have significant medical needs by March 2026. Specifically, the budget included the following provisional language:

The Department of Corrections and Rehabilitation shall work in collaboration with other state agencies, community-based service providers, and other stakeholders as determined by the department, to develop a report focused on alternatives to incarceration for individuals who are advanced in age, disabled, or have significant medical needs. Alternatives may include identifying community correctional reentry centers, Medi-Cal offset possibilities, and the development of new community-based programs, among other alternatives as determined by the department. The report may also identify potential changes the department has or is considering to existing programs, such as the compassionate release, medical parole, and elderly parole programs, to the extent any changes are considered, and any limitations to changes considered. The alternatives shall address the growing number of incarcerated individuals who are advanced in age, disabled, or have significant medical needs. In evaluating the alternatives, the department shall assess the potential to reduce departmental costs, provide the appropriate treatment settings required, challenges faced, and recommendations for accompanying statutory or policy changes that would facilitate the alternatives explored. The department shall provide the report to the Legislature on or before March 1, 2026.

The report was submitted in March 2026 and is available online¹⁴. The report notes that since 2010, the share of incarcerated individuals aged 55 and older has grown from 7 percent to 21 percent, with a significant portion serving life terms. CDCR spends \$57,000 per incarcerated individual per year on health expenses, accounting for roughly 40 percent of the total per capita cost of incarceration, but this amount varies significantly with age, as shown in the chart on the next page.

¹⁴ <https://cchcs.ca.gov/wp-content/uploads/sites/60/CDCR-SB-108-Report-Alternatives-to-Incarceration-March-2026-ADA-Compliant.pdf>



Source: *SB 108 Report – Alternatives to Incarceration*¹⁵

Focus Population. CDCR identified a focus population of 9,283 individuals who were either 65 or older, living with a disability, or had significant medical needs, as defined. CDCR estimates

¹⁵ <https://cchcs.ca.gov/wp-content/uploads/sites/60/CDCR-SB-108-Report-Alternatives-to-Incarceration-March-2026-ADA-Compliant.pdf>

that while the focus population is only 10 percent of CDCR prison census, they represent over 20 percent of total patient-specific costs. The majority (60 percent) are serving indeterminate sentences. Of this population, only three percent are serving a sentence for an offense that is not a violent offense (Section 667.5 of the Penal Code), a serious offense (Section 1192.7 of the Penal Code) or a sexual offense that requires registration under Section 290 of the Penal Code.

Stakeholder Engagement. CDCR surveyed external stakeholders, with an aim “to identify available community resources and post-release placement options for the focus population, challenges for serving and reintegrating this population post-release, and recommended solutions.” Survey respondents included nonprofit and for-profit community service providers, state and local government agency staff, advocacy groups, and philanthropic organizations. CDCR also hosted an in-person stakeholder meeting.

Existing Pathways and Options. The report notes challenges with reentry for these individuals, and the need for community resources and specialized transitional housing. The report notes existing programs including elderly parole, compassionate release, and medical parole. The report notes that housing is a common barrier to compassionate release. The Legislature could explore opportunities to increase reimbursement or create incentives for long-term care facilities to accept justice-involved patients. The report also notes that because medical parole is not true parole, the individual who is granted medical parole is not a parolee and is still considered an incarcerated individual; therefore, when placed in the community, no federal funds can be recovered for their care and the state and its general fund are required to pay the costs. The Legislature could consider revising the medical parole statute to address barriers to placement and acceptance at facilities, if placement in a licensed facility is necessary, or if there are other viable placement options.

Staff Comment. While the report included helpful information about the target population, the section of the report focused on identifying and evaluating alternatives to incarceration was brief and high-level. The report identified a few general options, but did not evaluate those in detail.

Staff Recommendation. This item is informational, and no action is required.

Issue 5: Community Reentry Programs for Supervised Persons – Phase III**Panelists.**

- Theresa Biby, Deputy Director, Division of Rehabilitative Programs, CDCR
- Madelynn McClain, Director, Division of Administration, CDCR
- Orlando Sanchez Zavala, Senior Fiscal and Policy Analyst, Legislative Analyst’s Office
- Joshua Wittmershaus, Finance Budget Analyst, Department of Finance
- Ryan Weinberg, Principal Program Budget Analyst, Department of Finance

Proposal. The Governor’s proposed budget includes \$5.3 million General Fund in 2026-27, \$11.4 million in 2027-28, \$12.4 million in 2028-29, \$13.3 million in 2029-30, and \$14.3 million in 2030-31 and ongoing, to implement the third phase of increased funding for post-release community reentry programs for supervised persons.

