

California State Assembly



Agenda

Assembly Budget Subcommittee No. 7 on Accountability and Oversight

Assemblymember Gregg Hart, Chair

Wednesday, March 18, 2026

9:00 AM – State Capitol, Room 126

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Items To Be Heard

Issue 1: California Department of Corrections and Rehabilitation Budget Oversight

This panel will provide an overview of corrections spending, the significant factors that impact CDCR's budget, budget efficiencies that have been achieved and the challenges that remain, and recommendations for consideration.

Panel

- Caitlin O'Neil, Legislative Analyst's Office
- Jeff Macomber, Secretary, California Department of Corrections and Rehabilitation
- Anthony Franzoia, Department of Finance
- Amber-Rose Howard, Executive Director, Californians United for a Responsible Budget (CURB)

Background

The Legislative Analyst's Office (LAO) has provided a handout for their presentation which is posted on the Assembly Budget Committee's website. In addition, the following handouts are also posted:

- LAO: 2026-27 Budget: California Department of Corrections and Rehabilitation
- LAO: 2026-27 Budget: Contract to Achieve Operational Efficiencies
- California State Auditor's Report: State Health Care Staffing Contracts
- CDCR: SB 108 Report Alternatives to Incarceration

The Subcommittee also provides the following background:

- 1) CDCR's structural shortfall with analysis from the LAO;
- 2) Prison infrastructure;
- 3) Class-action litigation;
- 4) Other issues; and
- 5) Recommendations

CDCR’s Structural Shortfall

The following table shows CDCR vacancy savings for the last ten fiscal years. CDCR stated that these savings have been used for the following purposes: operational items, lump sum payments (accrued vacation payouts), overtime and workers’ compensation, temporary help, medical services and registry, higher than expected legal settlements and legal fees, higher than expected amounts of billable hours for legal representation by the Department of Justice, and external agency fees.

Fiscal Year	Custody	Non-Custody	Medical Staff	Total Vacancy Savings
2016-17	\$363,800,231	\$78,425,877	\$137,690,000	\$579,916,108
2017-18	\$363,423,765	\$74,453,125	\$146,019,000	\$583,895,890
2018-19	\$411,461,966	\$50,815,807	\$105,941,000	\$568,218,773
2019-20	\$380,487,784	\$86,105,792	\$139,827,000	\$606,420,576
2020-21	\$550,364,408	\$164,808,323	\$141,389,000	\$856,561,731
2021-22	\$526,085,252	\$207,844,619	\$306,016,000	\$1,039,945,871
2022-23	\$694,945,729	\$200,873,509	\$340,553,000	\$1,236,372,238
2023-24	\$509,474,768	\$113,308,823	\$333,538,000	\$909,630,688
2024-25	\$336,774,300	\$66,618,388	\$286,555,000	\$689,947,688
2025-26	\$272,325,000	\$131,025,000	\$296,552,000	\$699,902,000
Ten FY Total	\$4,409,143,203	\$1,174,279,263	\$2,234,080,000	\$7,770,811,563

Staff Comment. The Subcommittee notes that the total savings from CDCR vacancy sweeps from 2024-25 and ongoing are approximately \$14.2 million for 1198.3 positions.

The Legislative Analyst’s Office provided the following analyses related to CDCR’s structural deficit, which was presented on March 2, 2026, in Assembly Budget Subcommittee No. 6:

Vacant Positions Create Salary Savings. Under state budgeting practices, departments are budgeted assuming that all of their authorized positions are filled. However, in practice, some amount of authorized positions are vacant at any given time. This is because it takes time to fill newly authorized positions and there is often a lag between the time that one person leaves an existing position and another person is hired as a replacement. This means that departments are budgeted to pay for a larger number of positions than are actually filled at a given time, which generates savings in departments’ budgets. This accrued savings is referred to as “salary savings.”

Departments Typically Use Salary Savings to Pay Certain Costs That Are Not Formally Budgeted. Under state budgeting practices, departments are not formally budgeted for certain costs and, as a result, are expected to absorb them within existing resources. For example, when an employee separates from state service, they receive a payment for any unused leave that is considered “compensable”—primarily, vacation and annual leave. Departments are typically expected to pay for these separating employee leave cashouts using salary savings. In addition, the state typically does not provide systematic, regular adjustments to state department budgets to reflect the rising costs of doing business including rising rent or fuel costs or growth

in overtime costs due to salary increases. Departments have had to find ways to pay for these rising costs, often using salary savings.

