

AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

Assemblymember Juan Arambula, Chair

**WEDNESDAY, APRIL 30, 2008, 1:30 PM
STATE CAPITOL, ROOM 437**

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CONSENT ITEMS

ITEM 8780 MILTON MARKS "LITTLE HOOVER COMMISSION"

ISSUE 1: BUDGET BALANCING REDUCTION

The Governor's Budget across the board budget balancing reduction would result in a decrease of \$104,000 General Fund for the Little Hoover Commission.

COMMENTS

The Milton Marks "Little Hoover" Commission on California State Government Organization and Economy is the state's only independent and citizen-based oversight mechanism. It conducts four to five comprehensive reviews of executive branch programs, departments, and agencies each year and recommends ways to improve performance by increasing efficiency and effectiveness with existing resources. The Commission is statutorily responsible for analyzing and making recommendations to the Legislature on all Governor reorganization plans.

The Commission is composed of two members of the Senate, two members of the Assembly, and nine unpaid citizen members - five appointed by the Governor and four appointed by the Legislature. Because of the Commission's independence, the Legislature charged it with oversight of the Bureau of State Audits, including contracting with an independent auditor for annually examining the State Audit Fund.

The Commission's 2007-08 adjusted budget is \$1,039,000. Including the Budget Balancing Reduction, the Commission's 2008-09 budget will be \$941,000. The Commission has indicated that it will implement changes to achieve savings in the following areas in order to meet the \$104,000 reduction:

- Salary Savings
- Reduce amounts spent on supplies, equipment, and data processing purchases
- Reduce number of reports printed
- Drop cable service and reduce phone calls
- Reduce mailings
- Reduce in-state travel and eliminate out of state travel
- Eliminate training

The commission has noted that, although it will be able to absorb the reduction in the budget year, some of these reductions will impact their ability to operate on an ongoing basis.

ITEM 5225 CDCR DIVISION OF JUVENILE JUSTICE

ISSUE 1: PROGRAM REALIGNMENT

The Governor's budget proposes to realign program expenditures in the budget year to reflect more accurate tracking of Division of Juvenile Justice (DJJ) expenditures. This is a no cost proposal.

COMMENTS

This request will realign current Program Cost Accounts, Organizational Codes, and internal unit structures so current expenditures are more accurately reflected with current budget operations. This will impact the following budget programs:

- Program 20 – Juvenile Operations(security and support)
- Program 21 – Juvenile Education (no change to Prop 98)
- Program 23 – Juvenile Health Care

The operation and reporting structure of the DJJ (formerly the California Youth Authority) has undergone significant changes within the last three years. During the Youth and Adult Correctional Agency consolidation, some minimal changes to the program and organizational codes used in the reporting of budgetary, accounting, and legal information were made. However, with the evolving mission and legal mandates impacting the DJJ these major revisions are necessary.

ITEMS TO BE HEARD

ITEM 8120 COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

The Commission on Peace Officer Standards and Training (POST) is responsible for raising the competency levels of law enforcement officers in California by establishing minimum selection and training standards, improving management practices, and providing financial assistance to local agencies relating to the training of law enforcement officers.

The Governor's budget proposal includes \$63.6 million from special funds to support POST in the budget year. This is about the same level of funding that is estimated for expenditure in the current year.

Recent legislation (Chapter 392, Statutes of 2007 [AB 587, Karnette]) appropriated \$5 million from the new Anti-terrorism Fund to develop anti-terrorism training courses and to reimburse local public safety agencies for anti-terrorism training activities. Approximately \$2.5 million was allocated to the Office of Emergency Services for the California Fire Fighter Joint Apprenticeship Program. The other \$2.5 million was allocated to POST to develop anti-terrorism training courses and reimburse local law enforcement agencies that employ peace officers that participate in the training program.

ISSUE 1: DRIVER TRAINING PENALTY ASSESSMENT FUND

The Governor's Budget includes Control Section 24.10 that proposes to allocate \$14 million from the Driver Training Penalty Assessment Fund to the Peace Officers' Training Fund in the budget year.

BACKGROUND

The Commission's main funding source is the Peace Officers' Training Fund. The main revenues supporting this fund are state penalties and fines. Current law allocates a portion of the penalties and fines collected by the state directly to the Peace Officers' Training Fund. In addition, the budget Control Section 24.10 also allocates a portion of the fines and penalties deposited in the Driver Training Penalty Assessment Fund to the Peace Officer's Training Fund. If statute did not dictate how these fines and penalties were directed these revenues would be deposited in the General Fund.

The Peace Officers' Training Fund is projected to end the budget year with a reserve of \$22 million.

COMMENTS

Given that POST does not have a direct General Fund appropriation, the Administration did not include a budget balancing reduction for POST in its proposed budget. However, if control section 24.10 did not dictate how specified fines and penalties were directed those revenues would otherwise be deposited in the General Fund.

ITEM 0552 OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General (OIG) oversees the state's correctional system through audits, special reviews, and investigations of the California Department of Corrections and Rehabilitation (CDCR). The Office is also charged with evaluating the qualifications of candidates being considered by the Governor for appointment to warden of a correctional facility or superintendent of a juvenile facility. The Office also monitors internal affairs investigations conducted by CDCR to ensure they are performed in a timely and professional manner.

The Governor's budget proposal includes \$23.9 million General Fund to support the OIG in the budget year. This is a 25 percent increase over estimated expenditures in the current year. This increase is primarily due to an augmentation to fully fund the OIG's audits and investigation workload and to implement new monitoring programs directed by court monitors in CDCR lawsuits.

ISSUE 1: OIG WORKLOAD BUDGET INCREASE AND BBR**Governor's Budget Workload Budget Change Proposals:**Bureau of Audits and Investigations

The Governor's Budget requests \$3.8 million for the Bureau of Audits and Investigation (BAI) to address workload shortfalls in this area.

Information Technology and General Administration

The Governor's Budget requests \$690,000 and 6 positions to support ongoing administrative and information technology functions.

Governor's Budget Workload/Court Driven Budget Change Proposals:

The Governor's Budget requests \$890,000 General Fund (\$784,000 one-time) to establish four new positions to ensure regular attendance at as many use-of-force committee meetings as possible, but no less than monthly at each adult institution. This request is related to the *Madrid* lawsuit.

The Governor's Budget requests \$878,000 General Fund to establish five new positions to implement a new pilot project to monitor CDCR's investigatory and disciplinary processes of CDCR health care staff related to the *Plata* lawsuit.

Budget Balancing Reduction:

The Governor's Budget's across the board budget balancing reduction would result in a decrease of \$1.7 million General Fund to the OIG's budget. The Bureau of Independent Review was exempted from the 10 percent reduction. The OIG is planning to reduce its Bureau of Audits and Investigations by \$1.5 million and its Executive Administration by \$202,000.

BACKGROUND

The augmentation to the Bureau of Audits and Investigations is based on a workload analysis that finds that its current staffing resources are short approximately 20 positions to implement all of its statutorily mandated work. The augmentation for general administration would support six positions to support ongoing administrative and information technology functions that have suffered from under-investment as the office has grown over the past decade.

