

CORRECTIONS AND REHABILITATION

The May Revision continues the Administration's commitment to public safety and inmate rehabilitation in programs operated by the Department of Corrections and Rehabilitation (CDCR).

- 2007-08 -\$46.8 million
- 2008-09 -\$115.2 million

The May Revision proposes a decrease of \$115.2 million General Fund for the CDCR, including the following:

PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS

The May Revision reflects changes to the CDCR's adult, juvenile and parolee population, as well as other policy, caseload and court-driven adjustments.

NORTHERN CALIFORNIA RE-ENTRY FACILITY

Consistent with the Administration's commitment and current efforts to implement the requirements of Chapter 7, Statutes of 2007, and to comply with the requirements of Chapter 228, Statutes of 2007, the May Revision includes \$11.7 million to activate the state's first secure re-entry facility beginning July 1, 2009.

Chapter 228, Statutes of 2007 authorized the conversion of the former Northern California Women's Facility (NCWF) to a secure reentry facility that will house male offenders for up to 12 months prior to parole. Construction to convert the NCWF is projected to begin in September 2008 and is estimated to be completed in June 2009.

Once construction is completed, the Northern California Re-entry Facility (NCRF) will be a 500-bed secured re-entry facility that will provide programs and services to offenders returning to San Joaquin, Calaveras, and Amador counties. These programs and services will include intensive substance abuse treatment, vocational training and job placement, academic education, housing placement, anger management classes, family counseling, and other targeted services to ease the transition from prison to the community. In addition, the CDCR is engaging in ongoing communication with local stakeholders to ensure that continuity of service will exist once an offender is paroled.

ADULT INMATE/PAROLEE POPULATION/CASELOAD CHANGES

CURRENT YEAR

As a result of successful implementation of parole reforms, increased access to rehabilitation services, implementation of SB 1453, and a decline in new admissions, the institutional Average Daily Population (ADP) is projected to decrease by 2,107 in 2007-08 compared to the Governor's Budget. The May Revision reflects an estimated institutional ADP of 171,886 inmates for the current year.

The projected parolee ADP is 126,456 for the current year. Parole reforms have contributed to a decrease of 2,887 in the parolee population from the level projected in the Governor's Budget.

The net effect of these population changes is a decrease to the General Fund of \$27.9 million and a decrease of \$340,000 to the Inmate Welfare Fund.

BUDGET YEAR

The May Revision also reflects an estimated institutional ADP of 170,641 inmates for the budget year, a decrease of 6,380 from the level projected in the Governor's Budget.

The projected parolee ADP is 122,872 for the budget year. This is a decrease of 10,189 from the level projected in the Governor's Budget. The parole population is expected to continue to decrease due to the effectiveness of parole reforms.

The population changes will reduce costs to the General Fund by \$78.2 million and reduce costs to the Inmate Welfare Fund by \$1.5 million.

WARD/PAROLEE POPULATION/CASELOAD CHANGES

CURRENT YEAR

For 2007-08, the May Revision estimates an average daily population of 2,277, a decrease of 17 wards from the projection in the Governor's Budget. In addition, the average daily juvenile parole population is projected to be 2,426, an increase of 11 parolees from the Governor's Budget projection. The change in population is due to more wards being released to parole than previously anticipated. Given the minimal change in population, there is no funding adjustment proposed.

The Safety and Welfare Remedial Plan in the *Farrell* lawsuit requires females under the jurisdiction of the Division of Juvenile Justice (DJJ) to receive services under a gender-specific rehabilitative model. Because there are few females housed by the DJJ, the Remedial Plan required DJJ to consult with experts in adolescent and young adult female offender treatment to develop and issue a Request for Proposals (RFP) to provide services to females in secure placements outside of DJJ facilities. The DJJ has issued a RFP, but has been unable to secure a viable service provider. The 2007 Budget Act includes \$8.6 million in contract funding for this purpose. Since the DJJ has been unable to secure a viable service provider in the current year and continues to house female offenders, the May Revision reflects a reduction of \$8.6 million General Fund in 2007-08. The DJJ is continuing to search for a service provider but does not anticipate entering into a contract until 2008-09.

General Fund expenditures for juvenile institutions are partially offset by General Fund revenues from the sliding scale fees paid by counties. In 2007-08, these revenues are estimated to be \$12.7 million, an increase of \$346,000 from the revenue expected at the time of the Governor's Budget.

BUDGET YEAR

For 2008-09, the average daily population is projected to be 1,847, an increase of 61 wards from the projection included in the Governor's Budget. This increase in population is due primarily to more "M" and "E" cases, which are juvenile offenders whose offense would have placed them in an adult institution but because of their age are housed in DJJ. Additionally, the average daily parole population is estimated to be 1,971, an increase of eight parolees from the Governor's Budget projections. This increase is due to more

wards being released to parole than previously anticipated. Given the minimal change in population, there is no funding adjustment proposed.

