

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 5****PUBLIC SAFETY****ASSEMBLYMEMBER SHIRLEY N. WEBER, PH.D., CHAIR****WEDNESDAY, MAY 17, 2017****1:00 P.M. – CALIFORNIA STATE CAPITOL ROOM 437**

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**VOTE-ONLY CALENDAR****5225 CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**

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*The following California Department of Corrections and Rehabilitation proposals were originally heard in this Subcommittee on March 6, 2017.*

**VOTE-ONLY ISSUE 1: INFORMATION SECURITY OPERATIONS CENTER**

The Governor's budget requests \$2.6 million General Fund (\$635,000 one-time) and 8 positions beginning in 2017-18 to establish a new Security Operations Center (SOC) to proactively address information security threats on a 24/7 basis. This proposal includes \$1.1 million for 8 Information Technology (IT) positions and \$1.5 million for hardware and software, as well as security professional services, to aid in continuous security monitoring operations.

Approximately \$1.5 million of the request is contract dollars to provide security remediation, network, and security operations tools. The 8 new positions will enhance the safety of the CDCR network and information using the new security tools and services. These positions include:

- 1 Systems Software Specialist III (Supervisory)
- 2 Systems Software Specialist III (Technical)
- 3 Systems Software Specialist II (Technical)
- 2 Systems Software Specialist I (Technical)

These staff will perform security operational activities such as threat and vulnerability hunting, and incident response to adapt with the evolution of new threats and technology. With the number of new exploits, attacks, and alerts, existing CDCR security staff are not able to keep up with the analysis and remediation efforts on a manual basis on events to decipher whether they are credible threats.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 2: PERMANENT POSITIONS FOR NON-VIOLENT SECOND STRIKER WORKLOAD**

The California Department of Corrections and Rehabilitation (CDCR), Board of Parole Hearings (Board) requests permanent full-time position authority for 2.0 expiring two-year limited-term positions. This request includes one Associate Governmental Program Analyst (AGPA) and one Office Technician (OT), which were obtained through the fiscal year 2015-16 Court Order Workload Spring Finance Letter, to manage the ongoing workload associated with processing parole suitability for NVSS inmates in 2017-18.

The Board does not anticipate the NVSS program will be eliminated; therefore, this proposal requests permanent authority for the AGPA and OT positions in order to avoid unnecessary turnover and ensure timely processing of the NVSS actions.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 3: AUGMENTATION FOR REIMBURSEMENT AUTHORITY**

The California Department of Corrections and Rehabilitation (CDCR) requests an increase of \$51.4 million General Fund (GF) reimbursement authority, \$6.7 million Inmate Welfare Fund reimbursement authority, and \$815,000 Federal Trust Fund (FTF) in fiscal year 2017-18 and 2018-19. This proposal also includes \$30.0 million GF reimbursement authority, 6.7 million IWF reimbursement authority, and \$815,000 FTF in 2019-20 and ongoing fiscal years.

This proposal can be broken down into the following items:

- The Inmate Welfare Fund request for \$6,713,000.
- The Health Care Facility Improvement Program and AB 900 requests for \$21,421,000 and \$1,385,000 respectively.
- The CAL FIRE and LA County Fire requests for \$22,918,000 and \$1,443,000 respectively.
- The California Prison Industry Authority request for \$1,630,000.
- The DGS Water Conservation request for \$1,154,000.
- The Cities, Counties and Districts and FTF authority for the FBI requests for \$1,355,000 and \$15,000 respectively.
- The CAL-OES request for an additional \$133,000 GF reimbursement authority and \$800,000 FTF authority.

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**Staff Recommendation: Approve as Budgeted.**

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**VOTE-ONLY ISSUE 4: ADMINISTRATIVE SEGREGATION CELL DOOR RETROFIT - CTF**

The California Department of Corrections and Rehabilitation requests \$783,000 General Fund to replace the existing 144 barred cell fronts with more secure cell fronts with vision panels in the O-Wing Administrative Segregation Unit (ASU).

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**Staff Recommendation: Approve as Budgeted.**

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**VOTE-ONLY ISSUE 5: FIRE SUPPRESSION UPGRADE - PBSP**

The California Department of Corrections and Rehabilitation requests \$1,117,000 General Fund in order to begin the preliminary plans phase to correct fire suppression system deficiencies at Pelican Bay State Prison (PBSP) identified during an inspection by the State Fire Marshal (SFM).

**Staff Recommendation: Approve as Budgeted.**

*The following California Department of Corrections and Rehabilitation proposals were originally heard in this Subcommittee on April 3, 2017.*

**VOTE-ONLY ISSUE 6: HEALTH CARE APPEALS REGISTERED NURSES**

The California Correctional Health Care Services (CCHCS) requests \$5.4 million General Fund (GF) and 36 positions beginning in fiscal year 2017-18. This request will provide Health Care Appeals Registered Nurses, Correctional Facility (HCARN) to ensure clinical review is available within the Health Care Appeals Office (HCAO) at each institution within the California Department of Corrections and Rehabilitation (CDCR) and will address additional time requirements related to Effective Communications (EC).

**Staff Recommendation: Approve as budgeted.****VOTE-ONLY ISSUE 7: CALPIA JANITORIAL EXPANSION**

California Correctional Health Care Services (CCHCS) requests \$5.9 million General Fund (GF) in fiscal year 2016-17, \$13,754 million GF in 2017-18, \$21,644 million GF in 2018-19, and \$21,869 million GF in 2019-20 for California Prison Industries Authority (CalPIA) janitorial services for increased space driven by the Health Care Facility Improvement Project (HCFIP) and Statewide Medication Distribution (SWMD) Improvements.

**Staff Recommendation: Approve as budgeted.**

*The following California Department of Corrections and Rehabilitation proposals were originally heard in this Subcommittee on April 24, 2017.*

**VOTE-ONLY ISSUE 8: 15<sup>TH</sup> BOARD OF PAROLE HEARINGS COMMISSIONER**

The Governor's 2017-18 budget includes trailer bill language to establish a 15th Commissioner for the Board of Parole Hearings. The trailer bill language would also

revise the term of office for existing commissioners. The language also staggers the appointments of the Commissioners. Currently seven Commissioners are up for appointment in 2017, while none will be up for appointment in 2018. This language would make changes to that structure and require appointment of five Commissioners annually.

According to CDCR, this request is a direct result of Proposition 57, as the amount of individuals eligible will increase. This language would allow for another commissioner to be added to the board in order to deal with increased workload.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 9: PELICAN BAY STATE PRISON FACILITY D YARD**

The California Department of Corrections and Rehabilitation will provide an overview of the Spring Finance Letter, which requests \$539,000 in order to provide funding to construct a recreation yard at Pelican Bay State Prison.

This proposal requests funding to construct a recreation yard for Facility D at Pelican Bay State Prison (PBSP). PBSP is repurposing Facility D's Security Housing Unit (SHU) to a Level II housing unit. This yard will provide inmates with the necessary space to participate in recreational and physical education programs, including a multipurpose field, handball courts, fitness areas, and a restroom. Construction also includes an observation post for custody staff monitoring the yard activities.

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**Staff Recommendation: Approve as budgeted.**

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**8940 CALIFORNIA MILITARY DEPARTMENT**

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*The following California Military Department proposals were originally heard in this Subcommittee on April 3, 2017.*

**VOTE-ONLY ISSUE 10: CONSOLIDATED HEADQUARTERS COMPLEX**

The California Military Department (CMD) requests \$141,884,000 Lease Revenue Bond funds for the design-build phase of the continuing Consolidated Headquarters Complex (Complex) project in Sacramento. The Complex will provide CMD with a 238,000 square foot (sf) consolidated headquarters building, a 25,000 sf armory, and a 22,600 sf storage facility. This proposal includes costs related to Zero Net Energy standards mandated by the Governor's Executive Order B-18-12 for state agencies and departments. The requested amount has been modified from the original estimate of \$146,549,000.

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**Staff Recommendation: Approve as budgeted.**

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**0250 JUDICIAL BRANCH**

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*The following California Military Department proposals were originally heard in this Subcommittee on April 17, 2017.*

**VOTE-ONLY ISSUE 11: NEW YREKA COURTHOUSE**

The Judicial Council requests an appropriation of \$664,000 from the Immediate and Critical Needs Account (Fund 3138) to cash fund the demolition (Construction phase) of the existing structures on the acquired site for the new Siskiyou—New Yreka Courthouse, a five-courtroom, approximately 68,000 building gross square feet (BGSF) courthouse in the city of Yreka. This pre-construction demolition cost will be deducted from the total construction phase estimate. When fully constructed, this project will relieve the current space shortfall, increase security, and replace inadequate and obsolete buildings in Siskiyou County. The total project cost is estimated at \$66,019 million. The total cost of the project will be funded by Senate Bill (SB) 1407 (Ch. 311, Statutes of 2008) revenues.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 12: NEW EAST COUNTY HALL OF JUSTICE COURTHOUSE (DATA CENTER)**

The Judicial Council requests an appropriation of \$1,576,000 from the Immediate and Critical Needs Account (ICNA, Fund 3138) for the Preliminary Plans (\$1,000), Working Drawings (\$52,000) and Construction (\$1,523,000) phases of the Alameda County - New East County Hall of Justice Courthouse Data Center. This project was initiated in fiscal year 2014-15 with an acquisition appropriation that allowed the Court to enter into a project delivery agreement with Alameda County, who is constructing the courthouse. The courthouse is almost complete with an anticipated move-in date of June 2017. The agreement did not include construction of the data center. However, the County has agreed to transfer existing courthouse construction funds to the Judicial Council to pay for the data center project. The data center is necessary to operate information technology portions of the new courthouse.