CDCR has faced increased scrutiny from the federal courts over the past decade for various violations of the U.S. Constitution, including the Eighth Amendment (prohibition of cruel and unusual punishment) and the Fourteenth Amendment (right to due process and equal protection). Two of the class action lawsuits that have been brought against the state included the *Madrid* case that alleged CDCR condoned a pattern and practice of using excessive force against inmates and the *Plata* case that alleged that inmates were denied constitutionally adequate health care. In both cases the federal courts found evidence to support the alleged claims and appointed a Special Master and a Receiver, respectively, to develop and implement a plan to remedy the violations of the U.S. Constitution.

Under the *Madrid* case, CDCR has faced continued scrutiny from the federal court for failing to regularly and adequately review use-of-force incidents and for not imposing adequate disciplinary action when allegations of excessive force are proven. In January 2005 the Bureau of Independent Review was created within the OIG to oversee CDCR's process for addressing use-of-force incidents. In May 2007 revised protocols were adopted to require OIG special assistant inspectors general to attend CDCR use-of-force committee meetings on a regular basis at each adult institution.

Under the *Plata* case, CDCR has agreed to implement a medical investigation pilot project. As part of this project, the CDCR Office of Internal Affairs (OIA) is establishing a Medical Investigations Unit to perform expedited investigations of misconduct by CDCR health care staff. In addition, the CDCR Employment Advocacy and Prosecution Team (EAPT) is establishing a Medical Prosecution Unit to perform expedited disciplinary actions if warranted. The Receiver has furthermore requested that the OIG conduct independent oversight of the new OIA and EAPT similar to the way it is currently reviewing CDCR's process for addressing use-of-force incidents.

The reduction to the Bureau of Audits and Investigations would reduce the OIG's audit capacity in the following manner:

- 1) Reduce the audit cycle from every four years to every five years for audits of the adult and juvenile institutions and wardens and superintendents.
- 2) Reduce Special Review reports from 14 to 13 per year.
- 3) Reduce follow-up audits of Management Review audits by 25 percent.
- 4) Reduce number of warden candidates that can be vetted annually from 12 to 10 and reduce number of superintendent candidates that can be vetted annually from 10 to 8.
- 5) Perform one less large-scale investigation and one less fraud investigation per year.

In addition, the OIG estimates that it will reduce the amount of complaints it can process annually by about 11 percent. The Governor has proposed trailer bill language to implement this reduced audit schedule.

The OIG reports that the impacts of the reduction to the Executive Administration will result in delays in various human resource processes and a general reduction in the OIG's ability to support its staff administratively.

COMMENTS

The LAO reports that the OIG is currently performing most of its mandated work audits and investigations work within its existing resources. Furthermore, the LAO reports that the OIG has provided little evidence that the OIG has been unable to complete its work at its current administrative and information technology staffing levels. Therefore, the LAO recommends denying the augmentations proposed for the Bureau of Audits and Investigations and general administration.

The LAO recommends approving the two budget proposals related to compliance with the *Madrid* and *Plata* cases.

Below is a summary of Staff's recommendation for OIG:

	<u>Governor's Proposal</u>	<u>Staff Recommendation</u>	<u>Difference</u>
BCP 1 – BAI Workload	\$3,800,000	\$2,443,000	-\$1,357,000
BCP 2 – IT/Admin Workload	690,000	246,000	-444,000
BCP 3 – Workload related to <i>Madrid</i>	890,000	890,000	0
BCP 4 – Workload related to <i>Plata</i>	878,000	878,000	0
BBR – Administration	-202,000	0	202,000
BBR – BAI	-1,500,000	-739,000	761,000
Total --	\$4,556,000	\$3,718,000	-\$838,000

ITEM 1870 VICTIMS COMP. AND GOVERNMENT CLAIMS BOARD

The California Victim Compensation and Government Claims Board's (VCGCB) primary functions are to compensate victims of violent crime and consider and settle civil claims against the state. The Board consists of three members: the Director of General Services who serves as the chair, the State Controller, and a public member appointed by the Governor.

The board also determines equitable travel allowances for certain government officials, responds to protests against the state alleging improper or unfair acts in the procurement process, and provides reimbursement of counties' special election expenses.

The Governor's budget includes \$167.5 million primarily from the Restitution Fund and Federal Funds to support the VCGCB's activities. This is a slight decrease from estimated expenditures in 2007-08 due to one-time payments to reimburse local governments for special elections in the current year.

ISSUE 1: RESTITUTION FUND – LAO OPTIONS

The Governor's budget proposal projects \$123 million in revenues and \$151 million in expenditures to and from the Restitution Fund in 2008-09. This is similar to the level of revenues and expenditures estimated from the Restitution Fund in the current year.

The LAO estimates that the Restitution Fund will become insolvent in the next five years if actions are not taken to reduce expenditures and/or increase expenditures to the fund. Nevertheless, the LAO recommends that the Legislature consider, as an option, a transfer of as much as \$45 million from the Restitution Fund to the General Fund as a one-time budget solution. The LAO finds that the Restitution Fund will face insolvency whether or not a portion of the fund's balance is transferred to the General Fund.

Additionally the LAO has raised the following issues related to the VCGCB and the Restitution Fund:

- 1) California may be missing federal matching opportunities
- 2) Restitution collection could be improved
- 3) Victims Compensation Program administrative expenditures are relatively high

BACKGROUND

A defendant found guilty of a criminal offense is usually ordered by the court to pay various fines and penalties. The money collected is divided in accordance with state law as determined by a judge, among various recipients, and sometimes includes direct payments of restitution to the victim of the crime. In addition, both state and local government agencies finance a number of programs from the fine and penalty money that they receive. A portion of the money collected from defendants is deposited in the Restitution Fund, which was established to compensate those injured by crime.

The Restitution Fund is the primary source of funding for the Victims Compensation Program (VCP). These monies are continuously appropriated, which means they are not subject to appropriation by the Legislature in the annual Budget Act. The Restitution Fund revenues are used as a match to draw down federal funds under the Victims of Crime Act (VOCA) grant program. The VCP receives 60 cents in federal VOCA grant funding for each dollar spent to provide victims with services.

In addition to the VCP, the Restitution Fund has more recently supported the following new initiatives:

- Office of Emergency Services (OES): (1) \$9.5 million for the California Gang Reduction, Intervention, and Prevention (CalGRIP) initiative that provides grants to local entities; (2) \$1 million to support four Internet Crimes Against Children taskforces in San Diego, Sacramento, San Jose and Los Angeles. (3) \$300,000 to support local programs geared to providing services for victim's of domestic violence in the LGBT community.
- Department of Justice (DOJ): (1) \$6.7 million for the California Witness Protection Program.

The LAO finds that the Governor's budget overstates expenditures from the Restitution Fund and understates revenues to the Restitution Fund in the current year and budget year. The board and DOF concur that expenditures from the Restitution Fund are overstated in the Governor's budget. The department estimates that expenditures have been overstated by over \$25 million each year starting in 2006-07. If the expenditures are revised as per the recommendations by the LAO and DOF, the fund will end the budget year with a reserve of \$124 million.

The LAO also finds that revenues are likely to be understated. If revenues are understated, this could increase the reserve balance by another \$18 million to a total of \$142 million at the end of the budget year.

California may be missing federal matching opportunities

As mentioned above, the VCP receives 60 cents in federal VOCA grant funding for each dollar spent to provide victims with services. The LAO finds that this is not the case for Department of Justice (DOJ) and Office of Emergency Services (OES) expenditures from the Restitution Fund. The LAO estimates that the \$17 million spent on these projects potentially reduces the federal grant revenue the fund would otherwise receive if the money was actually spent on qualifying services for victims by as much as \$10 million annually.