Background. CDCR is responsible for supervising roughly 35,000 individuals on parole. CDCR provides rehabilitative services to parolees, typically through contracts with providers in the community. There are a variety of programs, including some residential, that can last up to 6 months or a year. Within these programs, people can receive various services such as substance use disorder (SUD) treatment, case management, sex offender treatment, and employment assistance. Over the last three fiscal years, Division of Rehabilitative Programs (DRP) contractors have served 45,929 supervised persons (16,143 in 2022-23, 15,200 in 2023-24, and 14,586 in 2024-25) across all post-release community programs. The revised 2025-26 budget includes \$270.1 million total funds for these programs, including \$225.8 million from the General Fund. Details of some of these programs are outlined below.

Specialized Treatment for Optimized Programming (STOP). STOP provides a range of services to people on parole, but primarily focuses on various types of SUD treatment. These include residential and outpatient services, but exclude Medication Assisted Treatment (MAT). CDCR currently has agreements with nonprofit and private contractors that administer STOP in six regions throughout the state. These regional STOP contractors (1) pay local STOP network providers to deliver services through subcontracts, (2) connect people with these providers, and (3) conduct oversight of the services provided. There are 172 service providers and 515 programs statewide. In 2024, the STOP network provided services to about 8,600 people on parole. CDCR data indicates that about 70 percent of those individuals enrolled in at least one STOP service for more than 30 days. Of those, the average completion rate across all services was 53.1 percent.

Day Reporting Centers (DRCs) and Community-Based Coalitions (CBCs) Connect People to Various Services. DRCs and CBCs offer a “one-stop shop” for people on parole to be connected to various nonresidential services, some of which are offered on-site. The programs generally focus on addressing factors that might contribute to future criminal activity such as anger management, but also have a limited ability to connect people with transitional housing. CBCs are modeled after DRCs but participants can be in the program for up to one year, whereas DRCs allow people to participate up to 180 days with an option to extend for an additional 185 days. CDCR has authority to operate 18 DRCs throughout California that serve over 6,000 people each year. The 10 CBCs are in Northern California and serve over 1,200 people each year.

Long-Term Offender Reentry and Recovery (LTORR). LTORR programs are substance-free, residential programs that provides housing, meals, and various services. The services generally focus on the needs of people that have served long prison sentences, such as employment and computer-supported literacy. There are 14 LTORR programs throughout California that served about 1,700 people in 2023-24.

Ventura Training Center (VTC) Program Provides Firefighter Training. VTC is co-managed by the California Conservation Corps, the California Department of Forestry and Fire Protection, and CDCR. The program offers a firefighter training and certification program for people on parole so that at the end of the 18-month program, participants are fully trained firefighters eligible to be hired by firefighting agencies. VTC is designed to serve 80 people at a time, and CDCR reports that 210 paroled people have completed training with more than half of those graduates being employed full-time with state, local, and federal firefighting agencies.

Returning Home Well (RHW). The RHW program provides emergency transitional housing services to people on parole. To implement the program, STOP contracts were amended to include additional housing-only services. The RHW program serves people for a maximum of 180 days. In 2023-24, the RHW program served a total of about 1,500 people.

The department was required to submit a report by March 1, 2026 that presents metrics and outcomes associated with RHW. Between January 1, 2023, and December 31, 2025, the program provided housing for 6,595 unique participants per quarter, with 78.2 percent of participants successfully exiting the program to housing. The average duration for participation in Returning Home Well was 81 days. The report noted that recidivism data was not available yet, but that individuals who completed the Recovery and Reentry Housing modality through STOP had three-year reconviction rate of 13 percent. The table below shows the number of participants served and the number of individuals with an identified housing need by quarter.

Quarter	# of Individuals Released with Identified Housing Need	# of Unique RHHW Participants Served Per Quarter
Q1 2023	1,956	3
Q2 2023	2,050	153
Q3 2023	2,137	424
Q4 2023	2,103	679
Q1 2024	2,045	724
Q2 2024	2,059	585
Q3 2024	2,079	595
Q4 2024	2,069	700
Q1 2025	2,174	707
Q2 2025	2,166	662
Q3 2025	2,210	724
Q4 2025	2,279	639

Inflation. CDCR contract rates have not kept up with increased costs of inflation, resulting in a lack of providers willing to bid, and can contribute to reduced quality services. To address this, the 2024-25 budget provided several parole rehabilitation programs whose contracts were set to expire with a \$2.3 million General Fund increase in 2024-25 and an ongoing two percent annual cost-of-living increase thereafter. In the 2025 Budget Act, DRP received \$44.9 million General Fund and \$42.9 million and ongoing, to implement the second phase of post-release program funding increases for two DRC, six LTORR, and six STOP contracts. This included \$10.6 million for the continuation of the Returning Home Well program and \$2.3 million to support wrap around services for the RHW population.