In addition, the Court currently pays \$540,000 per year to lease data center space from an outside party. Therefore, the completion of the data center will significantly offset court costs in the long run. The new courthouse, located in Dublin, is approximately 147,000 square feet and will provide 13 criminal courtrooms. The new five-story facility replaces the six-courtroom Gale-Schenone Hall of Justice and the seven-courtroom Allen E. Broussard Courthouse.

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**Staff Recommendation: Approve as budgeted with provisional trailer bill language to require the county to certify that this proposal will not lead to additional trial court security costs.**

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## **0820 DEPARTMENT OF JUSTICE**

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*The following Department of Justice proposals were originally heard in this Subcommittee on April 17, 2017.*

<b>VOTE-ONLY ISSUE 13: IMPLEMENTATION OF AB 857 – IDENTIFICATION OF FIREARMS</b>
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The California Department of Justice, Division of Law Enforcement, Bureau of Firearms, requests an increase of \$1,368,000 in FY 2017-18, \$1,022,000 in FY 2018-19, \$866,000 in FY 2019-20 and \$820,000 ongoing in Dealers' Record of Sale (DROS) Special Fund spending authority to support 8.0 positions. The funding will be loaned to the DROS fund from the Firearms Safety and Enforcement (FS&E) fund, and will be repaid no later than June 30, 2021. The positions and funding will be utilized by the Bureau and the Division of California Justice Information Services (CJIS) in order to implement and maintain the new requirements of AB 857 (Cooper, Chapter 60, Statutes of 2016).

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**Staff Recommendation: Approve as budgeted.**

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## ITEMS TO BE HEARD

### **5225 CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**

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#### **ISSUE 1: MAY REVISION POPULATION UPDATE**

The California Department of Corrections and Rehabilitation will provide an overview of the May Revision Population Estimate.

#### **MAY REVISION PROPOSAL**

Includes total funding of \$11.4 billion (\$11.1 billion General Fund and \$308 million other funds) for the operation of the Department of Corrections and Rehabilitation in 2017-18.

#### **Adult Population Adjustment**

The May Revision requests a net decrease of \$21,226,000 and 8.8 positions, which is comprised of a reduction of \$21,293,000 General Fund and an increase of \$67,000 Inmate Welfare Fund. The May Revision also:

- Projects the average daily adult population to be 129,275 in the current year and 127,693 in the budget year, an increase of 260 in 2016-17 and a decrease of 466 inmates in 2017-18.
- Projects the average daily parolee population to be 44,445 in the current year and 47,274 in the budget year, an increase of 759 in 2016-17 and 2,513 parolees in 2017-18.
- Decreases the population cost estimate by \$29.4 million General Fund in 2016-17 and \$21.3 million General Fund in 2017-18.

#### **Juvenile Population Adjustment**

The May Revision requests that item 5225-001-0001 be decreased by \$3.5 million and 24.3 positions, reimbursements be decreased by \$90,000, and item 5225-011-0001 be increased by \$287,000 and 3.7 positions, to reflect revised juvenile population projections. The May Revision also reflects:

- A decrease to the juvenile population of 22 wards in the current year and 43 wards in the budget year, resulting in a decrease of \$813,000 General Fund in 2016-17 and \$3.3 million General Fund in 2017-18.
- A revised average daily population projection for wards of 683 in the current year and 736 in the budget year.

**Proposition 57 Impacts to Population Adjustments**

The May Revision estimates that Proposition 57 will result in net savings of \$38.8 million in 2017-18, growing to net savings of approximately \$186 million in 2020-21. These estimates will be updated in the 2018-19 Governor's Budget based on the final regulations. The May Revision also reflects the accelerated implementation dates proposed in the emergency regulations of Proposition 57, which results in a revised estimated population impact of 2,675 inmates in 2017-18, growing to an inmate reduction of approximately 11,500 in 2020-21. Although these numbers are preliminary, the Administration expects this reduction of inmates to allow the Department to remove all inmates from one of two remaining out-of-state facilities in 2017-18, and begin removing inmates from the second facility as early as January 2018.

**STAFF COMMENTS**

Staff notes no concerns with the population adjustments.

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**Staff Recommendation: Hold Open.**

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**ISSUE 2: PROPOSED HOUSING UNIT CONVERSIONS****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation requests a reduction of \$6.604 million General Fund and 49.9 positions in 2016-17 and \$11.4 million General Fund and 86.8 positions in 2017-18.

**BACKGROUND**

**Governor's Budget.** The Governor's budget proposes to reduce General Fund support for CDCR by \$42.4 million in 2016-17 and by \$8.3 million in 2017-18 to account for net savings from the conversion of various housing units. According to the Administration, a significant driver of conversions proposed in 2016-17 and 2017-18 is the implementation of the 2016 Ashker v. Brown settlement, which made the criteria for housing inmates in security housing units more stringent.

For example, at Pelican Bay State Prison in Crescent City, the Administration proposes to convert 576 deactivated security housing unit beds to 720 level II beds. Because security housing units require more custody staff than most other units, these conversions would result in net savings.

**Conversion of Usable Spaces.** CDCR periodically converts housing units to accommodate fluctuations in the security requirements or needs of its inmate population, such as by converting administrative segregation beds (high security) to general population beds (lower security). When the department converts a housing unit, the unit's staffing complement is adjusted to reflect the requirements of the new inmates to be housed there.

**Segregated Housing.** CDCR currently operates different types of celled segregated housing units that are used to hold inmates separate from the general prison population. These segregated housing units include:

- Administrative Segregation Units (ASUs). ASUs are intended to be temporary placements for inmates who, for a variety of reasons, constitute a threat to the security of the institution or the safety of staff and inmates. Typically, ASUs house inmates who participate in prison violence or commit other offenses in prison.
- Security Housing Units (SHUs). SHUs are used to house for an extended period inmates who CDCR considers to be the greatest threat to the safety and security of the institution.
  - Historically, department regulations have allowed two types of inmates to be housed in SHUs:
    - inmates sentenced to determinate SHU terms for committing serious offenses in prison (such as assault or possession of a weapon) and

- inmates sentenced to indeterminate SHU terms because they have been identified as prison gang members. (As discussed below, changes were recently made to CDCR's regulations as a result of a legal settlement.)

Segregated housing units are typically more expensive to operate than general population housing units. This is because, unlike the general population, inmates in segregated housing units receive their meals and medication in their cells, which requires additional staff. In addition, custody staff is required to escort inmates in segregated housing when they are temporarily removed from their cells, such as for a medical appointment.

#### **LAO ASSESSMENT AND RECOMMENDATION**

In the Legislative Analyst's Office analysis of the Governor's January budget, it was recommended that the Legislature direct CDCR to provide additional information justifying the proposed reallocation of 48.2 health care access staff made available by the department's proposed housing unit conversions. As part of the May Revision, the department revised the proposal and is now requesting to reallocate 41.5 health care access staff.

In addition, CDCR has provided the LAO with additional data justifying the proposed reallocation. Specifically, the data suggest that overtime could grow at the institutions that would receive the health care access staff such that it appears unlikely that the proposed reallocation will allow the department to realize overtime savings in 2017-18. As such, we no longer raise concerns with the Governor's housing unit conversions proposal and recommend approval of the Governor's May Revision proposal.

#### **STAFF COMMENTS**

Staff notes no concerns with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**ISSUE 3: PROPOSITION 57 IMPLEMENTATION UPDATE****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation requests additional \$1 million General Fund and 13 positions in 2017-18 and \$2.2 million General Fund and 13.4 positions in 2018-19 to implement Proposition 57, the Public Safety and Rehabilitation Act of 2016. The 2017-18 Governor's Budget proposes \$5.7 million General Fund and 16.5 positions in 2017-18 and \$5.9 million General Fund and 37.3 positions in 2018-19 for these activities. This request aligns the funding with the refined Proposition 57 implementation plan.

**BACKGROUND**

The original Proposition 57 estimate did not include certain credits, nor did it take into account the expedited timeline for the emergency regulations.