As discussed above, since the DJJ has been unable to secure a viable provider to serve female offenders, the May Revision proposes to reduce funding for the female contract by \$4.3 million General Fund in 2008-09. This is based on the assumption that the DJJ will enter into a contract by January 2009.

In 2008-09, the sliding scale fees paid by counties are estimated to be \$7.5 million, a decrease of \$618,000 compared to the revenue expected at the time of the Governor's Budget.

PRISON MEDICAL CARE RECEIVER

The May Revision proposes an augmentation of \$8.6 million General Fund in 2008-09 to ensure that the Receiver appointed by the court in the *Plata* lawsuit is able to improve the delivery of medical care to inmates. Specifically, the May Revision includes the following adjustments:

- An augmentation of \$12.5 million to establish additional Supervising Registered Nurse II positions to improve nursing care.
- A reduction of \$3.9 million to correct a technical error in the Receiver's Health Care Guarding and Transportation proposal. These resources will provide inmates access to higher levels of care and specialty care outside the institution.

In addition, the Receiver has completed his draft Strategic Plan for the delivery of medical care to inmates. The Receiver has determined that new facilities for medical and mental health care to serve up to 10,000 inmates statewide are required. The Receiver anticipates supervising construction of facilities for his health care expansion program at up to seven sites serving up to 1,500 inmates at each site. Furthermore, the Receiver has determined that it is necessary to upgrade administrative and clinical facilities to provide inmates with appropriate access to health care at each of the CDCR's institutions.

To provide the full authority and funding for these projects, the Administration has withdrawn the trailer bill language included in the Governor's Budget and supports the Receiver's urgency legislation. Because not all of the planned renovations will be able to be financed with lease revenue bonds, \$100 million General Fund is necessary to ensure all facilities can be completed as the Receiver plans.

In summary, this proposed legislation would do the following:

- Appropriate \$6 billion in lease revenue bond authority for projects proposed by the Receiver, for and on behalf of CDCR, including the design and construction of health related facilities and housing for up to 10,000 inmates with medical or mental health care needs, and supporting infrastructure and ancillary facilities, at existing state correctional facilities statewide or at other appropriate state-owned real property. Of this \$6 billion (Public Buildings Construction Fund), it is estimated \$2.5 billion would be expended in fiscal year 2008-09.
- Appropriate \$100 million General Fund and \$900 million lease revenue bond authority to be used by the Receiver, for and on behalf of CDCR, to design and construct health care facility improvements at existing prison facilities statewide. Of the \$100 million General Fund and \$900 million Public Buildings Construction Fund, it is estimated that \$50 million and \$450 million, respectively, would be expended in fiscal year 2008-09.

JUVENILE PROBATION FUNDING

In February 2008, the federal Health and Human Services Agency released updated federal regulations for the Temporary Assistance for Needy Families (TANF) Block Grant. As a result of these new provisions, the requirements to meet the TANF Maintenance of Effort (MOE) requirement are more restrictive. To address the loss of available MOE, the May Revision proposes to replace \$151.8 million General Fund that currently supports the Juvenile Probation Program with TANF Block Grant Funds, and transfer the General Fund to the Department of Social Services.

UPDATE TO BUDGET-BALANCING REDUCTIONS

The Governor's Budget reflected savings of \$17.9 million General Fund in 2007-08 and \$354.3 million in 2008-09 related to Budget-Balancing Reductions for the CDCR. Savings estimates in the Governor's Budget assumed that the proposals would be adopted in the special session and would be implemented by March 1, 2008.

SUMMARY PAROLE

The May Revision includes total savings of \$173.6 million for the Summary Parole proposal, which is an increase \$75.7 million compared to the Governor's Budget.

CORRECTIONS AND REHABILITATION

The net increase in savings is due to \$110 million in corresponding operational and programmatic savings which were not previously identified, offset by a \$34 million erosion related to the change in implementation dates, the revised population impact associated with the spring projections, and the shift of implementation costs from 2007-08 to 2008-09.

The majority of the corresponding savings results from the need for the Department to reconfigure many of the programs that serve its parolee population, the reduced need to provide funding to reimburse local governments for the cost of housing detained and revoked parolees, and projected reductions in Board of Parole Hearings workload.

The decrease in institutional ADP associated with Summary Parole in 2008-09 decreases from 6,249 to 4,774, a reduction of 1,475. This ADP grows to 7,800 in 2009-10.

The decrease in parolee ADP associated with Summary Parole in 2008-09 decreases from 18,522 to 13,517, a reduction of 5,005. This ADP grows to 22,448 in 2009-10.

EARLY RELEASE

Given the effectiveness of parole reforms and rehabilitative efforts to date and the associated savings resulting from the decrease in the inmate population compared to the fall projection, as well as other proposed savings in the CDCR budget, the May Revision Budget achieves approximately \$300 million in CDCR savings without releasing any inmates prior to their anticipated release date.