The LAO has identified that one of the purposes of the Witness Protection Program administered by DOJ is to assist crime victims, as witnesses are often crime victims themselves. Therefore, the LAO has identified that some of the Restitution Fund expenditures in support of the Witness Protection Program may qualify for federal matching funds under the VOCA program if the program was administered by the Board and not DOJ.

Restitution collection could be improved

The LAO finds that it is possible to improve the solvency of the Restitution Fund by increasing the collection of some of the revenues that flow into the fund from the collection of restitution orders. The LAO has recommended that the Legislature evaluate several alternatives for improving the collection of restitution.

Victims Compensation Program administrative expenditures are relatively high

The LAO has estimated that administrative costs for the VCP were about \$39 million or 31 percent of the state and federal funding it receives annually for the program. The LAO found that this level of administrative costs was relatively high when compared with other states that had administrative costs that ranged from 5 percent to 32 percent. The LAO does note that victim compensation programs vary widely among states; thereby what constitutes administrative costs can also vary significantly across different states. Furthermore, the board indicates that it engages in many state functions that are not direct services to victims, but are also not strictly administrative functions. For example, the board engages in the development of educational materials and the ongoing development of local victim service providers.

COMMENTS

The Restitution Fund was bailed out by the General Fund in 1993-94. The Governor and the Legislature agreed to appropriate \$44 million from the General Fund to eliminate a backlog of approved claims. The next year statute was enacted to impose a new diversion restitution fee to be charged to any person charged with a felony or misdemeanor whose case was diverted by the court. This statute change was estimated to generate \$20 million in additional revenues annually and helped to make the fund solvent.

The VCGCB does not separately track the administrative costs of the VCP and the Government Claims Program. In addition, administrative expenditures and direct payments to crime victims are also commingled in the same budget item, which makes it extremely difficult to track the efficiency of the current VCP.

On March 12, 2008, the Joint Legislative Audit Committee (JLAC) approved an audit of the VCGCB that was submitted by Assembly Member Leno and Senator Calderon. The audit will focus on the expenditures made out of the Restitution Fund, including an analysis of the VCP administrative expenditures. The audit will also focus on the board's current process for outreach to victims of violent crime and review the application and approval process of the board.

ITEM 5225 CDCR – CORRECTIONS STANDARDS AUTHORITY

The Corrections Standards Authority (CSA) provides leadership in the development of programs and program planning efforts that focus on local juvenile and adult correctional effectiveness, administer federal and state grants that support the collaborative planning efforts, provide technical assistance and training in planning and program implementation, and conduct research and evaluations. The CSA sets minimum standards and assists local agencies in meeting these standards for juvenile and adult detention facilities, administers grant funds to maximize the protection of the public while assuring safety of detention staff and offenders in local custody, and is responsible for administering the Compliance Monitoring Program.

The CSA works with local corrections officials to ensure the performance of complex tasks by local corrections professionals, engages the local corrections community in the establishment of minimum standards for personnel selection and training, and is designated by the federal Department of Justice, Office of Juvenile Justice and Delinquency Prevention, as the responsible state planning agency to administer federal juvenile justice and delinquency prevention funds designated for California.

The CSA also collaborates with state and local government agencies to administer grant award funding for county facility construction projects, for the purpose of enhancing public safety and conditions of confinement.

The Governor's Budget proposes \$302.2 million for the CSA in 2008-09. This is comprised of \$13.7 million for state operations and administrative purposes and \$288.5 million for local assistance. The local assistance is offset by a \$24.6 million reduction resulting from the Governor's across the board cuts.

ISSUE 1: MENTALLY ILL OFFENDER CRIME REDUCTION GRANT

The Governor's Budget proposes \$40.1 million General Fund for the Mentally Ill Offender Crime Reduction Grant (MIOCR). This is a reduction of \$4.5 million due to the Governor's across the board budget balancing reduction.

BACKGROUND

The MIOCRG program was designed as a demonstration grant project to aid counties in finding new collaborative strategies for more effectively responding to the mentally ill offenders who cycle through already overcrowded county jails. Services provided through the MIOCRG program vary by project but have often included housing support, employment training, benefits advocacy, and day treatment. Different projects target different populations, but most projects focus on soon-to-be-released offenders transitioning out of custody. MIOCR funding is split 50/50 between programs that target adult offenders and programs that target juvenile offenders.

Issues raised by the LAO

The LAO has noted that in 2004 the voters passed Proposition 63, the Mental Health Services Act, which funds county services for mentally ill individuals. While the act prohibits spending funds on individuals incarcerated in state prison or on parole, there are no restrictions on using the funds to pay for services for offenders in county jail or on probation, the target group of MIOCRG programs. In fact, the statute explicitly states that counties "shall consider ways to provide services to those established pursuant to the Mentally Ill Offender Crime Reduction Grant Program." As of September 2007, close to \$300 million remained in Proposition 63's Mental Health Services Fund for investment in community mental health programs such as MIOCRG.

The LAO further notes that the latest report from The Department of Mental Health (DMH) on the implementation of Prop 63 programs indicates that counties are indeed using Prop 63 funds to target offenders (in fact, some counties that had started programs with Prop 63 funds to target offenders are now using MIOCR funds to augment these programs). The DMH report only covers seven counties, but they selected them based on their geographic and economic diversity, so presumably they should be representative of what's going on statewide. The report notes the counties surveyed are using Prop 63 monies to fund "forensic initiatives", which are defined as those mental health service programs that are integrated with law enforcement, probation and/or the courts. For example:

- El Dorado County is using Prop 63 funds for mental health courts (MIOCR grants have been used in other counties to fund mental health courts in the past).
- LA County is using Prop 63 funds for two jail linkage programs (one for adults, one for juveniles) that assist with the transition from custody to the community (MIOCR funds these same types of programs).
- Madera County chose adults with jail involvement as a priority population for Prop 63 services and established a mental health treatment center near the county jail. This program has actually been augmented with MIOCR funds.

Lastly, according to the LAO, at the end of the first quarter of 2007–08, counties had only spent approximately \$3 million of the available MIOCR funds.

COMMENTS

Given the availability of Prop 63 funding and the states fiscal situation, the Legislature should consider whether funding for the MIOCR program is a priority use of state resources.

ISSUE 2: JUVENILE PROBATION AND CAMPS FUNDING

The Governor's Budget proposes \$181.3 million General Fund for the Juvenile Probation and Camps Funding Program (JPCF). This is a reduction of \$20.1 million due to the Governor's across the board budget balancing reduction.

BACKGROUND

In the current year, the JPCF provides \$201 million to counties for public safety programs targeting juveniles. Of this amount, \$168 million is directed to support various county probation programs for at-risk youth, juvenile offenders and their families, and another \$33 million is allocated separately to counties to assist in their operation of juvenile camps and ranches. The authorizing statute stipulates a fixed allocation amount for each county for the probation support program, but allows the camp-specific funding to vary annually based on the proportionate number of occupied camp and ranch beds in each county. The CSA is responsible for administering the program funds.