**Projected Outcomes (PY)**

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Division of Adult Institutions		13.0	13.0	13.0	13.0	13.0
Board of Parole Hearings		4.2	4.2	4.2	4.2	4.2
Division of Adult Paroles Operations		12.3	33.5	33.5	33.5	33.5
<b>Total</b>		<b>29.5</b>	<b>50.7</b>	<b>50.7</b>	<b>50.7</b>	<b>50.7</b>

**Projected Outcomes (Dollars)**

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Division of Adult Institutions		\$4,384,000	\$2,825,000	\$1,070,000	\$1,070,000	\$1,070,000
Board of Parole Hearings		\$510,000	\$503,000	\$503,000	\$503,000	\$503,000
Division of Adult Paroles Operations		\$1,804,000	\$4,811,000	\$4,747,000	\$4,747,000	\$4,747,000
<b>Total</b>		<b>\$6,698,000</b>	<b>\$8,139,000</b>	<b>\$6,320,000</b>	<b>\$6,320,000</b>	<b>\$6,320,000</b>

**STAFF COMMENTS**

The resources requested in this proposal, as well as those from the January Budget seem to be in line with expected resources necessary for implementation. Staff notes no concerns with the funding and positions requested.

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**Staff Recommendation: Hold Open.**

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**ISSUE 4: DRUG AND CONTRABAND INTERDICTION PROGRAM****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation requests \$6.7 million General Fund and 43 positions in 2017-18 and \$5.9 million General Fund and 43 positions beginning in 2018-19 to expand the Drug and Contraband Interdiction Program canine teams statewide.

**BACKGROUND**

The California Department of Corrections and Rehabilitation (CDCR) has long recognized the ongoing problems of drug use, trafficking, and contraband within its institutions. Prior to 2014-15, CDCR performed routine cell searches (three cells/bunk areas during second and third watches), completed walkthroughs, and used hand-held metal detectors in all inmate living areas. CDCR also maintained 28 canine teams located throughout the state to conduct searches of staff's personal property when entering secured perimeters and perform enhanced inspections at least once per month. All visitors, contractors, and volunteers were processed through metal detectors and personal items were thoroughly searched.

Canine searches successfully yielded over 3,800 cell phones and over 21,000 grams of narcotics from May 2010 through June 2014. However, CDCR staff continued to discover contraband within institution secured perimeters. Therefore, the Statewide Canine Program was expanded from 28 to 34 canine teams by using asset forfeiture funding to purchase canines and equipment.

To further address this issue, the Legislature approved \$5.2 million GF per year and 24.0 positions on a two-year limited term basis beginning in 2014-15 to conduct an Enhanced Drug and Contraband Interdiction Program (EDCIP) pilot. CDCR implemented EDCIP at 11 institutions; three identified as an intensive level of interdiction and eight identified as a moderate level of interdiction. Subsequently, the Legislature approved resources in 2016-17 to continue the EDCIP pilot for one additional year.

According to CDCR, managing contraband within the institutions would have the direct effect of reducing violence, injuries, gang influence, modified programs, and lockdowns. An increased focus on contraband detection and interdiction would result in a more stable institutional environment which prepares the offender to become a successful member of society upon release. Drug trafficking causes an increase in assaults, power struggles within the inmate population, establishment of an underground economy, staff corruption, and an inability for inmates to benefit from treatment programming. Drug trafficking challenges the credibility of the correctional mission.

The EDCIP pilot funding will end on June 30, 2017, which will revert CDCR back to 28 canine teams statewide. Minimizing the canine program threatens CDCR's ability to perform its role in public safety by providing an environment conducive to the safety and security of inmates, staff, and the public. Therefore, CDCR has elected to pursue the ongoing expansion of the canine program to take aggressive and positive steps against contraband in the institutions.

CDCR states that, canine teams are an integral part of CDCR's interdiction strategies. Canines specialize in detecting specific types of contraband, such as cell phones and drugs. Canines that are trained to detect drugs may also be hand-selected to become air scan trained to detect the odor of drugs on the inmate's person. Canines routinely search for contraband drops in housing units, classrooms, offices, buildings, primary entrance points, sally ports, and the institution perimeter.

<b>LAO ASSESSMENT AND RECOMMENDATION</b>
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The Governor is not proposing to extend the funding for the piloted drug interdiction efforts. Instead, the Governor requests \$6.7 million (General Fund) and 43 positions in 2017–18 to expand canine teams statewide. The augmentation would decrease to \$5.9 million and 43 positions annually beginning in 2018–19. Under the proposal, each of the 35 state-operated institutions would have two canine teams. Drug detection equipment purchased for the pilot would remain at the pilot institutions for use at wardens' discretion. In addition, random drug testing of 10 percent of inmates per month at all 35 institutions would cease.

### **LAO Recommendations**

**Reject Expansion of Canine Teams.** The pilot evaluation did not produce evidence to suggest that canine teams alone are an effective drug interdiction strategy. Furthermore, the study found that two canine teams along with the smaller set of drug detection equipment provided to the moderate institutions had no effect on inmate drug use. Accordingly, we find it highly unlikely that providing institutions with even less resources would be an effective strategy to reduce inmate drug use.

**Maintain Intensive Interdiction Efforts and Direct Department to Develop New Plan.** Given that the intensive interdiction strategies were found to be effective in reducing inmate drug use, we recommend that the Legislature direct the department to continue its interdiction efforts at the three intensive interdiction pilot institutions for at least one year. In addition, we recommend that the Legislature direct the department to submit a revised strategy for reducing inmate drug use at the remaining institutions that can be considered as part of the 2018–19 budget process.

Finally, we recommend that the Legislature direct CDCR to continue random drug testing in all 35 institutions. This will provide data useful for (1) better understanding how drug use varies between institutions and over time, (2) monitoring whether the intensive interdiction strategies remain effective, and (3) testing the effectiveness of any future interdiction efforts. Accordingly, we recommend that the Legislature provide the



department with a total of \$2.5 million in one-time funding for 2017–18—\$4.2 million less than the amount proposed by the Governor for the budget year.

**STAFF COMMENTS**

At this time, no data has been provided which necessitates this proposal. According to the study from UC Berkeley, intensive drug interventions including urine analysis, dogs, and ion scanners were shown to be effective, however, this proposal only funds one component of the effective mode of intervention. According to the study, the moderate intervention showed no effect. Without the other components for an intensive intervention, this proposal is really just the moderate intervention tactic, which was shown to have no effect on

The Subcommittee may wish for CDCR to explain why the state should stop the intensive interventions in favor of this proposal, and to provide data which justifies the proposal currently before the Subcommittee.

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**Staff Recommendation: Hold Open.**

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**ISSUE 5: CASE MANAGEMENT REENTRY PROGRAM SERVICES****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation (CDCR), Division of Adult Parole Operations (DAPO) requests \$2.8 million General Fund and 21.0 Permanent Full-Time (PFT) positions in fiscal year 2017-18 and ongoing for the continued operation of the Case Management (CM) Reentry Program as this pilot program and associated positions will expire on June 30, 2017.

**BACKGROUND**

DAPO implemented the CM Reentry Program in Sacramento, San Diego, San Francisco, Kern, and Los Angeles counties to allow the option of linking our highest need, lowest functioning mentally ill offenders, classified as Enhanced Outpatient Patient (EOP) participants, and in some cases our high need, low functioning mentally ill offenders, classified as Correctional Clinical Case Management System (CCCMS) participants, to community-based services. Pre-release assessments occur for parolees releasing to the five identified pilot counties and CM Reentry Program prioritization is given to parolees with the highest needs.

An evaluation contract was executed with the University of California, Los Angeles (UCLA) Department of Psychiatry and Biobehavioral Sciences, and the final process evaluation report was issued in December 2016. The UCLA process evaluation report displays parolee participant data for the last three quarters of 2015-16 (October 2015-June 2016).

**Resource History**  
(Dollars in thousands)

<b>Program Budget</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Authorized Expenditures	2,487	2,697	2,736
Actual Expenditures	699	1,959	1,823
Revenues	0	0	0
Authorized Positions	21.4	21.4	21.4
Filled Positions	10	18	17
Vacancies	11	3	4

**Workload History**

<b>Workload Measure</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Number of Unique Parolee Participants	80	302	748 (Projected)
Average Monthly Participants	40 (May/June)	264	561
Program Completions	0	33	568

The primary goal of the CM Reentry Program is to optimize parolee functioning by linking them to critical community resources to meet their essential needs, thereby promoting self-advocacy. Parolees who are assigned to the CM Reentry Program receive immediate assistance in managing 15 presenting needs, such as accessing food, clothing and shelter, medication management, health services (mental health, medical, and dental treatment), identification, income and substance abuse services. Completion of the CM Reentry Program and adherence with parole conditions and legal obligations may result in a recommendation to discharge parole prior to a controlling discharge date.

#### **LAO ASSESSMENT AND RECOMMENDATION**

CDCR received \$2.5 million in 2014-15 for a Case Management Reentry Program pilot to assess whether providing more intensive case management services to mentally ill parolees could reduce recidivism. While statute required the department to complete a study of the program's effects on recidivism by July 31, 2017, the department indicates that it did not have sufficient time to do so. Instead, the department provided a study showing that participants who complete the program are better able to function in everyday life.

The Governor's May Revision requests \$2.8 million from the General Fund and 21 positions beginning in 2017-18 to operate the program on a permanent basis. In addition, CDCR is planning to use \$640,000 in funding from a federal grant it was awarded in March 2016 to study the program's impact on recidivism. According to the department, this evaluation will be released by October 2020. While the program has shown promising results, it remains unclear whether it actually reduces recidivism.