CDCR Vacancy Rate Has Decreased for Non-Health Care Staff

Fiscal Year	Health Care		Custody		Non-Custody	
	Positions	Vacancy Rate	Positions	Vacancy Rate	Positions	Vacancy Rate
2022-23	18,215	25%	38,072	18%	9,267	19%
2023-24	18,232	27	36,098	12	8,028	12
2024-25	18,083	25	34,719	8	7,849	7

...Causing a Structural Shortfall in CDCR’s Budget. The decline in CDCR’s vacancy rate has reduced the department’s salary savings. However, the costs, which the department has traditionally absorbed using salary savings, such as separating employee leave cashouts, have not been commensurately reduced. This has left a structural shortfall in some items of appropriation within CDCR’s budget. (This structural shortfall is in addition to an unallocated \$125 million General Fund reduction in 2025-26, growing to \$375 million in 2027-28 and ongoing, that the administration is expecting to achieve through operational efficiencies identified with the help of a contractor. To the extent these efficiencies do not materialize, the structural shortfall in CDCR’s budget would become worse. We are reviewing information provided by the administration on the status of this work and will communicate our findings to the Legislature.)

Administration Has Responded Through a Combination of Actions. The administration has responded to this shortfall in CDCR’s budget through a combination of actions:

- **Reducing Costs.** CDCR indicates that it is attempting to achieve temporary cost savings through a variety of actions, including limiting travel, training, and overtime where possible, as well as not filling vacant positions as fast as it otherwise would. These actions “free up” resources that can be used to address the shortfall.
- **Seeking a Current-Year Augmentation.** On May 19, 2025, the administration notified the Legislature that CDCR was projected to exceed its 2024-25 budget by about \$358 million and requested reappropriations of previously unspent funds from prior years to address this shortfall. Given that the notification came late in the fiscal year, the Legislature had little choice but to provide the reappropriations. (These prior-year funds were unspent due to savings associated with various factors, including vacant positions, population reductions, and prison facility deactivations.)

Seeking Augmentations Through the Budget Process. In recent years, the Governor has proposed and the Legislature has approved several augmentations to provide funding for cost drivers that CDCR has traditionally absorbed, often through salary savings. For example, the 2024-25 Budget Act provided \$23.1 million General Fund (increasing to \$46.2 million annually beginning in 2025-26) to pay for increased utility costs. In addition, the 2025-26 Budget Act provided \$31.4 million General Fund in 2025-26 and ongoing to accommodate growth in food costs.

Prison Infrastructure

CDCR, among other state program areas, is included in the state's Five Year Infrastructure Plan ("Plan") pursuant to the "California Infrastructure Planning Act." The 2022-23 Plan included \$777 million to CDCR over five years. As part of its annual operations budget, CDCR receives \$26 million annually for deferred maintenance, including periodic one-time General Fund augmentations to address the backlog.

Prison Closures and Prison Capacity. As noted in the LAO handout, three state owned prisons have been closed since 2021, one state leased facility (staffed by state workers) was ended, and a fourth state owned prison will be closed before the end of this year. In addition, a number of yards have been deactivated at various prisons. In total, these reductions provide annual savings of \$1 billion and billions in avoided capital investments.

There are currently 31 prisons across the state. The total prison population as of March 11, 2026 is 89,870 (86,241 male and 3,629 female). Of this total, 86,749 individuals are housed in state prisons, 1,797 are housed in camps, 172 are in the Department of State Hospitals, and 1,152 are in various other placements including community reentry programs. The available design capacity of the prisons is 71,649 which equates to a court ordered maximum capacity of 98,517 beds. The court ordered restriction does not apply to camp beds and the total available prison capacity excludes beds available in community reentry programs and other placements which currently total over 1,300 additional beds. In total, current state prison capacity is approximately 102,000 beds with a total 89,870 incarcerated population, leaving an excess of more than 10,000 beds.

Staff Comment. The Subcommittee received a notice on March 5, 2026 that Facility D at the California Institution for men will be reactivated. In addition, rumors of additional yard deactivations were reported by stakeholders (as reported in the LAO's 2026-27 CDCR publication) but have not been confirmed by the Administration or CDCR when asked. The LAO recommends the closure of one prison in 2027-28 or as soon as logically possible (noted below in the Recommendations section of the agenda). CDCR has stated it takes 12 to 18 months to deactivate a prison.