The funding requested this year is consistent with this methodology, and will cover all remaining contracts. The remaining post-release community reentry program contracts included in this third and final phase are set to expire either June 30, 2026, or June 30, 2027. These contracts include 11 DRCs, three LTORRs, two CBCs, and the VTC. The requested funding increase for this final phase adheres to the same methodology applied in the first two phases:

- A one-time catch-up amount to increase contract rates commensurate with changes in the Consumer Price Index (CPI) over the prior contract term.
- An ongoing increase of two percent each fiscal year to address cost-of-living and other operational cost increases to sustain programmatic operations over time.

LAO Comments and Recommendations.

The LAO notes that the inflation increases appear reasonable for parole rehabilitation programs. However, these programs have not been evaluated for cost-effectiveness. The LAO recommends that the Legislature direct CDCR to work with external researchers to evaluate the programs by January 2030. The LAO recommends the Legislature consider providing three years of funding, to allow the Legislature to review the results of the evaluation before considering whether to provide ongoing funding.

Staff Recommendation. Hold open.

Issue 6: California Sex Offender Management Board Operational Budget Augmentation**Panelists.**

- Dr. Heather Bowlds, Deputy Director, Division of Adult Parole Operations, CDCR
- Madelynn McClain, Director, Division of Administration, CDCR
- Orlando Sanchez Zavala, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
- Kyle Gayman, Finance Budget Analyst, Department of Finance
- Anthony Franzonia, Principal Program Budget Analyst, Department of Finance

Proposal. The Governor's budget includes \$450,000 ongoing General Fund for the operational needs and training requirements of the California Sex Offender Management Board and State Authorized Risk Assessment Tools for Sex Offenders.

Background. CDCR supports the operational budget for the California Sex Offender Management Board (CASOMB) and the State Authorized Risk Assessment Tools for Sex Offenders (SARATSO) Review Committee. CASOMB and SARATSO provide certification standards, training, and audit compliance of sex offender treatment programs within California. These programs operate under the guidance of a governing board for CASOMB and a review committee for SARATSO. CASOMB is composed of 19 members including the Secretary of CDCR, as well as several legislative and gubernatorial appointees. CASOMB develops standards, policies, and protocols for certifying sex offender treatment providers, while SARATSO oversees risk assessment tools and certifying scorers, who are trained to evaluate sex offenders using authorized risk assessment tools.

The revised 2025-26 budget for both CASOMB and the SARATSO Review Committee is \$1.4 million, including \$1 million from the General Fund and \$406,000 from special deposit funds (SDFs). Both entities have SDFs into which grants and certification fees are deposited. CASOMB collects certification application fees from treatment providers and agency applicants, capped at \$180 per application, pursuant to Section 9003 of the Penal Code. These SDFs will no longer have sufficient funds to offset rising business costs after 2025-26.

CASOMB and SARATSO are in the process of consolidating their IT systems and databases into one Provider Certification System (CASPCS), using some funding from the SDFs. However, additional resources are needed to complete and support the project in the long-term, and address rising costs of other services, such as training, travel, public meetings, and ongoing research. The proposal includes \$150,000 ongoing for maintenance and operations of CASPCS and \$300,000 ongoing for travel and training requirements, and the support of annual meetings.

The Administration noted that CASOMB did not propose a fee increase with the BCP, which would require trailer bill language, but is currently exploring options. However, CASOMB noted that the fee would need to be over ten times the current rates providers pay to cover the costs in the BCP.

LAO Comments and Recommendations.

The LAO notes that the proposed funding would maintain service levels, but the IT project could lead to efficiencies. In addition, the Administration has not explored changes to the fee structure, which was established in 2010. The LAO recommends approving the requested resources on a one-time basis because this funding will maintain service levels. In addition, the LAO recommends directing the agencies to provide a new funding plan by January 10, 2027 describing how they could restructure their operations and fees to (1) avoid the need for the requested \$450,000 General Fund on an ongoing basis, (2) require less than their current baseline General Fund budget of \$1 million, and (3) require no General Fund support. The plan should consider fee increases (including raising fees above the statutory cap) and ways to increase grant revenue, as well as effects on service levels and broader outcomes, if any, under each of these scenarios. This would better position the Legislature to weigh the trade-offs of providing ongoing General Fund support for these agencies as it deliberates the 2027-28 budget, when the requested funding would expire under the LAO's recommendation.

Staff Recommendation. Hold open.

NON-DISCUSSION ITEMS

These items will not be presented, but the Department of Finance and the Legislative Analyst's Office are available to answer questions from the subcommittee members. Public Comment may be provided on these items.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

Issue 7: Technical Adjustments – Governor's Budget and April Finance Letters

Proposal. The Governor's budget includes a net-zero realignment of budget authority within CDCR programs. This includes the following:

- Shift of \$4.9 million and 35 positions to Internal Affairs to support additional staff misconduct disciplinary responsibilities and comply with the regulatory elimination of the Locally Designated Investigator model.
- Shift of \$577,000 in 2026-27 and 2027-28 and \$987,000 in 2028-29 reimbursement authority related to an interagency agreement with CalTrans.
- Liquidation extension of up to \$8 million in funding for enhancements at Valley State Prison in the 2021-22 budget.
- Various other corrections related to miscoding positions and resources.