LAO Alternative

The LAO notes that the JPCF Overlaps With the Juvenile Justice Crime Prevention Act Program (JJCPA). According to the LAO, much of the funding provided to juvenile programs through the JJCPA program is duplicative with JPCF funding. However, unlike the JJCPA program, the JPCF program is not required to report on specific outcome measures. The latest annual report from CSA only contains statistical information on the number of youths entering and exiting programs—it does not contain data on actual youth crime outcomes, such as arrest and incarceration rates. Thus, it is not possible to assess the program's effectiveness. Nevertheless, the program's similarities to the JJCPA program, which has demonstrated results, as well as the overall declining juvenile crime rate over the past several years, indicate that the program likely is effective at reducing juvenile crime.

Given the similarities between the two programs, and the results demonstrated by the JJCPA program, the LAO recommends that the Legislature consolidate funding for the two juvenile crime reduction local assistance programs, and provide them with a total of \$304 million in funding. This level of funding is the sum of the budgets of the two programs (before the Governor's proposed reductions), reduced by 5 percent to reflect anticipated administrative savings. The LAO also recommends that the Legislature adopt budget trailer bill language creating a statutory framework for the consolidated program similar to the existing JJCPA statute.

COMMENTS

Although the LAO's alternative to consolidate the JPCF and JJCPA programs would provide a greater level of funding available to locals than the Governor's Budget proposals, the CSA has raised concerns regarding its ability to administer the consolidated program within existing resources.

ISSUE 3: INFORMATIONAL – AB 900 LOCAL JAIL BED CONSTRUCTION

Assembly Bill 900 included \$1.2 billion in lease-revenue bond authority to construct up to 13,000 new county jail beds. The financing requires a 25 percent county match. Assembly Bill 900 and Chapter 175, Statutes of 2007 [SB 81, Budget] requires that the funding be allocated to counties that help the state site re-entry facilities, increase mental health and substance abuse services for parolees, and help the state site mental health day treatment for parolees.

BACKGROUND

The CSA is responsible for allocating the funds to build jail beds authorized by AB 900. The Commission started the process of developing the Request for Proposal shortly after AB 900 was enacted. The final proposals were due to CSA by March 18 of this year. The CSA is currently evaluating the proposals and making preliminary ratings for the projects submitted.

The CSA has received 24 proposals for new jail beds that total \$1.2 billion. The funding available in the first phase of AB 900 for jail beds is only \$750 million. On average, the counties are proposing a 46 percent match on projects. The Commission reports that 16 of the counties have accomplished initial planning and identified potential sites for a re-entry facility and 3 of the proposals have accomplished initial planning for a re-entry facility.

ITEM 5225 CDCR – DIVISION OF JUVENILE JUSTICE

A small number of juvenile offenders (under 2 percent annually) are committed to the California Department of Corrections and Rehabilitation's (CDCR) Division of Juvenile Justice (DJJ) (previously known as the California Youth Authority or CYA) and become a state responsibility. The population sent to DJJ is generally the State's most serious and chronic juvenile offenders, but this may vary by county. In addition, juveniles tried in adult criminal court for particularly serious or violent crimes are placed in a DJJ facility until their 18th birthday, at which time they are transferred to state prison for the remainder of their sentence. The CDCR currently operates eight juvenile correctional facilities and one conservation camp. However, the CDCR is in the process of closing two juvenile facilities in the current year.

The Governor's budget proposal includes \$488 million to fund DJJ institution and parole operations. This is about \$87 million or 15 percent less than estimated expenditures in the current year due to legislation (Chapter 175, Statutes of 2007 [SB 81, Budget]) enacted in 2007 to restrict the ability of counties to send non-serious non-violent juveniles to state DJJ facilities. The per capita costs for youths incarcerated at DJJ facilities are projected to be \$252,312 in 2008-09.

ISSUE 1: BCPS RELATED TO THE FARRELL LAWSUIT

The Governor's Budget proposes \$1.1 million General Fund to support 7.5 positions to support the DJJ information technology and infrastructure required for implementation of the *Farrell* Safety and Welfare Remedial Plan.

The Governor's Budget also proposes \$513,000 General Fund to support six 2-year limited-term positions for the development of over 600 policies and regulations that need significant revisions as a result of the *Farrell* lawsuit. These policies and regulations address issues in all six of the remedial plans.

BACKGROUND

In 2004, the state settled *Farrell v. Tilton* that alleged poor conditions of confinement and a lack of treatment services for youth housed in DJJ institutions. As a result of this lawsuit, the state agreed to review the entire system and reform the programs provided to juvenile offenders. Beginning in 2005-06, the DJJ began implementing reforms as stipulated by the *Farrell* consent decree in the following areas:

- Mental Health
- Sex Behavior
- Disability
- Education
- Medical Care
- Safety and Welfare

The state has allocated about \$125 million General Fund ongoing, to date, to comply with the *Farrell* lawsuit. However, overall expenditures for DJJ have declined and are projected to decline further as the population continues to be reduced due to the realignment implemented last year and other factors.

Given the realignment and the planned closure of two DJJ facilities, the department is in the midst of realigning the population among its remaining six institutions to ensure continued progress in complying with the *Farrell* lawsuit.

The state continues to work towards complying with the reforms stipulated by the *Farrell* consent decree. However, the plaintiffs in the *Farrell* case have called for the appointment of a Receiver to oversee and direct the department to comply with the remedial plans.

COMMENTS

The Governor's Budget proposal to support the DJJ information technology and infrastructure required for implementation of the *Farrell* Safety and Welfare Remedial Plan will allow the DJJ to provide support to the Ward Information Network and program growth resulting from the implementation of Safety and Welfare Remedial Plan requirements.

The Governor's Budget proposal for six 2-year limited-term positions for the development and revision of policies and regulations resulting from the *Farrell* lawsuit is necessary to ensure Farrell requirements, standards, and practices are implemented statewide. Further, the Safety and Welfare Remedial Plan requires that resources be created, separate from those for adult facilities, to maintain the integrity of juvenile policies and procedures.

ISSUE 2: L.H. LAWSUIT – JUVENILE PAROLEE DUE PROCESS

The Governor's Budget and a Finance Letter (dated April 1, 2008) propose \$3.2 million General Fund complies with the *L.H.* lawsuit. The funding will support the full-year costs for the 29 positions proposed to be established in the current year. The augmentation contained in the Finance Letter (\$309,000) supports the costs of attorneys to represent the youth in the new parole revocation process being directed by the *L.H.* lawsuit.

BACKGROUND

The *L.H.* lawsuit is a class action lawsuit alleging that California's parole revocation process violates the due process clause of the U.S. Constitution. Specifically, the plaintiffs in the lawsuit assert that the current revocation hearing process is not timely and existing procedures unlawfully restrict the appointment of counsel and appearance of witnesses at revocation hearings.

In September 2007, the federal court found the state in violation of due process rights provided in the U.S. Constitution and ordered the department to develop a plan to remedy this violation within 30 days. On January 29, 2008, the court ordered the department to take specific actions related to this case. These actions include the following:

- On or before February 15, 2008, counsel shall be appointed to represent every juvenile parolee in parole revocation proceedings.
- Counsel shall be provided with access to files at a time sufficiently in advance of the probable cause hearing.
- Counsel shall be provided with reasonable access to their clients.
- Juvenile parolees may obtain counsel of their own choosing and such counsel shall have the same rights, except pay, as appointed counsel
- The department shall ensure effective communication to all juvenile parolees throughout the parole revocation process.
- The department shall develop draft policies and procedures by March 15, 2008, to ensure compliance with the Americans with Disabilities Act in parole revocation proceedings.