#### **LAO Recommendations**

Accordingly, we do not recommend providing ongoing funding prior to the completion of the recidivism study. Instead, we recommend providing the requested funding on a four-year limited-term basis. However, we recommend approving the positions on an ongoing basis to prevent recruitment difficulties. Once the study is complete, it should provide the Legislature with the information necessary to determine whether the program is a cost-effective strategy to reduce recidivism. To the extent that the program is successful, the department could submit a request for ongoing funding as part of the 2021-22 budget process.

#### **STAFF COMMENTS**

The initial impetus for the pilot for this program was to achieve a reduction to the rate of recidivism. Although this program has shown signs of effectiveness, the data on recidivism is still not available. Staff recommends that the Subcommittee ask the Department to explain why it proposes to fund the program without data on whether it achieves the goals it initially set out to attain and describe any metrics of success that have been observed.

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**Staff Recommendation: Hold Open.**

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**ISSUE 6: TRANSFER OF SEXUALLY VIOLENT PREDATOR CLINICAL SCREENING FUNCTIONS****MAY REVISION PROPOSAL**

The Department of State Hospitals and the California Department of Corrections and Rehabilitation, Board of Parole Hearings request the transfer of \$483,000 General Fund and 2.5 positions from the Department of State Hospitals to the California Department of Corrections and Rehabilitation, Board of Parole Hearings effective July 1, 2017. This transfer represents a mutual agreement of the agencies to transfer responsibility for the Sexually Violent Predator clinical screening of inmates to the California Department of Corrections and Rehabilitation along with the associated resources in order to comply with Welfare and Institutions Code section 6601(b).

**BACKGROUND**

**Current SVP Clinical Screening Process.** Under an existing MOU, CDCR and BPH contracted with DSH to perform the clinical portion of the screening process required by WIC section 6601, subdivision (b). Included as part of this MOU, CDCR, BPH and DSH agreed to utilize the screening instrument developed and updated by DSH, in consultation with CDCR. Screening duties consist of two parts: Part A and Part B.

Part A. CDCR and BPH's responsibility consists of identifying qualifying offenses for commitment as an SVP. If CDCR and BPH identify that an inmate has a qualifying offense, the screening proceeds to Part B. If a qualifying offense is not identified, the screening procedure is complete.

Part B. DSH, as a subcontractor of CDCR and BPH, is responsible for the following:

1. Conducting a clinical review of the individual's qualifying offense(s) and social, criminal, and institutional history. Note: This clinical review is not a referral for full evaluation pursuant to WIC section 6601, subdivision (c).
2. Forwarding the outcome of Part B to CDCR.

If CDCR determines, as a result of the screening procedure described above, that the individual is likely to be a SVP, CDCR refers the individual to DSH, for a full evaluation to be conducted by DSH (WIC section 6601, subdivision (c) as to whether the individual meets the criteria for commitment as a SVP.

**Statutory Requirement.** As part of the SVP Act (SVPA), WIC section 6601, subdivision (b) states:

*The person shall be screened by the Department of Corrections and Rehabilitation and the Board of Parole Hearings based on whether the person has committed a sexually violent predatory offense and on a review of the person's social, criminal, and institutional history. This screening shall be conducted in accordance with a structured screening instrument developed and updated by the State Department of State*

*Hospitals in consultation with the Department of Corrections and Rehabilitation. If, as a result of this screening, it is determined that the person is likely to be a sexually violent predator, the Department of Corrections and Rehabilitation shall refer the person to the State Department of State Hospitals for a full evaluation of whether the person meets the criteria in Section 6600.*

Recent legal analysis conducted by CDCR and DSH indicates that CDCR is required to perform the SVP screenings and that they should not be conducted by DSH via an MOU on behalf of CDCR. Specifically, the statute incorporates the word “shall” which has been interpreted to mean that CDCR/BPH has a mandatory duty to perform the screenings as set forth in the SVPA. As such, DSH, CDCR and BPH are in agreement that the responsibilities should be transferred to BPH.

<b>STAFF COMMENTS</b>
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Staff notes no concerns with this proposal at this time and recommends approval.

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**Staff Recommendation: Approve May Revision Proposal.**

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**ISSUE 7: MINOR CAPITAL OUTLAY PROGRAM****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation requests to fund the perimeter fencing improvements at the California Institute for Women (CIW) as a substitute for the walk-in freezer at Pelican Bay State Prison capital outlay proposal. This would result in a \$7,000 decrease in the overall amount requested for minor capital outlay projects.

**JANUARY PROPOSAL**

The California Department of Corrections and Rehabilitation requests \$2,004,000 General Fund in order to fund four projects for Fiscal Year (FY) 2017-18 for the construction of minor capital outlay improvements at the California Department of Corrections and Rehabilitation's adult and juvenile facilities is included with this submission.

**Calipatria Substance Abuse Treatment (SAT) Program Space.** The existing Vocational Building (521 A) used for SAT programming at CAL contains one large area subdivided by a portable divider to conduct community meetings and group therapy sessions. These sessions are held twice a day with 12 inmates in each area, for a total of 48 inmates per day. The program cannot currently accommodate more than this quantity of inmates without further subdividing this space to ensure a safe and secure environment for staff and inmates. Staff also utilizes four workspaces separated by walls with open doorways to meet with inmates individually for confidential intake and assessments, individual group therapy sessions and treatment planning. This space lacks privacy, and is contrary to Health Insurance Portability and Accountability Act (HIPAA) guidelines.

In order to remedy this issue, the CDCR requests a total of \$496,000 is requested in order to provide the required confidential treatment space and private offices as required by HIPAA. This funding would allow for construction of four treatment classrooms and five private offices.

**Centinela Substance Abuse Treatment Program Space.** The existing Vocational Building (524B) used for SAT programming at CEN contains two large areas used to conduct community meetings and group therapy sessions. These sessions are held twice a day, with 12 inmates in each area, for a total of 48 inmates per day. These areas cannot currently accommodate more than 12 inmates per side/twice a day without further subdividing this space to ensure a safe and secure environment for staff and inmates. Staff also utilizes four workspaces separated by walls with open doorways to meet with inmates individually for confidential Intake and assessments. Individual therapy sessions and treatment planning. This space lacks privacy, and is contrary to HIPAA guidelines. An additional room is used within this building as open office space

by staff with 8 desks and lockable file cabinets for maintaining confidential files and treatment planning; however, there are no dividers/partitions separating each work station.

In order to provide adequate space for SAT programming, a total of \$617,000 is requested in order to construct four treatment classrooms, four private offices, and eight cubicles.

**Los Angeles Minimum Support Facility Perimeter Fence.** This proposal requests funding to extend the height of the Level I Minimum Support Facility (MSF) perimeter fence at the California State Prison, Los Angeles County (LAC). This project will raise the height of the looped razor wire topping the fence an additional two feet, mitigating the existing safety and security concerns associated with the current fence design. Currently, the fence is eight feet tall, and the existing 30-inch braided razor ribbon loops within approximately 6 ft. of the ground. According to the Department, this is a safety hazard because the perimeter is unpaved with no "Out of Bounds" markings or signs to warn inmates and staff of the hazard.

The total estimated cost of this project is \$299,000 and would allow for the fence to be extended an additional two feet, and would ensure that the razor wire does not dip below eight feet off the ground.

#### STAFF COMMENTS

Staff notes no concerns with the Secure Fence at CIW, the Calipatria Substance Abuse Treatment Program Space, or the Centinela Substance Abuse Treatment Program Space. However, given the State's lack of discretionary spending, the need for the Los Angeles Support Facility Perimeter Fence is not well documented. The Department also noted that this proposal came to CDCR's attention when the prison submitted this proposed project in response to a "call letter" in which capital outlay project needs are solicited from each institution. CDCR saw this project as a priority due to the safety concerns expressed by the prison.

Given this information, the project seems optional and not necessary at this time. The Subcommittee may wish to consider this proposal at a time when the state is in a better place to spend money on optional proposals. Staff recommends that the Subcommittee direct CDCR to paint an out-of-bounds line to draw attention to the Perimeter Fence at Los Angeles in order to mitigate any future issues.

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**Staff Recommendation: Staff recommends approving the Statewide Minor Capital Outlay Program as amended in the May Revision, except for the Los Angeles Minimum Support Facility Perimeter Fence.**

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**ISSUE 8: ROOF REPLACEMENT CONSTRUCTION PROJECTS****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation requests \$34.9 million General Fund in 2017-18 for roof replacements at the California Correctional Institution, Pleasant Valley State Prison, and Salinas Valley State Prison.

**BACKGROUND**

California is experiencing an unprecedented statewide seasonal level of precipitation, comparable with California's wettest season ever recorded in 1982-1983. Several storms this year included significant winds and sustained atmospheric river events. These events create high altitude streams of moisture that carry water from the Pacific Ocean in sometimes-violent spurts, leading to sustained heavy rains.