The April Finance Letters contained additional, net-zero technical adjustments for CDCR, resulting in a net shift of \$3 million from budget item 5225-008-0001 to items 5225-001-0001 and 5225-002-0001.

Staff Recommendation. Hold open.

Issue 8: Continuation of Tattoo Removal Program

Proposal. The Governor's budget includes \$1.2 million General Fund and one position in 2026-27 and ongoing to continue the existing tattoo removal program. The 2022 Budget Act provided \$567,000 General Fund in 2022-23 and \$1.1 million through 2025-26 to provide tattoo removal services for people preparing for release or leaving prison gangs. The program served 2,744 individuals in 2023-24 and 2,432 individuals in 2024-25. As of December 2025, the program had a waitlist of 1,562 individuals statewide.

Staff Recommendation. Hold open.

Issue 9: Board of Parole Hearings Information Technology System Contract

Proposal. The Governor's budget includes the \$1.2 million General Fund in 2026-27, growing to \$1.5 million in 2029-30 and ongoing, to support increased costs for the Board of Parole Hearings Information Technology System contract. The system supports BPH operations and stores case

and hearing data. The cost of the contract increased from \$4.3 million to \$5.5 million, growing to \$5.8 million in the outyears, in the recent bid process. The Administration is requesting additional resources to cover the cost of this contract increase.

Staff Recommendation. Hold open.

Issue 10: Statewide Fire Alarm Replacements and Fire Watch

Proposal. The proposed budget includes \$15.2 million one-time General Fund in 2026-27 and the reappropriation of prior funding to complete fire alarm replacement projects and for staff time to patrol for fires. When an institution's fire alarm system is not working or is insufficient, the Office of the State Fire Marshal requires the institution to implement fire watch coverage, where a staff person walks around the institution to check for smoke or fire at specified intervals. In 2020-21, CDCR spent \$3.2 million on 51,460 hours of staff time for fire watch. In 2025-26, CDCR spent \$20.9 million on 271,776 staff hours for fire watch. CDCR has received \$226.8 million in recent years to replace fire alarm systems at six institutions, including Mule Creek State Prison, Richard J. Donovan Correctional Facility, Pelican Bay State Prison, Ironwood State Prison, California State Prison, Solano and the Substance Abuse Treatment Facility. The proposed budget also extends and reappropriates some of this funding, including a one-year extension for funding provided in the 2021-22 budget, and a reappropriation of funding provided in the 2025-26 budget.

LAO Comments and Recommendations. The LAO notes that the one-time funding for fire watch, an important safety function, is reasonable. However, the LAO also notes that this is a non-discretionary cost that CDCR has traditionally absorbed using salary savings, and that the existence of structural shortfall raises broader concerns about CDCR's budget. The LAO recommends approving this proposal, given the important safety function these funds support and CDCR's inability to address these costs due to the structural shortfall. The LAO also makes various recommendations around the structural shortfall, which were discussed at the March 12, 2026 Subcommittee No. 5 hearing.

Staff Recommendation. Hold open.

Issue 11: Statewide Correctional Video Surveillance Completion

Proposal. The Governor's budget includes \$10 million General Fund in 2026-27 to finalize implementation of audio video surveillance systems (AVSS) at the two remaining adult institutions.

Since 2015, CDCR has been expanding the use of video surveillance at state prisons to help monitor activities, provide evidence in disputes or allegations of misconduct, and track contraband. AVSS installations also use radar to monitor the perimeter of institutions and detect movement, which can be useful for detecting contraband. Much of the implementation of AVSS has been at the recommendation of the Office of the Inspector General (OIG), or by recommendation or order of the courts or other oversight bodies related to the *Armstrong* and *Coleman* lawsuits. The

Armstrong court also ordered that all footage be retained for a minimum of 90 days, and that body-worn cameras (BWCs) be implemented at the six prisons.

In 2023-24, funding was authorized to finalize AVSS implementation at the final group of institutions, which included California Men's Colony (CMC), California Institution for Men (CIM), California Rehabilitation Center (CRC), Correctional Training Facility (CTF), and Pelican Bay State Prison (PBSP). Due to cost increases, the remaining funding is not sufficient to complete all remaining institutions in 2025-26, even with the pending closure of CRC.

LAO Comments and Recommendations. The LAO notes that it would not be cost-effective to start projects, including AVSS, at prisons that could be closed, but recommends approving remaining infrastructure proposals.

Staff Recommendation. Hold open.