The department has indicated that they expect a follow up court order that will direct the department to take additional actions to address the deficiencies found in the LH lawsuit.

COMMENTS

The DJJ is proposing to address each aspect of the juvenile parole revocation process, correct deficiencies, and adopt procedural due process remedies similar to those mandated by the Division of Adult Parole Operations as outlined in the *Valdivia* Permanent Injunction.

ITEM 5225 CDCR – CAPITAL OUTLAY**ISSUE 1: AB 900 UPDATE - INFORMATIONAL**

Chapter 7, Statutes of 2007 (AB 900, Solorio) authorized additional prison and jail bed capacity. The legislation authorized \$7.4 billion in lease-revenue bonds and appropriated \$350 million General Fund to implement this legislation.

BACKGROUND

The three main components of AB 900 are summarized below:

1. Prison Bed Construction

- **Phase I** – Prison Bed Construction. The legislation authorized \$3.6 billion in lease-revenue bonds to construct: (1) 12,000 infill beds at existing prisons (\$1.8 billion); (2) 6,000 re-entry beds, which are smaller secure facilities of up to 500 beds with concentrated rehabilitative services (\$975 million); and (3) 6,000 medical and mental health beds (\$857 million). The legislation also appropriated \$300 million General Fund for infrastructure improvements at existing prisons.
- **Phase II** – Prison Bed Construction. The legislation also authorized an additional \$2.5 billion in lease-revenue bonds to construct: (1) 4,000 infill beds at existing prisons (\$600 million); (2) 10,000 re-entry beds (\$1.6 billion); and (3) 2,000 medical and mental health beds (\$286 million). Funding would be made available for Phase II only if certain conditions and benchmarks are met and verified by a three-member panel comprising of the State Auditor, the Inspector General, and an appointee of the Judicial Council.

2. Recidivism Reduction and Rehabilitation

The legislation also required CDCR to implement various reforms to reduce recidivism and increase rehabilitation efforts. The legislation also appropriated \$50 million to enhance rehabilitation programming in 2007 08. These reforms include the following:

- **New Beds Must Include Program Space.** Required all new state prison beds to include substance abuse treatment, work programs, academic and vocational education, and mental health care. Also, authorizes CDCR to use portable buildings for inmate rehabilitation treatment, and housing to ensure sufficient program space is available.
- **Expanded Substance Abuse Beds.** Required implementation of 4,000 new dedicated substance abuse treatment beds with post-release aftercare treatment for parolees.
- **Mandatory Needs Assessment.** Required individualized program needs assessment for all inmates at reception centers.
- **Prison-to-Employment Plan.** Required development of a prison-to-employment plan to ensure programs provide sufficient skill to assist in successful re-entry and employment.
- **Rehabilitation Oversight Board.** Created the California Rehabilitation Oversight Board (C-ROB) to evaluate CDCR rehabilitation and treatment programs and recommend changes to the Governor and the Legislature.

- Mental Health Day Treatment. Required development of mental health day treatment for parolees.
- Education Incentives. Required implementation of a system of incentives designed to increase participation in education programs and encourage inmates to complete educational goals.
- Rehabilitative Staff Pipeline Development. Required development of a staffing pipeline plan to fill vacant prison staff positions, obtain treatment services from local governments, and increase the number of rehabilitation and treatment personnel with proper education and credentials.
- Management Deficiencies. Required CDCR to develop and implement a plan to address management deficiencies within the department.

3. Jail Bed Construction

- **Phase I** – Local Jail Construction. The legislation authorized \$750 million in lease-revenue bonds for the construction of 8,000 county jail beds. The financing will require a 25 percent county match. The funding will be allocated to counties that help the state site re-entry facilities, increase mental health and substance abuse services for parolees, and help the state site mental health day treatment for parolees.
- **Phase II** – Local Jail Construction. The legislation also authorized \$470 million in lease-revenue bonds for the construction of an additional 5,000 county jail beds in Phase II. Funding will be made available for Phase II only if specified benchmarks are met.

ISSUE 2: FARRELL – CAPITAL OUTLAY

The Governor's Budget and a Finance Letter (dated April 1, 2008) propose \$2 million General Fund to support the following capital outlay projects to help comply with the *Farrell* lawsuit:

N.A Chaderjian Youth Correctional Facility

1. The Governor's Budget proposes \$419,000 to finish construction of a counseling building at N.A. Chaderjian Youth Correctional Facility that will provide group counseling space, individual counseling space, offices, and storage to support a Sex Behavior Treatment Program. This project was started as a minor capital outlay project in 2006, but during construction it was determined that the costs of the building would exceed the minor capital outlay limit (\$400,000). The department has already invested \$303,000 in this project and construction is currently about half complete.
2. The Governor's budget proposal includes \$517,000 to finish construction of another counseling building at N.A. Chaderjian Youth Correctional Facility for a Sex Behavior Treatment Program. This project was started as a minor capital outlay project in 2006, but during construction it was determined that the costs of the building would exceed the minor capital outlay limit. The department has already invested \$219,000 in this project and construction is currently about half complete.

O.H. Close Youth Correctional Facility

1. A Finance Letter requests \$516,000 to finish remodeling the dayroom at the Inyo Living Unit at O.H. Close Youth Correctional Facility to add two education/treatment rooms to support a Behavior Treatment Program. This project was proposed as a minor capital outlay project in 2006, but during design it was determined that the project would exceed the minor capital outlay limit. The department has already invested \$18,415 on the design of this project.
2. A Finance Letter requests \$517,000 to finish expansion of the Humboldt Annex at O.H. Close Youth Correctional Facility to create a group counseling room, office space for clinical staff, and storage to support a Specialized Counseling Program. This project was started as a minor capital outlay project in 2006, but during construction it was determined that the costs of the expansion would exceed the minor capital outlay limit. The department has already invested \$235,425 on this project and construction is 22 percent complete.

BACKGROUND

The 2006 Budget Act allocated \$18.2 million (\$2.9 million federal funds) to help address the DJJ's facility deficiencies. These funds were used to fund the design of eight Behavioral Treatment Programs, upgrade telecommunications infrastructure, design a new prototypical 280-bed core treatment facility, and purchase and install Prison Industry Authority (PIA) modular units to provide treatment space and classroom space. Unfortunately, five of the 14 modular units funded with these resources were installed at DeWitt Nelson Youth Correctional Facility, which is now scheduled to close at the end of the current fiscal year.

The 2007 Budget Act included \$10 million General Fund to purchase additional PIA modular units (\$6.5 million) and for other minor capital outlay projects (\$3.5 million). The Budget Act also included budget bill language to require that CDCR report to the Joint Legislative Budget Committee on the projects it will pursue prior to expending these funds. To date, the Joint Legislative Budget Committee has not received notification from the department on how it plans to expend the funds allocated in the current year.

COMMENTS

Although these proposals provide space and renovations to comply with *Farrell*, it is unclear what the CDCR's long-term facility plans for juvenile institutions is.

ISSUE 3: SAN QUENTIN CONDEMNED INMATE COMPLEX

The Governor's Budget Proposes \$136 million in lease-revenue bonds to address additional funding needed to complete construction of the Condemned Inmate Complex at California State Prison, San Quentin.