Over the last 10 years, the Legislature has required CDCR to submit various plans and reports that could assist the department to engage in long term planning to support a durable portfolio of prisons, identify priority projects, and avoid unnecessary spending. The reports include the following:

1. 2016 Twelve Oldest Prisons Report. The 2016 Budget Act included funding for a state-wide study for the renovation/replacement of CDCR's twelve oldest prisons (constructed between the 1850s and the 1960s). Completed in 2019, the report identified a total need for \$11.24 billion for repairs/replacement. In addition, CDCR's Master Plan Annual Report for Calendar Year 2020 indicated an overall deferred maintenance need of \$13 billion statewide, an increase of \$5 billion from the previous year.

Staff Comment. Three of the prisons closed or announced for closure: Deuel Vocational Institution (closed), California Correctional Center (closed) and California Rehabilitation

Center (soon to be closed in the fall of 2026) had a combined total of \$2.47 billion in facility needs identified in the 12 oldest prisons study that were avoided as a result of their closures.

2. 2020 Long Term Infrastructure Investment Plan. As part of the 2020 Budget Act, the Legislature adopted supplemental reporting language (SRL) that directed CDCR to provide a report on its long term infrastructure investment plan of all repair/deferred maintenance projects estimated to cost over \$5 million and all major capital outlay projects that are likely to be needed over the next ten years or more, by January 10, 2022.¹ The Legislature's intention in requiring the plan was to increase transparency and accountability over the department's strategy and prioritization of capital investments against the backdrop of a declining prison population to avoid unnecessary spending.

The requested information in the SRL was included in CDCR's 2021 Master Plan Annual Report (MPAR) which identified 45 future projects at 25 prisons, estimated at \$1.1 billion and an additional \$700 million for deferred maintenance². Specifically, CDCR had identified 43 deferred maintenance or capital outlay projects across 23 prisons at an estimated cost of \$1.7 billion that are needed over the next ten years. The estimate did not include projects expected to cost less than \$5 million or a comprehensive assessment of infrastructure projects that will be needed at prisons over the next ten years, which would exceed \$1.7 billion.

Staff Comment. Staff notes that the SRL report, which was provided to the Legislature just 10 months before the announcement of various prison closures in December 2022, identified several pending capital improvements at one of the prisons announced for closure, totaling \$32 million.³ In addition, this prison, just months prior was on the list to receive a multi-million dollar prison wide Audio/Visual Surveillance System. Prior prisons that were closed, such as the Deuel Vocational Institution in 2021, also had recent General Fund investments of \$40 million for a new health care facility and cell doors and \$2 million encumbered for a new boiler facility.

3. 2023 Prison Capacity Assessment Report. The 2023 Budget Act included trailer bill that included (Chapter 47, Statutes of 2023) the Legislature's intention to close additional state prisons and require CDCR to provide a preliminary and final assessment, that includes the necessary operational capacity for each state owned and operated prison, overall housing needs, and an assessment of available space for rehabilitative programming, health care services, specialized bed needs, flexible bed needs, and to comply with class action litigation requirements by November 15, 2023. The report also required a description of the methodology used by the department.

Staff Comment. The report submitted to the Legislature used data related to full-time and part-time work assignments, among other factors, to make capacity determinations.

¹ Projects that were funded for construction in the 2020-21 fiscal year or prior were excluded and the Department was provided a list of factors to rank each project based on need.

² The 2023 MPAR shows a few updates to the project list.

³ Included the near completion of a health care facility improvement project (started in 2016 and projected completion date of October 2023), new potable water wells (started in 2021 and not yet completed), renovation of water tanks (started in 2022 and not yet completed), and fence repairs and upgrades (started in 2021 and 2022 and not yet completed).

The department also stated in the report that it will “continue to annually evaluate institutions to ensure greatest operational efficiency by building on the components of this report.”

Class Action Litigation

CDCR continues to face a number of long standing, and still heavily litigated, class action lawsuits for a number of constitutional violations, violations of federal law, and other policies that endanger the lives of incarcerated people and staff, frustrate the Department’s own goals implementing the “California Model”, and ultimately impede the state’s public safety goals in improving outcomes and reducing recidivism. In addition, taxpayer costs associated with defending against and addressing the litigation have been in the billions and continue to burden the state. In order to monitor these significant costs, the Legislature required the annual reporting of class action litigation costs annually for five years, which first began as part of the 2022 Budget Act, and was then made an ongoing requirement in the 2024 Budget Act.