In early 2017, two States of Emergency were declared in 50 counties that were affected by the severe winter storms and flooding. Twenty-five of CDCR's 37 adult and juvenile institutions are located in counties within these States of Emergency. The most significant damage experienced statewide due to this severe weather was to institution roofs. CDCR does not qualify for State of Emergency Federal funding due to the poor preexisting conditions of these roofs.

<b>Prison</b>	<b>Roof Area (Square Footage)</b>	<b>Construction Cost</b>
California Correctional Institution	131,000	\$7,200,000
Pleasant Valley State Prison	540,000	\$17,300,000
Salinas Valley State Prison	256,000	\$10,400,000
<b>TOTAL</b>	<b>927,000</b>	<b>\$34,900,000</b>

The annual baseline Special Repair (SR) funding is \$26 million for adult institutions and \$2 million for Division of Juvenile Justice facilities, and has been augmented by Control Section 6.10 of the Budget Act for the past two fiscal years. Significant amounts of the SR and Control Section 6.10 funding have been directed to roofs during the last two fiscal years (\$11.7 million or 27 percent of \$43 million in 2015-16, and \$28.4 million or 35 percent of \$83 million in 2016-17). Expenditure of greater amounts or percentages on roof projects would affect CDCR's ability to fix other critical infrastructure needs, such as water conservation projects (e.g., leaking hydronic loops resulting in significant water loss) and regulatory compliance (e.g., damaged pond liners resulting in costly mitigation efforts).



**Resource History**  
*(Dollars in thousands)*

<b>Program Budget</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16*</b>	<b>2016-17**</b>
Authorized Expenditures	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>	<b>43,000</b>	<b>83,000</b>
Actual Expenditures	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>	<b>43,000</b>	<b>83,000</b>

\*The 2015-16 Budget Act included one-time funding of \$15 million through Control Section 6.10.

\*\*The 2016-17 Budget Act included one-time funding of \$55 million through Control Section 6.10.

<b>STAFF COMMENTS</b>
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Staff notes that deferred roof maintenance could cause a myriad of other issues for inmates, staff, and the facilities themselves. Roof repair is necessary to provide adequate safety and shelter for staff and inmates, as well as protecting vital assets, such as medical equipment, housed within facilities.

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**Staff Recommendation: Hold Open.**

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**ISSUE 9: PSYCHIATRIC PROGRAMS TRANSFER TECHNICAL ADJUSTMENT****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation (CDCR), the California Correctional Health Care Services (CCHCS), and Department of State Hospitals (DSH) request a transfer of \$4 million General Fund from DSH to CDCR and CCHCS beginning in 2017-18 for additional employee compensation resources related to various memoranda of understanding bargaining agreements and Budget Bill language to transfer expenditure authority from DSH to CDCR and CDCR for prior year appropriations associated with the transfer of inpatient psychiatric programs.

**BACKGROUND**

The 2017-18 Governor's Budget includes the transfer of three of DSH's inpatient psychiatric programs, located on the grounds of the California Medical Facility (CMF), California Health Care Facility (CHCF), and Salinas Valley State Prison (SVSP), effective July 1, 2017. If approved, the operations and administration of these programs will transfer to CDCR, including all associated staff and costs. The total budget of these programs equates to approximately \$250.4 million and contains 1,977.6 associated staff.

With the recent signing of Senate Bills 28 (Chapter 1, Statutes of 2017), 47 (Chapter 2, Statutes of 2017), and 48 (Chapter 3, Statutes of 2017) on March 15, 2017, the Governor has now approved multiple pieces of legislation that authorize funding for the state's new Memoranda of Understanding (MOUs) with 15 of the 21 collective bargaining units (1, 3, 4, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21).

Overall, the intent of the Budget Bill language is to provide a process that is seamless to the program, vendors, and stakeholders. Both departments have different accounting systems and it would be inefficient for DSH to process prior year activities. This language will also give CDCR and CCHCS the authority to collect outstanding receivables from employees or vendors as of June 30, 2017. Expenditure authority to be transferred will require a vetting process of the outstanding obligations.

The Spring 2017 budget process included additional employee compensation adjustments related to various memoranda of understanding bargaining agreements, which impacted classifications included in the transfer of inpatient psychiatric programs. The calculated impact of these adjustments is \$4 million GF. The employee compensation adjustment for these positions was built into DSH's budget for current year, and must be transferred to CDCR's and CCHCS' budgets when the inpatient psychiatric programs are transferred beginning in 2017-18.

**STAFF COMMENTS**

Staff notes no concerns with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**ISSUE 10: MEDICATION MANAGEMENT UPDATE****MAY REVISION PROPOSAL**

The California Department of Corrections and Rehabilitation (CDCR) requests a decrease of \$2,260,000 to item 5225-002-0001. The savings account for projected overtime and registry savings resulting from the medication management proposal included in the Governor's Budget.

**BACKGROUND**

The 2017-18 Governor's Budget includes \$8.9 million General Fund and 105.2 positions to augment staffing based on medication management program needs. Over the past few years this workload has been covered with overtime and registry. The California Correctional Health Care Services (CCHCS) has been asked to identify overtime and registry savings resulting from the establishment of these positions to provide a funding offset.

The current nursing ratios were implemented in 2014-15. CCHCS tracks overtime and registry expenditures by classification, but not by each work function. In specialized cases, such as suicide watch, institutions are requested to self-report on overtime and registry costs related to these work functions. Due to these limitations on the available data, CCHCS developed the below methodology to estimate overtime and registry savings that could result from the proposed medication management staffing ratio changes. This identified an estimated savings of \$2.3 million General Fund tied to these positions.

Licensed Vocational Nurse (LVN) Overtime and Registry Savings Related to the Medication Management (MM) Proposal	
	2015-16
Overtime Expenditures	\$16,761,378
Registry Expenditures	\$4,137,484
<b>Total Coverage Expenditures</b>	<b>\$20,898,862</b>
LVN Average Monthly Salary	\$4,599
LVN Average Hourly Salary	\$26.53
LVN Average Premium Hourly Salary	\$39.80
Registry Monthly Rate	\$6,585
Registry Hourly Rate	\$38.00
Average LVN Vacancies	217.33
Cost to Cover Vacancies <sup>1</sup>	\$14,693,662
Suicide Watch Overtime and Registry	\$2,300,524
Remaining Coverage Expenditures	\$3,904,676
LVN Authorized Positions <sup>2</sup>	1,622.84
MM LVN Authorized Positions <sup>2</sup>	939.14
Percentage of MM LVN Positions	57.87%
<b>Savings Related to Medication Management</b>	<b>\$2,260,000</b>
<sup>1</sup> Assumes 80.2% covered by Overtime and 19.8% covered by Registry. Percentages based on the average percent to total for 2015-16 expenditures. Assumes 25% of Overtime is covered by straight pay and 75% covered by time and a half.	
<sup>2</sup> Average of Fall and Spring.	

<b>STAFF COMMENTS</b>
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The LAO previously raised concerns with this proposal because it did not consider overtime savings. This May Revision proposal utilizes reasonable methodologies to account for savings, and staff raises no concerns at this time.

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**Staff Recommendation: Approve May Revision Update to Medication Management proposal.**

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**ISSUE 11: PHYSICIAN RETENTION STRATEGIES****MAY REVISION PROPOSAL**

California Correctional Health Care Services requests \$7.0 million General Fund and 44 positions in fiscal year 2017-18 and \$13.9 million General Fund and 44 positions beginning in 2018-19 to implement physician retention strategies. The strategies include implementing a more robust Telemedicine program and establishing Regional Support Teams to relieve workload that is driven by lack of staffing.

**BACKGROUND**

To address PCP recruitment and retention issues due to prolonged staffing shortages, CCHCS proposes implementing a more robust Telemedicine program and establishing Regional Support Teams to provide coverage for vacant PCP staff.

**Telemedicine.** Through its prior recruitment efforts, CCHCS has found that many candidates would not like to work in an institutional setting, but would be interested in providing Telemedicine services to the same clientele. This makes Telemedicine an effective method of addressing vacancies that cannot be filled via the normal civil service process or contract registry. Additionally, it gives CCHCS the ability to provide immediate coverage behind long-term vacancies and absences.

Telemedicine has been utilized at all institutions within the California Department of Corrections and Rehabilitation for various clinical visits in both the Medical and Mental Health programs. Telemedicine is a valuable management system with the ability of redirecting resources daily to help offset staffing deficiencies throughout the institutions.

CCHCS proposes establishing 31 Telemedicine positions – 19 in the Elk Grove office and 12 in the Rancho Cucamonga office. Of these positions, 25 will be Physician and Surgeons (P&S), 3 will be Chief Physician and Surgeons (CP&S), and 3 will be Office Technician – Typing (OT-T). CCHCS proposes to establish these positions on July 1, 2017 with the understanding that a protracted recruitment period may be required to fill them. CCHCS, therefore, is not requesting funding for these P&S positions in 2017-18, but will use salary savings from current vacancies to fund the positions as candidates are brought on board. CCHCS requests full funding for these positions to commence in 2018-19.