BACKGROUND

The 2003-04 Budget Act authorized \$220 million in lease-revenue bonds for the design and construction of a new Condemned Inmate Complex for condemned male inmates at California State Prison, San Quentin. The original project was designed to provide 1,408 beds which were projected to meet the department's condemned inmate population needs through 2037.

However, because of increased costs related to this project, cost containment measures were taken in September 2005 to: (1) eliminate one housing unit, thereby reducing the number of beds by 18 percent; and (2) change the project scope for warehouse and maintenance support space from the construction of freestanding buildings to the conversion of existing dormitory buildings. Even with these cost containment measures, it was recognized that the project had a 6 percent budget deficiency in September 2005. The preliminary plans for this project were approved by the Public Works Board in November 2005.

There are currently 669 condemned inmates at San Quentin. The capacity of the current condemned housing is 634 beds. The new Condemned Inmate Complex would provide 1,152 beds.

COMMENTS

In the past, the LAO has recommended canceling the Condemned Inmate Complex project at San Quentin and use the remaining funding authorized to build additional prison capacity for condemned and maximum-security inmates at a lower cost per bed elsewhere. This could include: (1) building a new condemned inmate complex at an existing prison or at a new site, or (2) constructing new Level IV capacity and moving condemned inmates to Level IV housing at an existing prison. The LAO indicates that some states house condemned inmates with other Level IV population in a single facility and suggests that this could also be an option.

This year the LAO withholds recommendation on the project until questions about the costs of the project and the impacts of the possible inmate population limits are resolved. The LAO recommends that the department retain an independent outside expert to assess the department's cost estimates for this project. This is similar to the recommendation the LAO made with regard to the infill bed projects authorized by Chapter 7, Statutes of 2007 (AB 900, Solorio).

The LAO also recommends that the department report on the following: (1) the maximum capacity of San Quentin now, including potential overcrowding of the facility; (2) the maximum potential capacity of San Quentin, including potential overcrowding of the facility, if the Condemned Inmate Complex is completed; (3) any specific limits on the inmate population at San Quentin to which the state has agreed as a result of the environmental review process for the Condemned Inmate Complex; (4) the department's rationale for building the Condemned Inmate Complex at San Quentin if in fact that means other existing space at the prison could not be used to hold inmates in the future.

ISSUE 4: WASTE WATER TREATMENT PLANT UPGRADES

The Governor's Budget and a Finance Letter (dated April 1, 2008) propose funding for the following Waste Water Treatment Plant (WWTP) upgrades:

1. Chuckawalla Valley State Prison/Ironwood State Prison

The Governor's Budget proposes \$23 million General Fund for construction costs to rehabilitate the WWTP that serves both of these prisons. The scope of this project was changed considerably in 2007 to comply with requirements of the Colorado River Basin Regional Water Quality Control Board. The project now entails rehabilitating two trickling filters, paving portions of sludge drying beds, constructing a solid storage pad, and replacing pumps.

The Finance Letter proposes to increase the amount provided for construction by \$2.3 million General Fund. The increased costs reflect a more detailed scope and schedule obtained during the recent completion of preliminary plans.

Funding this project will prevent future violations and the potential issuance of a Cease and Desist Order from the Colorado River Basin Regional Water Quality Control Board. This project was started in 2006 and \$1.7 million has been appropriated by the Legislature in past budgets to plan for this project. The total estimated project cost is \$24.7 million.

2. Mule Creek State Prison

The Governor's Budget proposes \$542,000 General Fund to support working drawings to make numerous upgrades to the WWTP at this prison. This project includes constructing a secondary clarifier, a mixed splitter box, a chlorine contact basin, and a disinfected secondary effluent pump station. This prison was issued a Notice of Violation by the Regional Water Quality Control Board in September 2006 and a Cease and Desist order in December 2006 outlining various violations. This project was started in 2007 and \$390,000 was allocated for preliminary plans. Total costs for this project are estimated to be \$6.6 million.

3. California Rehabilitation Center

The Governor's Budget proposes \$113,000 General Fund for preliminary plans and working drawings to install a bar screen and two chopper pumps in the sewer discharge line at the California Rehabilitation Center. This prison was issued a Consent Order by the Santa Ana Watershed Project Authority in January 2007 for exceeding discharge limits. The department has already paid over \$350,000 in fees over the last year because of these violations. Total costs for this project are estimated to be \$949,000.

BACKGROUND

Overcrowding at the adult institutions has significantly impacted existing infrastructure systems, most notably, wastewater systems. These systems are often required to operate at or above the maximum intended capacity, resulting in an increased health and safety risk to CDCR staff, inmates, the public, and the environment. Overcrowding the prison sewage and wastewater systems has caused the discharge of waste beyond treatment capacity, resulting in sewage spills and environmental contamination. These spills can contaminate groundwater drinking supplies and place the public's health at risk. Furthermore, the department's wastewater issues have already resulted in multiple fines, penalties, and notices of violation to the CDCR from environmental control agencies (mainly the Regional Water Quality Control Boards).

The CDCR submitted a letter to the Joint Legislative Budget Committee in 2007 to request that \$15.9 million from the General Fund allocation contained in AB 900 be allocated to implementing water conservation devices at 15 institutions. The department estimates that over 25,000 cells would be retrofitted by this effort and would improve water use efficiency and reduce the strain on the department's WWTP infrastructure.

COMMENTS

Lease-revenue bond financing has been proposed to support these types of projects in the past, however, the Governor has vetoed the lease-revenue bond funding because the nature of the projects made them difficult to finance with lease-revenue bonds.

**ISSUE 5: SIERRA CONSERVATION CENTER, FILTRATION
SEDIMENTATION STRUCTURE**

The Governor's budget proposes \$2.6 million General Fund to support construction of a filtration structure for the water supply treatment plant at the Sierra Conservation Center.

BACKGROUND

The Sierra Conservation Center is located in the Sierra Nevada foothills near the town of Sonora. The center pre-treats raw water from Lake Tulloch for all uses at the center, including drinking, showering, toilets, and kitchen uses. The current system is inadequate when water turbidity is high and does not meet Department of Health Services (DMH) primary drinking water standards.

Construction of a filtration sediment structure is needed to meet DMH drinking water standards, the requirements of the National Pollutant Discharge Elimination System, and the objectives of the Porter Cologne Water Quality Act.

COMMENTS

This project was started in 2006 and \$313,000 has been allocated to plan for this project. The total costs for this project are estimated to be \$2.9 million.

ISSUE 6: BUDGET PACKAGE ADVANCED PLANNING AND STATEWIDE REENTRY FACILITY SITE EVALUATIONS

The Governor's Budget proposes \$3 million General Fund for advanced planning and budget packages for future capital outlay projects. This is \$1 million more than is allocated in the current year for pre-planning activities.

The Governor's Budget also proposes to amend budget bill language to allow these funds to be used to support advanced planning for projects authorized by AB 900 and trailer bill language to make it clear that the expenditures to prepare pre-planning capital outlay budget proposals for projects authorized by AB 900 should be reimbursable from AB 900 lease-revenue bond funding.

A Finance Letter (dated April 1, 2008) requests \$6 million General Fund for site investigation and real estate due diligence activities required prior to site selection and acquisition of re-entry facility properties. The Finance Letter also includes budget bill language to authorize the department to enter into agreements for the acquisition of an option to purchase real property with the approval of the State Public Works Board.