The most recently submitted report in 2026 was for expenditures in 2024-25. During Fiscal Year 2024-25, there were seventeen putative and certified class actions pending against CDCR. Of the seven that have been certified as class actions, five are in the remedial phase and two are in the litigation phase (all federal court). The legal defense of the class action cases is handled by attorneys from CDCR, DOJ, and in some cases, outside contracted counsel. The following table shows legal defense expenses incurred by CDCR in 2024-25

Purpose	Expense (2024-25)	Notes
Legal Defense provided by CDCR staff	\$4,997,806	Includes administrative staff costs
Legal Defense provided by DOJ	\$4,653,669	
Outside Contracted Attorneys	\$2,830,705.33	
Plaintiffs’ Attorney Costs	\$15,630,941	The Prison Litigation Reform Act and the Americans with Disabilities Act requires or provides judicial discretion for plaintiffs’ fees, if they are the prevailing party, to be paid by the defendants
Costs for Special Master (Coleman Case)	\$14,148,202	\$15 million was deposited by CDCR for payment to the court for the Special Master
Court Appointed Experts	\$1,273,340	
Total	\$43,534,663	

Staff Comment. The litigation costs listed above do not include costs associated with individual lawsuits filed against the department by staff, incarcerated individuals, and others, nor does it include the costs to implement any remedial measures that are part of settlement agreements or court orders. or otherwise settled on, remedial measures. A few examples of investments resulting from litigation are listed below:

1. More than \$1.5 billion for the building of Health Care Facility Improvement Projects under *Plata* (federal class action lawsuit filed in 2001 for unconstitutional levels of prison overcrowding) at each prison.
2. More than \$900 million in various court compliance related budget change proposals and new programs such as the Integrated Substance Use Disorder Treatment Program from 2016-17 to 2023-24.⁴
3. Ongoing unresolved issued under *Armstrong* (federal class action lawsuit filed in 1994 for violations of the Americans with Disabilities Act) has required the state to invest more than \$100 million annually to fix the department's staff complaint process, install audio/visual surveillance systems, and other measures to address rampant staff misconduct.

Most recently, under *Coleman* (federal class action lawsuit filed in 1990 for violations of the Eighth Amendment for inadequate mental health care), the court levied fines of \$1,000 a day for each of the 15 unmet safeguards related to the delivery of mental health care and suicide prevention beginning April 1, 2023. During a period of 8 years, more than 200 incarcerated individuals in CDCR committed suicide. On June 25, 2024, the court ordered the state to pay \$112 million in fines, finding CDCR in contempt for failing to provide adequate mental health care.

The state requested to the court that the fines be deposited into a Special Deposit Fund within the State Treasury which the court approved—a total of \$121.6 million. The court also appointed a Mental Health Receiver in 2025 who submitted a Receiver Action Plan which included implementation costs of \$41.5 million for the Receiver's office costs, consulting services, employee bonuses, etc. In a recent meeting with the Mental Health Receiver's office, they indicated an "accelerated" timeline of 5-7 years to implement the action plan created in 2025. Staff notes the lawsuit was originally filed thirty-six years ago.

Other Issues

Contract and Registry Costs. CDCR is required to maintain certain levels of health staffing in order to comply with court orders (90% fill rate of specified health positions statewide, not at each prison). Based on available data as of December 1, 2024, certain positions exceed this requirement. For example, 92% of clinical social workers and 96% of staff psychiatrist positions are filled but only 58% of clinical psychologists and 67% of medical assistant positions are filled. CDCR has had some success in filling these positions with civil service employees but also relies on contract positions. A recent state auditor report released on December 4, 2025 ([State Health Care Staffing Contracts](#)) reviewed contracting practices at three health facilities, one of them at Salinas Valley State Prison. The table below shows the hourly pay differential, and ultimately the higher cost the state bears, when it uses contractors over state civil service employees:

⁴ There were identified by CDCR and included in the Assembly Budget Subcommittee No. 6 agenda hearing on March 27, 2023.

Job Classification	State Employee	Contract Worker
Psychologist	\$91	\$196
Licensed Vocational Nurse	\$58	\$77
Registered Nurse	\$96	\$109
Psychiatric Technician	\$58	\$80
Psychiatrist	\$246	\$359

Staff Comment. Staff notes the 2026-27 Governor’s Budget includes a budget proposal with contract rates for various staff requested for the Mental Health Receiver’s Office⁵. These positions are not state civil service positions but are designed as full-time positions (2,080 hours) at contract rates in the proposal:

Position	Hourly Rate	Annual Cost
Receiver	\$390.76	\$812,781
Senior Advisor	\$330	\$686,877
Analyst/Paralegal	\$195	\$405,600
Admin Support	\$150	\$312,000

These positions are not intended to be permanent like the health positions discussed above, and positions like the Receiver are highly specialized, and there may be urgency in the appointment of some of these positions. But it is unclear as to why positions like analyst or admin support were not requested as limited term positions (using state civil service employee guidelines) to potentially reduce costs.