**Regional Support Teams.** CCHCS recognizes that there is a need to establish a more robust and consistent PCP on-boarding process, including a statewide orientation process, and to coach and mentor new PCPs from the time they arrive on grounds at an institution. CCHCS is requesting 13 positions [9 PCPs and 4 AGPAs] and \$3.6 million GF to create Regional Support Teams. Staff assigned to the regions will assist in coaching and mentoring PCPs to improve their clinical practice. They will provide much needed support for PCPs to help them assimilate to the correctional environment and become comfortable with their role within the institution. They will provide additional

support to new PCPs to help reduce frustrations and job dissatisfaction caused by not having a mentor through the assimilation process.

Regional support teams will also provide coverage for short-term provider absences. By providing coverage during the short-term absences, these teams will help to mitigate workload that would otherwise fall to the institution's other PCPs. If CCHCS is to again become an employer of choice it is critical that to create an environment that reflects that status.

The establishment of these positions would address issues identified by current staff as major drivers hampering our recruitment and retention efforts for PCPs. Regional Support Teams will address the frustration felt by many PCPs new to correctional health care by providing them better preparation for handling the challenges unique to the institutional environment. They will also assist in eliminating workload concerns created by significant vacancy rates. Finally, these positions are critical to meeting the mission of CCHCS in providing a constitutional level of health care.

<b>LAO ASSESSMENT AND RECOMMENDATION</b>
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The Receiver has indicated that recruiting and retaining physicians is one of the last remaining issues preventing CDCR from providing a constitutional level of medical care. In order to reduce physician vacancies and improve physician retention, the administration recently negotiated an agreement with the bargaining unit representing physicians that would generally increase physician pay by 7 percent over 3 years and provide physicians working at hard- to-staff prisons an additional 15 percent increase in pay. In addition, the Receiver has proposed the following strategies as part of the May Revision to further address physician vacancies and recruitment.

- **Telemedicine.** The Receiver proposes to add 31 positions on an ongoing basis to provide telemedicine services to prisons with vacancies or physician on leave. In 2017-18, the administration proposes to fund these positions using salary savings generated by physician vacancies. Starting in 2018-19 and ongoing, the administration requests \$10.4 million from the General Fund because it assumes that physician vacancies will be eliminated, meaning salary savings will not be available to fund these positions.
- **Regional Support Teams.** The administration proposes 13 positions and \$3.6 million from the General Fund for regional support teams. According to the Receiver, physicians on the regional support teams would spend half of their time covering for physicians on leave or physician vacancies and their remaining time training and supporting newly hired physicians in order to increase retention rates.

## LAO Recommendations

As we discuss below, we recommend approving the requested telemedicine and regional support team positions. However, we recommend only providing \$1.8 million in 2017-18 and ongoing, as the remaining funds for these positions can be derived from physician salary savings.

- **Telemedicine.** We recommend approving the 31 positions for telemedicine, which would be funded by salary savings in 2017-18. However, we recommend rejecting the proposed \$10.4 million from the General Fund to pay for these positions on an ongoing basis starting in 2018-19. General Fund resources would only be necessary if all physician vacancies are filled by the end of 2017-18, which seems highly unlikely given the historical difficulty of filling these positions. To the extent that the Receiver demonstrates that vacant positions have been filled and there is no longer salary savings in the future, additional resources could be requested at that time.
- **Regional Support Teams.** We recommend approving the 13 positions regional support team positions. However, we recommend only approving \$1.8 million of the proposed funding—half the amount proposed by the Receiver. This \$1.8 million would be used to support the work related to training and supporting newly hired physicians. Since the remainder of the workload would be covering for vacant physician positions or physicians on leave, that workload can be supported by the physician salary savings. To the extent that the Receiver demonstrates that vacant positions have been filled and there is no longer salary savings in the future, additional resources could be requested at that time.

### STAFF COMMENTS

Staff recommends that the Subcommittee ask CCHCS to address the following:

- How many physicians are currently employed? How many physician vacancies are there currently system-wide? Additionally, the LAO recommends utilizing salary savings to pay for the telemedicine positions, please provide details of the availability of these funds.
- Are Telemedicine encounters sufficient for all inmates? What if further in-person evaluation is necessary, can CDCR provide this in-house?
- What incentives does this proposal provide for physicians to move to less-desirable areas of the state where recruitment and retention are the most difficult?
- What other alternative retention strategies were considered?

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**Staff Recommendation: Hold Open.**

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**ISSUE 12: EXTRADITION TRAILER BILL LANGUAGE****MAY REVISION PROPOSAL**

The Administration proposes trailer bill language to set reimbursement rates associated with transporting fugitives.

**BACKGROUND**

When inmates are transported by local entities pursuant to an official extradition order, the state reimburses them for their per diem costs. The rates have not been adjusted in several years, and in the case of inmate meals, go back to a rate set in the early 1980s. CDCR reimburses locals for these costs through a General Fund appropriation that has not been fully expended in the past several years. The practice of transporting inmates due to an official extradition order has been in place for several years and is also part of the requirements of the interstate compact.

**LAO ASSESSMENT AND  
RECOMMENDATION**

This trailer bill would set various reimbursement rates associated with transporting fugitives. We have no specific policy concerns with this language at this time. However, there does not appear to be a clear relationship between this language and the budget. Accordingly, it is not clear to us why this policy change should be made through the budget process rather than considered through the policy bill process.

**STAFF COMMENTS**

This trailer bill language appears to make technical changes to clarify the law. Staff notes no concerns at this time.

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**Staff Recommendation: Approve provisional trailer bill language.**

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**0250 JUDICIAL BRANCH****ISSUE 13: REPLACEMENT OF ORACLE FINANCING SYSTEM****MAY REVISION PROPOSAL**

The Judicial Council requests an augmentation of \$5.3 million General Fund (\$2.0 million in 2017-18, \$1.8 million in 2018-19, and \$1.5 million in 2019-20 and ongoing) and 6.0 positions to support the transition to the FI\$Cal Program.

**BACKGROUND**

The Judicial Council currently uses the Oracle Financial System (Oracle) to perform accounting, budgeting, and procurement functions. Prior to the implementation of FI\$Cal, the majority of state departments utilized the California State Accounting and Reporting System (CALSTARS) which was developed in 1980 to provide all agencies of the state with an automated organization and program cost accounting system to accurately and systematically account for all revenue, expenditures, receipts, disbursements, and property of the state. Oracle was viewed as a more efficient and comprehensive system than CALSTARS. Therefore, in 1996, after an analysis of system benefits, the Judicial Council selected Oracle to perform accounting, budgeting, and procurement functions.

The Judicial Council continues to utilize Oracle to manage all of the varying funds, expenditures, procurements, and budget for the Judicial Branch. Trial Court Funding is also allocated from Oracle to the 58 local Superior Courts. The system supports multiple fund tracking and reporting for this complex third branch of government. Within the Judicial Council, five offices are the primarily users of the Oracle Financial System: Branch Accounting and Procurement, Budget Services, Information Technology, Capital Programs, and Real Estate and Facilities Management. All other offices within the Judicial Council, as well as staff within the Supreme Court and Courts of Appeal, have the ability to use Oracle to run various reports to manage and forecast expenditures and track invoice and contract approvals.

The requested funding would support the following functions:

- \$2.1 million and 6.0 positions to complete system deployment in 2017-18 (\$1.0 million for system deployment and \$1.1 million for 6.0 positions, increased costs related to an out-of-class temporary assignment, and for a Project Manager consultant.
  - Based on recommendations from other state departments that have deployed FI\$Cal, the Judicial Council intends to hire a consultant Project Manager to liaison with the FI\$Cal Deployment team and coordinate all of the activities required of the Judicial Council.
  - Consistent with the FI\$Cal deployments in other state departments, it is necessary to dedicate existing experienced staff (also known as

subject matter experts (SME)) to ensure smooth transition and deployment of the new system. These staff would work closely with the FI\$Cal deployment team to understand FI\$Cal system functionality, document gaps in processes, create change management documentation (including communications to affected staff, new procedure documentation, training materials, and quick reference guides), provide input to configuration and any system enhancements, test the system, and support the roll-out of the system to Judicial Council staff and staff in the Supreme Court and Courts of Appeal that will be using the system.

- The 6.0 subject matter experts assigned will be:
  - Accounts Payable – This is a supervisor position and would be the lead SME. To provide workload support within the accounting office, an Associate Fiscal Analyst will be placed temporarily in an out-of-class assignment to take on the day-to-day, non-supervisory responsibilities and 1.0 limited-term full-time equivalent (FTE), Fiscal Services Coordinator will be hired to perform the normal workload of the Associate Fiscal Analyst.
  - General Ledger – Requires 1.0 limited-term FTE Fiscal Analyst.
  - Budgets – Requires 1.0 limited-term FTE Fiscal Analyst.
  - Procurement – Requires 1.0 limited-term FTE Fiscal Analyst.
  - ERP Functional Expert – Requires 1.0 limited-term FTE Business Systems Analyst.
  - Infrastructure/Interface Expert – Requires 1.0 limited-term FTE Senior Technical Analyst.