BACKGROUND

Chapter 7, Statutes of 2007 (AB 900, Solorio) was passed last year to authorize the department to construct up to 40,000 new prison beds. Subsequent legislation (Chapter 175, Statutes of 2007 [SB 81, Budget]) required that capital outlay budget packages be submitted to the Legislature for projects funded by AB 900.

Funding to support the advanced planning required to complete capital outlay budget packages was not included in AB 900 or in SB 81. This is especially problematic in the case of the reentry facilities since the state has not built this type of facility before. While many of these preplanning activities would be eligible for reimbursement once the lease-revenue bonds were issued, the department did not have sufficient dedicated resources to support the pre-planning work.

COMMENTS

While AB 900 is clearly driving an increase need for advanced planning activities, it is unclear why an increase in General Fund resources would be needed if the trailer bill language is approved to make it clear that the expenditures to prepare pre-planning capital outlay budget proposals for projects authorized by AB 900 should be reimbursable from AB 900 lease-revenue bond funding.

ISSUE 7: SOLID CELL FRONTS

The Governor's Budget proposes \$7.2 million General Fund for an ongoing project to replace the bar construction of cell fronts in the Administrative Segregation Units with solid cell fronts. The budget includes funding for the following conversions:

Correctional Training Facility (CTF)

The Governor's Budget proposes \$498,000 General Fund for working drawings to convert 144 cells.

California Medical Facility

The Governor's budget proposal includes \$6.7 million General Fund for construction costs to convert 132 cells.

BACKGROUND

In order to improve the safety of staff, the CDCR started an effort to retrofit old administrative segregation units with open barred cell fronts and cell doors to a solid cell front design. The solid cell front design reduces the opportunity for gassing or spearing attacks by inmates upon staff.

COMMENTS

The Legislature appropriated \$405,000 General Fund to support the CTF project in the 2007 Budget Act. The total estimated project cost is \$7 million or \$48,600 per cell to convert these cells.

The Legislature has appropriated \$759,000 General Fund since the 2005 Budget Act to support planning for the CMF conversion. Construction funds were proposed in the current year, but the project was not started. The total estimated project cost is \$7.4 million or \$56,000 per cell to convert these cells.

ISSUE 8: FOLSOM PRISON OFFICERS AND GUARDS BUILDING

The Governor's Budget proposes \$6.3 million General Fund for construction costs associated with converting the historic Officers and Guards Building at Folsom State Prison into office space for prison administrative staff and inmate records personnel.

BACKGROUND

In 2002, the department completed a \$2.5 million seismic retrofit of the historic Officers and Guards Building at Folsom State Prison. Further modifications are needed to this building before it can be used as office space. The Officer and Guards Building is outside of the secure perimeter of the prison.

Folsom State Prison currently lacks adequate space to accommodate the additional clinical staff hired to meet health care mandates by the federal courts. The department plans to move some of its administrative staff to the newly remodeled historic Officers and Guards Building outside of the secure perimeter, thereby making room for additional clinical staff in the administration building that is within the secure perimeter of the prison.

COMMENTS

The Legislature has appropriated \$780,000 General Fund since the 2006 Budget Act to support planning for this remodel. The total estimated project cost is \$7.1 million.

ISSUE 9: FOLSOM PRISON ELECTRICAL SYSTEM RENOVATION

The Governor's Budget proposes \$1.9 million General Fund to support working drawings (\$158,000) and the construction (\$1.7 million) costs to remove and upgrade the current wiring system in Building #5 at Folsom State Prison.

BACKGROUND

Building #5 at Folsom State Prison was constructed in 1880 and is one of the oldest housing units in the prison system. The housing unit has 322 cells and was wired for electricity approximately 57 years ago. Since the housing unit is stone masonry construction, the wiring is, for the most part, exposed in the cells. The department indicates that the exposed wiring poses a fire, life, and safety risk for the inmates and staff. In addition, the exposed wiring also creates a security issue because inmates are able to easily manipulate the fixtures to create primitive heating equipment. This tampering reduces the reliability of the entire system and over the past three years there have been over 400 work orders to repair the wiring system.

COMMENTS

This project has started and stopped many times since 1999. To date, the Legislature has appropriated \$34,000 to support planning efforts for this project. The total estimated project cost is \$1.9 million.

ISSUE 10: MINOR CAPITAL OUTLAY

The Governor's Budget proposes \$7.5 million General Fund for construction of minor capital outlay improvements for CDCR Adult and Juvenile Facilities.

BACKGROUND

This proposal would fund the following projects for a total of \$3.6 million (staff has not received a list of projects to be funded by the remaining \$4.1 million of this request):

Mule Creek – Freezer Capacity	\$194,000
High Desert – HVAC System	184,000
Correctional Training Facility – South Yard Lighting	162,000
CA Men's Colony – Rooftop Shooting Platforms	382,000
CA Medical Facility – Install Fire Alarm System	355,000
Substance Abuse Treatment Facility – Refrigeration Units	381,000
N CA Youth Correctional Center – Central Kitchen Water	159,000
CA Men's Colony – Education Space Modifications	370,000
San Quentin – Install Dumbwaiter	294,000
CA Medical Facility – Parking Lot Addition	308,000
Salinas Valley – Parking Lot Addition	333,000
CA Correctional Center – Air Cooling (Sierra)	138,000
CA Correctional Center – Air Cooling (Lassen)	183,000
CA Correctional Center – Air Cooling (Arnold)	130,000

COMMENTS

It is clear that there are many facility issues within our prisons that must be addressed, however, this proposal lacks detail of the projects that will be funded. Additionally, given the states fiscal situation, the Legislature should consider whether any of these activities could be deferred.

ISSUE 11: CA REHABILITATION CENTER DORM REPLACEMENT

The Governor's Budget proposes \$15.3 million General Fund to support the construction (\$15 million) of four new 200-bed dorm housing units and the working drawings (\$343,000) to construct three additional 200-bed dorm housing units.

BACKGROUND

There are 28 100-bed dorms at the California Rehabilitation Center. These dorms were originally constructed in the 1940s by the Navy as temporary hospital wards. These buildings are wood construction and are seriously deteriorated. For example, the bathroom floors are rotting, the plumbing is worn out, and the buildings contain significant levels of asbestos.

The department has proposed to replace all 28 of these dorms over a number of years with 16 200-bed prototypical emergency bed dorm housing units. This plan would provide the department with 400 additional dorm beds.

COMMENTS

This multi-phase project was started in 1998 and to date the Legislature has appropriated \$9 million to develop preliminary plans for all phases, working drawings for the construction of the first five dorm housing units, and construction of the first 200-bed dorm housing unit. The total estimated project cost is \$67.7 million. This project will augment the department's bed capacity by 400 additional dorm beds.

ISSUE 12: IRONWOOD VENTILATION SYSTEM REPLACEMENT

The Governor's Budget proposes \$5.8 million General Fund to support the preliminary plans to replace the existing evaporative cooling system with closed looped chilled water heating, ventilation, and air conditioning systems for all housing units and support buildings at Ironwood State Prison.

BACKGROUND

In the late 1980s and early 1990s the state built four prisons in the remote areas of Imperial County near Blythe and El Centro. Two of these prisons were constructed with an evaporative cooling system that prematurely deteriorated. The department reports that the evaporative cooling systems installed were undersized and were not well adapted to the extreme temperatures in this area of the state. Furthermore, the systems are located on the roofs of the housing units and have leaked and caused extensive damage to the roof and walls of the housing units, which could compromise the structural integrity of the building. Finally, the cooling units are not designed to generate enough air flow, which regularly results in housing unit temperatures in the summer that are well over the CDCR guideline of 92 degrees Fahrenheit.