Aging Prison Population. Chapter 35, Statutes of 2024, required CDCR to submit a report to the Legislature outlining “alternatives to incarceration for individuals who are advanced in age, disabled, or have significant medical needs” by March 1, 2026. The target focus group for the report were 9,283 incarcerated individuals: 77% were aged 65 or older, 73% had 4 or more chronic conditions, 10% have 10 or more co-existing medical conditions, 45% have a diagnosed mental illness, 62% have one or more documented physical disabilities, 45% have a documented mobility impairment, 18% use wheelchairs, and 10% resided in Specialized Medical Bed settings that include assistance with activities of daily living, skilled nursing, memory care, etc.

The report also noted the following:

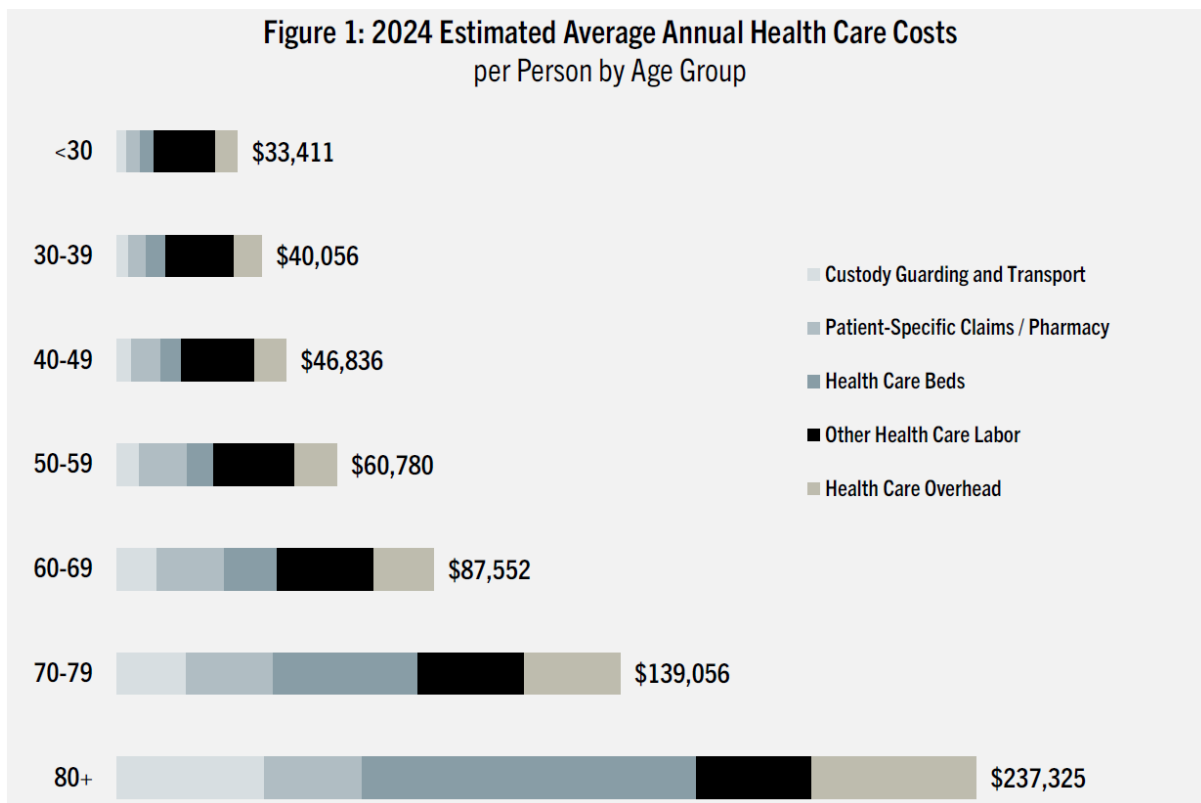
- While the overall prison population is projected to decline over the next five years, the proportion of incarcerated individuals in the focus population is expected to rise, as is the cost of housing and care for this group.
- Since 2010, the share of incarcerated individuals aged 55 and older has grown from 7 percent to 21 percent, with a significant portion serving life terms.
- Aging adults in prison have more complex medical needs than those in the community and typically experience age-related decline in both mental and physical health about a

⁵ This budget proposal will be discussed at future Assembly Budget Subcommittee No. 6 hearing.
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decade earlier. Factors contributing to their increased and premature health care needs include the social determinants of health that also increase the risk of incarceration, including poverty, trauma, high rates of chronic disease, and limited access to care before incarceration.