According to Judicial Council, the benefits to moving to the FI\$Cal system include:

- The existing ad hoc reporting tool used with Oracle needs to be replaced in the next year. This cost would be avoided moving to FI\$Cal.
- Implementing FI\$Cal will create efficiencies by improving the process of paying invoices and claims.
- Implementing FI\$Cal creates an opportunity to improve and document processes.
- Aligning more closely with state processes will make the budget and accounting processes and reporting more efficient for both the Judicial and Executive branches.
- Auditing by state agencies will be more efficient as they will be familiar with the FI\$Cal system.
- FI\$Cal would include the major additional business functionality that has been requested of Oracle. Deploying FI\$Cal would avoid the cost of implementing the additional modules in Oracle.

**LAO ASSESSMENT AND  
RECOMMENDATION**

The LAO recommends that the Legislature reject the Governor's proposal for \$2.0 million General Fund—declining to \$1.8 million in 2018-19 and \$1.5 million annually beginning in 2019-20—and 6 positions to support Judicial Council's transition to Fi\$Cal, and require Judicial Council to first complete the fit-gap analysis that it had initially planned on completing.

Although the proposal states that a gap analysis for the project was to be completed in June 2017, the judicial branch indicates that it will not be doing such an analysis. This analysis was to document any gaps between Fi\$Cal and the existing financial system's functionality and how such gaps would be remediated, such as through new Fi\$Cal programming and/or a change in Judicial Council processes. Because these changes can result in costs, they should be identified before beginning the transition to ensure that the scope and total cost of the project are calculated and documented appropriately. This is particularly important as the judicial branch is one of a few state entities that has statutory authority to use a system other than Fi\$Cal for their financial management. An adequate fit-gap analysis would ensure the judicial branch and the Legislature have the necessary information to determine whether transitioning to Fi\$Cal is the most cost-effective solution to meet judicial branch financial needs or if another system (including its existing system) would be more appropriate. Accordingly, we recommend rejecting this proposal until after the completion of a fit-gap analysis.

**STAFF COMMENTS**

Staff recommends that the Subcommittee request for Judicial Council to provide detail as to why the Council did not choose to Fi\$Cal originally and further detail the necessity of the costs requested in this proposal. Additionally, the Subcommittee may wish for Judicial Council to detail any efforts made to ensure that Fi\$Cal's system will adequately meet the needs of the Council.

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**Staff Recommendation: Hold Open.**

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**ISSUE 14: STATE CONTROLLER'S OFFICE AUDIT BUDGET BILL LANGUAGE****MAY REVISION PROPOSAL**

This request would add provisional language to Item 0250-101-0932, specifically related to the State Controller's Office audits of trial courts pursuant to subdivision (h) of Section 77206 of the Government Code. The provisional language would limit the amount the State Controller's Office can charge the selected trial courts (up to \$540,000) based on an agreed upon pricing structure: approximately \$70,000 each for a court from a county with a population of 200,000 or less; approximately \$90,000 each for a court from a county with a population greater than 200,000 and less than 750,000; and approximately \$110,000 each for a court from a county with a population greater than 750,000.

The language will also provide authority to the Judicial Council to make the payment to the State Controller's Office on behalf of the trial courts from the Trial Court Trust Fund. The audits will begin later than expected as both the State Controller's Office and Judicial Branch needed additional time to develop audit parameters. Similar language is already included in this item related to contract audits performed by the California State Auditor. Proposed provisional language:

Provision X. Of the amount appropriated in this item, up to \$540,000 is available to reimburse the State Controller's Office for the costs of audits incurred by the State Controller's Office pursuant to subdivision (h) of Section 77206 of the Government Code.

Government Code Section 77206 (h):

*“(h)(1) Commencing not earlier than July 1, 2011, and not later than December 15, 2012, the entity contracted with pursuant to subdivision (j) shall establish a pilot program to audit six trial courts. That entity shall select the trial courts using the following criteria:*

*(A) Two trial courts selected from counties with a population of 200,000 or less.*

*(B) Two trial courts selected from counties with a population greater than 200,000 and less than 750,000.*

*(C) Two trial courts selected from counties with a population of 750,000 or greater.*

*The audits shall be performed in accordance with generally accepted government auditing standards and shall determine the trial court's compliance with governing statutes, rules, and regulations relating to the revenues, expenditures, and fund balances of all material and significant funds, including state General Fund funds, funds generated from fees or fines, federal funds, grants, and any other funds within the trial court's administration or control. The*

*audits required by this section shall be in addition to any audit regularly conducted pursuant to any other provision of law.”*

**STAFF COMMENTS**

Staff notes no concerns with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**ISSUE 15: TECHNICAL ADJUSTMENT FOR TRIAL COURT EMPLOYEE BENEFIT COST CHANGES****MAY REVISION PROPOSAL**

The May Revision requests to decrease the amounts allocated to items 0250-101-0932 and 0250-111-0001 by \$2,104,000 to reflect the updated health benefit and retirement rate changes for trial court employees.

**STAFF COMMENTS**

This is a technical change and staff notes no concerns at this time.

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**Staff Recommendation: Approve May Revision proposal.**

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**ISSUE 16: NEW SACRAMENTO COUNTY COURTHOUSE TRAILER BILL LANGUAGE****MAY REVISION PROPOSAL**

The Judicial Council requests a reappropriation of the working drawings phase of the New Sacramento Criminal Courthouse. The 2014 Budget Act appropriated \$16.0 million from the Immediate and Critical Needs Account for the Working Drawings phase, which was reappropriated in the 2016 Budget Act. This project will provide a new 53-courtroom facility of approximately 540,000 building gross square feet in the City of Sacramento.

**LAO ASSESSMENT AND RECOMMENDATION**

There are a couple issues the Legislature may want to consider with respect to the administration's proposal to reappropriate \$16 million from the Immediate and Critical Needs Account (ICNA) for the working drawings phase for the new Sacramento Courthouse. Funding was initially provided from ICNA for the preliminary plans and working drawing phases as part of the 2014-15 Budget Act. Given the continued lack of ICNA funding to support this project's construction phase and the fact that working drawings generally only have a limited shelf-life, the Legislature could consider reverting these funds to ICNA. This funding could then be used to address other trial court needs that are a higher legislative priority.

The LAO notes that not reappropriating the funding for working drawings would be consistent with Judicial Council's approach on other ICNA projects. As part of the 2016-17 Budget Act, the Legislature directed the judicial branch to submit a plan to address the long-term insolvency of ICNA within existing resources. This direction has resulted in Judicial Council deciding to allow projects to only complete the phase they are currently in. The Sacramento courthouse is currently in the process of completing the preliminary plans phase.

**STAFF COMMENTS**

The Subcommittee may wish to have Judicial Council provide the following information:

1. What is the updated timeline for the completion of this project?
2. What is the typical shelf-life of working drawings?
3. Is there any funding currently set aside for the construction of this facility?

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**Staff Recommendation: Hold Open.**

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**ISSUE 17: TRANSFER OF SAN DIEGO COUNTY COURTHOUSE TRAILER BILL LANGUAGE****MAY REVISION PROPOSAL**

The Judicial Council requests that trailer bill language be adopted to transfer title of the old San Diego County Courthouse and adjacent old County Jail to the County of San Diego. In exchange, the County of San Diego would release the Judicial Council of the obligation to demolish and remove those buildings following commencement of operation of the new San Diego Central Courthouse. This proposal also provides that the City of San Diego's previously-certified environmental impact report is adequate for the County's demolition and development projects.

**STAFF COMMENTS**

Staff recommends that the Subcommittee ask the following of Judicial Council:

- What are the future plans for this facility?
- Is Judicial Council aware of any plans by the Board of Supervisors or the County of San Diego to build a private jail or ICE facility on the premises?

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**Staff Recommendation: Hold Open.**

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**0820 DEPARTMENT OF JUSTICE****ISSUE 18: LEGAL RESOURCES FOR FEDERAL ACTIONS****MAY REVISION PROPOSAL**

The California Department of Justice (DOJ) requests a two-year limited-term General Fund augmentation of \$6.5 million and an increase of thirty-one (31.0) positions in the Legal Services Division in order to help increase DOJ's capacity to address new unfunded workload stemming from overbroad Federal directives that threaten the constitutional rights of California's citizens.

**BACKGROUND**

Beginning on January 20, 2017, the President and his administration issued several Executive Orders that effectively challenged the dual sovereignty of our federal system and presented a significant impact to a vast area of public policy, including public safety, healthcare, the environment, consumer affairs, civil rights, and various general constitutional issues.

The Attorney General's Office (AGO) within the Department of Justice has expended over 13,000 hours of legal time on Federal Administration matters during the period of January 20, 2017 through May 8, 2017. Annualized, these hours equate to approximately 19 attorneys and approximately \$6.5 million in unfunded work ((13,000 \* 3) / 1,776 hours per PY).

Generally, these hours include conducting legal investigations on complex statutory and constitutional issues, engaging in factual development, crafting legal arguments, preparing and filing pleadings, consulting with fellow State Attorneys General's offices and other governmental entities, and outreach to civil rights organizations and other stakeholders.