COMMENTS

The CDCR has replaced the evaporative cooling systems with closed looped chilled water heating, ventilation, and air conditioning systems at Chuckawalla Valley State Prison. This request also includes the expansion of Chukawalla's central chiller plant and installation of two new dedicated emergency power back-up generators. Ironwood State Prison still has the old evaporative cooling system. The total estimated project cost is \$145 million.

ISSUE 13: CA MEN'S COLONY KITCHEN REPLACEMENT

A Finance Letter (dated April 1, 2008) proposes to revert \$10.3 million in lease-revenue bonds allocated in the current year for construction of this project. The letter also requests that \$15.3 million in lease-revenue bonds in the budget year to augment funding for working drawings (\$992,000) and increased construction (\$14.3 million) costs. The department indicates that the additional funding is needed to update the working drawings that were originally completed in 1999 and proceed to construction.

BACKGROUND

The kitchen at the West facility of the California Men's Colony was constructed in the 1940s using wood construction. Surveys by engineering firms in 1992 and 1995 found significant water damage had compromised the structure because of the wood construction and the years of use. In addition, two surveys conducted in 2006 found moderate to severe mold infestation in the kitchen and the dining areas. To date, some rooms in the kitchen have been sealed off and are no longer in use because of the high concentration of mold. The department also has indicated that over 25 percent of the floor area is severely affected by water damage.

The West facility currently houses 2,800 Level I and Level II inmates. Inmates have been housed in this facility continuously since 1984 without any major modifications to improve the kitchen facility.

COMMENTS

The Legislature has allocated \$789,000 since 1998 for this project, which has been delayed several times. The total estimated project cost is \$16.1 million.

ISSUE 14: CAPITAL OUTLAY RELATED TO THE COLEMAN LAWSUIT

The Governor's Budget and April 1, 2008 Finance Letters request approximately \$29.4 million General Fund for the following projects related to the *Coleman* court:

1. California Institute for Women

The Governor's budget and a Finance Letter (dated April 1, 2008) requests funding to convert the east wing of the Women Support Care Unit at the California Institution for Women to a 20-bed Psychiatric Services Unit (PSU). The Governor's budget proposal includes \$601,000 General Fund for working drawings to build this new unit. The Finance Letter requests an additional \$64,000 for preliminary plans and \$82,000 for working drawings to complete the planning for this project. The increased costs are a result of adding additional office and treatment space to the project scope for staff to support the PSU.

The Legislature appropriated \$423,000 General Fund to support this project in the 2007 Budget Act. The total estimated project cost is \$7 million or \$350,000 per bed to convert these beds. This project was court-ordered in March 2007 by the *Coleman* court.

2. Salinas Valley State Prison

A Finance Letter (dated April 1, 2008) proposed funding to support two *Coleman*-related projects at the Salinas Valley State Prison. These projects include the following:

- Treatment and Office Space to Support 180-Bed Enhanced Outpatient Program. The Finance Letter includes \$1.7 million General Fund to support preliminary planning efforts to add additional treatment and office space to convert an Enhanced Out Patient Program (EOP) administrative segregation unit to a 180-bed general population EOP unit. This EOP housing unit is part of the court-approved bed plan and requires additional treatment space and office space to support the level of care required by the *Coleman* court. The EOP administrative segregation inmates currently in this facility will be transferred to a new 70-bed EOP administrative segregation facility that is being completed as part of the approved mental health bed plan.

The total estimated project cost is \$21.8 million to support the treatment and office space needed to support these beds.

- Intermediate Care Facility Treatment Space. The Finance letter includes \$399,000 General Fund to support preliminary plans and working drawings to convert existing unused dining room space into group therapy space to support the 128-bed Intermediate Care Facility at the prison. This ICF housing unit is part of the court-approved bed plan and requires additional treatment space and office space to support the level of care required by the *Coleman* court.

The total estimated project cost is \$1.9 million to add the additional treatment and office space needed to support these beds.

3. CA State Prison, Sacramento

A Finance Letter (dated April 1, 2008) proposed \$1.2 million General Fund to support preliminary plans to convert unused warehouse space to program, treatment, and office space to support an existing 192-bed EOP housing unit at the California State Prison, Sacramento. This housing unit is part of the court-approved bed plan and requires additional treatment space and office space to support the level of care required by the *Coleman* court.

The total estimated project cost is \$15.1 million to renovate the existing warehouse space to provide additional treatment and office space needed to support these beds.

4. Small Management Yards

The Governor's budget proposal includes \$25.4 million General Fund to support the construction of 476 small management yards for administrative segregation units at 26 institutions. This includes funding for the design phase for 327 of the yards. The department does not plan to complete this project until January 2010. This is six months beyond what was ordered by the court.

The judge overseeing the *Coleman* lawsuit issued an order on May 31, 2007, that the department submit a plan to provide sufficient small management yards to provide for at least ten hours per week of out of cell exercise to all inmates in administrative segregation. The order requires that the plan call for funding and construction of all yards by the end of the 2008-09 fiscal year. The plan also required provisions for better utilization of the existing small management yards and coordination with available staff to maximize yard usage.

The department estimates that as of October 2007, 1,162 small management yards were needed statewide for administrative segregation units. The department indicates that of the total needed (1) 578 had already been constructed, (2) 108 were under construction, (3) 149 were in the design phase, and (4) 327 still needed to be funded.

The 2007-08 Budget Act included \$911,000 for preliminary plans and working drawings to add 179 small management yards at the six institutions, including 149 yards for administrative segregation units and 30 yards for the security housing units.

BACKGROUND

Coleman is a lawsuit in which the court found that the entire mental health system operated by the CDCR (California Department of Corrections at the time of the suit) was unconstitutional and that prison officials were deliberately indifferent to the needs of mentally ill inmates. All thirty-three institutions in the CDCR are presently being monitored by a court-appointed special master to evaluate the CDCR's compliance with the Court's order.

The Special Master and the court overseeing the settlement of the *Coleman* lawsuit have taken a multi-pronged effort to improve mental health care facilities within the department. The court has pursued interim and temporary measures to improve mental health care facilities in the short-term. Many of these short-term efforts have already been implemented or are currently being constructed.

The CDCR has also been working on a long-term Mental Health Bed Plan that will provide a plan for permanent mental health bed capacity that will provide various levels of care. The court adopted the August 2007 version of the department's bed plan in October 2007.

The department currently operates some mental health beds that it will continue to operate under this plan. The department also plans to vacate 1,552 existing mental health beds that can be converted to other uses.

In addition to the beds in the approved Mental Health Bed Plan, the department is also pursuing additional projects that would add additional bed capacity that were directed by separate orders by the *Coleman* court. A court order issued in February 2008 by the *Coleman* court confirmed that the coordinated construction agreement for the long-term projects did not relieve the state of their obligation to comply with prior court orders to construct the projects.

COMMENTS

These projects were funded as minor capital outlay projects, special repair projects, or through prior budget requests and they are all listed in a report in the department's master plan. This report was required by supplemental report language added by the Legislature in 2007 that required a comprehensive listing of all physical plant modifications completed and planned to comply with the *Coleman* lawsuit.