- CDCR’s health care costs have increased an average of 4 percent per year over the past 9 years.

The following table shows the estimated average annual health care costs per person by age group:



Recommendations

The LAO provides the following recommendations for the Legislature’s consideration listed in the LAO 2026-27 Budget: CDCR (page 10) and Contract to Achieve Operational Efficiencies handouts summarized below ⁶:

- **Direct CDCR to Close Another Prison:** We recommend that the Legislature direct CDCR to begin planning to close another prison in 2027-28 or as soon as logistically possible. This would help align the state’s prison capacity with the projected prison population and help reduce ongoing state General Fund costs. Also, do not approve

⁶ The LAO’s recommendations related to CDCR’s structural shortfall were shared at the Assembly Budget Subcommittee No. 6 hearing on March 2, 2026, and are not listed on this agenda.

infrastructure proposals at California Training Facility, a contender for closure, unless CDCR identifies another prison for closure.

- **Boston Consulting Group Contract Recommendations:**
 - **Use Spring Budget Hearings to Prepare for Expected Updates on Contract at May Revision.**
 - **Reassess Contract as Part of May Revision Work and Consider the Following Questions:**
 1. **Are the Revised Savings Estimates Reasonable?** Specifically, the Legislature will want to ensure that it understands the assumptions that form the basis of the administration's estimates to ensure that they are realistic. As previously discussed, the state has a history of assuming ambitious savings targets and failing to achieve them. This causes the state to lose valuable time that could have been spent developing and implementing other cost reductions strategies. In addition, overly ambitious cost savings targets can mask, to an extent, the size of the structural deficit.
 2. **Is the Contract Likely to Yield Worthwhile Benefits Even if It Is Unlikely to Deliver Significant Near-Term Savings?**
 3. **Are the Activities in Line with Legislative Priorities for the Programs?**
 4. **Does the Legislature Want to Proceed with the Contract?**
 - **If Legislature Moves Forward with the Contract, Require Quarterly Updates.** The next formal status report on the work stemming from the BCG contract will not be provided until February 2027—after the contract has ended and after much of the work will have been set in motion. As such, the Legislature might not become aware of an action taken by the administration that is inconsistent with legislative priorities until after the action has been taken.
 - **View Unallocated Savings Proposals Sceptically.** Seeking efficiencies in state government processes and in the budget are laudable goals that should be encouraged. That being said, the recent examples of Control Section 4.05, Control Section 4.12, and the current BCG-focused effort have demonstrated that predicting the level of savings from such activities is difficult. Thus far, the savings assumed from these past exercises have proven to be unachievable.

In addition to the recommendations from the LAO, the Subcommittee may wish to consider the following recommendations:

1. **Require CDCR to identify an operational buffer** (approximate number of empty capacity) for prison operations, while considering population needs, court-ordered requirements, and operational efficiencies that do not compromise rehabilitative goals. In

2018, when CDCR's prison population was approximately 40,000 higher than today, the department identified 2,500 as reasonable bed buffer. The court ordered 137.5⁷% population cap is the only defined and legal capacity by which the Legislature evaluates the department's budget and capacity needs. Should CDCR determine its prisons should operate at a lower population cap, it may wish to seek a modified court order for a lower population cap.

2. **Consider the expansion or use of alternative housing options** for specific populations, that reduce state costs without compromising public safety. For example, CDCR has over 1,000 community reentry beds (staffed by CDCR and program providers) that support the transition of people who are soon to be released, resulting in better outcomes and lower recidivism.
3. **Reduce current and future legal liabilities arising from conditions of facilities** (aging infrastructure issues impacting the health and safety of staff and incarcerated people, extreme temperatures, etc.) by consolidating and deactivating facilities to offset the significant investments likely needed to meet legal standards and avoid costly litigation.
4. **Reduce current and future legal liabilities arising from staff misconduct** by significantly improving transparency and timely accountability measures to reduce victimization and avoid costly litigation.

Staff Recommendation: This item is presented for informational purposes.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 7 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Jennifer Kim.

⁷ This number was judicially determined at the midpoint of what the parties to the lawsuit argued for in court: CDCR and the State argued for 150% of design capacity and the plaintiffs' attorneys sought 125%.