It is important to note that in addition to one-time and ongoing costs that these actions have generated, DOJ anticipates additional budgetary resources will be needed to support future Federal actions that will significantly impact the people of California:

- U.S. Attorney General Jeff Sessions has recently signaled that under his leadership, the U.S. Department of Justice will be pulling back on law enforcement oversight efforts, including engaging in pattern or practice investigations of local law enforcement agencies or demanding compliance with consent decrees. This will have a significant and broad impact on law enforcement agencies.
- U.S. Department of Education Secretary Betsy DeVos has stated that she will de-emphasize the protection of civil rights in the context of education and rollback protections for student loan borrowers. Ensuring the rights of students and constituents will require more resources from the DOJ.

- The new Administration has taken an aggressive approach in pulling back existing regulation and enforcement of consumer protection laws. To ensure the people of California are protected, DOJ will need to take additional action to enforce consumer protection and unfair competition laws to compensate for cuts to and policy shifts affecting the Federal Trade Commission, Consumer Financial Protection Bureau, Food and Drug Administration, and U.S. Department of Education.
- The overall fear and anxiety provoked by the new Administration's threatened immigration enforcement policies are making our immigrant communities even more vulnerable to immigration consultant scams. As a result, DOJ anticipates a need for education, outreach and other preventive measures to protect against fraud. This will also increase the need for investigative and prosecutorial resources to combat such fraud.

This funding would allow the Attorney General and DOJ will be able to continue to serve and protect and ensure the fair and impartial enforcement and application of law to preserve justice, safety, liberty, economic prosperity, and equality for Californians, and help the State in preserving natural and financial resources for future generations to come. Without the full resources through the approval of this request, DOJ will be forced to limit or refuse new legal casework, redirect resources intended for existing workload, and hinder the DOJ's capability from effectively providing legal services to the public.

#### LAO ASSESSMENT AND RECOMMENDATION

To the extent the Legislature believes that DOJ legal workload related to various actions at the federal level is a General Fund priority, we recommend the Legislature modify the Governor's proposal to only provide \$6.5 million and 31 positions on a one-time basis in 2017-18. Providing resources for 2018-19 is premature given uncertainty in (1) what federal actions will result in DOJ legal activity and (2) the number of legal hours required to respond to such federal actions. Actual workload data collected in 2017-18 will help the Legislature assess the appropriate level of resources in future years.

#### STAFF COMMENTS

Given the uncertainty of federal actions and impacts to caseloads, staff recommends approving the two-year limited term funding for this proposal. The LAO recommendation only gives funding for the budget year, however staff note that this could cause issues for hiring and retaining attorneys.

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**Staff Recommendation: Hold Open.**

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**ISSUE 19: DNA IDENTIFICATION FUND REVENUE SHORTFALL****MAY REVISION PROPOSAL**

In order to address significant DNA Identification Fund revenue decline and provide funding stability to the Bureau of Forensic Services' (BFS) statewide operations, the California Department of Justice (DOJ) requests to reallocate \$15 million in existing General Fund spending authority from the Division of Legal Services (\$5 million) and the Division of California Justice Information Services (\$10 million) to the Division of Law Enforcement.

Concurrently, the DOJ requests an augmentation of \$5 million in False Claims Act Fund in the Division of Legal Services in order to maintain ongoing federal grant match commitments, and an augmentation of \$10 million in Fingerprint Fees Account funding in the Division of California Justice Information Services to maintain existing background check program activities.

**BACKGROUND**

**Resource History**  
(Dollars in thousands)

<b>Bureau of Forensic Services Budget - DNA ID Fund (3086)</b>	<b>FY 12/13</b>	<b>FY 13/14</b>	<b>FY 14/15</b>	<b>FY 15/16</b>
Authorized Expenditures	70,352	70,729	73,494	74,822
Actual Expenditures	70,033	64,198	68,392	65,764
Revenues	65,518	69,160	68,406	57,665
Authorized Positions	426.0	426.0	426.0	426.0
Filled Positions	368.0	366.0	359.0	364.0
Vacancies	58.0	60.0	67.0	62.0

The DNA Identification Fund experienced a significant drop in revenue in 2015-16 which is expected to continue to decrease in 2016-17 and ongoing. This is partially the direct impact of Proposition 47 (2014), which reduced the classification of certain crimes from felonies to misdemeanors. With decreased criminal penalties, the amount of fines levied and collected subsequently decreased. Due to the time it takes to see the impact of this change in policy, the Department is only now realizing the true impact to the declining revenue stream. Total revenue for 2015-16 is approximately \$58 million, which is a decrease of over \$10 million from the average collections of the past two years. In addition, the projected revenue for 2016-17 and 2017-18 is approximately \$53 million.

Current operations are unsustainable with the reduced funding levels, and to address the shortfall in 2016-17, the DOJ was granted approval for a Section 26.00 which redirected \$10 million General Fund from CJIS to BFS.

In order to continue operations at the reduced revenue level, this request seeks to make the Section 26.00 adjustment permanent and transfer an additional \$5 million in General Fund from the Division of Legal Services to BFS.

Additionally, this request seeks to backfill the General Fund redirections with \$5 million in False Claims Act Fund in the Division of Legal Services, and \$10 million in Fingerprint Fees Account in CJIS in order to maintain ongoing federal grant match commitments and critical criminal/applicant background check program operations.

<b>STAFF COMMENTS</b>
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Staff notes no concerns with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**ISSUE 20: AGENCY COUNSEL TRAILER BILL LANGUAGE****MAY REVISION PROPOSAL**

This trailer bill language would clarify existing law to ensure that the Attorney General maintains clear authority to act as legal counsel in judicial and administrative proceedings involving state agencies, as well as deliver approving legal opinions on bonds. The bill would also expressly authorize state agencies to employ in-house legal counsel for any other purpose, without seeking authorization from the Attorney General. The bill maintains the existing requirement that authorization from the Attorney General be obtained prior to employment of private, outside counsel.

**BACKGROUND**

Existing law provides that it is the Legislature's intent that the Attorney General act as counsel for the representation of state agencies in "judicial and other proceedings." As such, with certain exceptions, existing law requires the Attorney General's consent prior to state agencies employing counsel for representation "in any judicial proceeding." However, existing law also contains provisions that appear to go beyond this intent, providing that state agencies must seek approval from the Attorney General to employ legal counsel "in any matter." There is a long-standing and wide-spread practice among state agencies of employing in-house legal counsel for advice and representation outside of judicial proceedings. While this practice appears well supported in law, it currently faces a legal challenge that, if successful, could result in a significant disruption to the legal services provided to nearly all state agencies.

The Office of the California Attorney General employs more than 1,000 attorneys who are charged with representing the State and its many agencies, boards, commissions, and officers in judicial and administrative proceedings involving a wide range of issues—often of great state-wide significance. These attorneys appear regularly before all levels of federal and state courts. The Office has vast experience in litigation, and a deep understanding of the impacts litigation may have on state-wide public policy. Such experience and expertise is important in the representation of the State.

State agencies currently employ more than 1,000 in-house attorneys tasked with providing advice and representation on day-to-day legal, programmatic and policy matters; appearing on behalf of, or with, client agencies in non-judicial proceedings (e.g. board/commission meetings); and providing in-house support for litigation counsel in judicial proceedings. In carrying out these duties, in-house counsel for each agency has developed subject matter expertise in the areas of law the agency is tasked with implementing or overseeing in addition to a deep understanding of the programmatic and policy goals of the agency. Given the legal needs of state agencies related to their day-to-day functions, it is imperative that state agencies be clearly authorized to employ in-house counsel while still recognizing the need and importance of maintaining the Attorney General as legal counsel for state agencies in judicial and administrative proceedings as well as the delivery of approving legal opinions on bonds.

As a result, it is necessary to clarify the law regarding the Attorney General's authority to act as legal counsel to the State in judicial and administrative proceedings and deliver opinions on bond issuances, while also providing express authority for state agencies to employ in-house legal counsel to advise and represent state agencies outside of these activities, without obtaining the Attorney General's consent for employment of these in-house legal counsel.

**LAO ASSESSMENT AND  
RECOMMENDATION**

While the proposed agency counsel trailer bill language could have merit, we recommend the Legislature refer the proposed language for consideration through the regular policy committee process. This is because the proposed language raises various broad policy questions—including the circumstances in which a state agency should be permitted to employ in-house counsel, the role such counsel should play within their respective agencies, and the level of oversight over in-house counsel.

**STAFF COMMENTS**

Staff notes no concerns with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**0690 OFFICE OF EMERGENCY SERVICES****ISSUE 21: CALIFORNIA DISASTER ASSISTANCE ACT AND STATE OPERATIONS CENTER****MAY REVISION PROPOSAL**

The Office of Emergency Services requests that item 0690-112-0001 be decreased by \$18.8 million to reflect updated California Disaster Assistance Act (CDAA) projections. Executive Order B-40-17 lifted the Governor's previous drought declaration in all but four counties. The updated projections reflect the elimination of the \$22.2 million requested for drinking water and a reduction of \$28 million for tree mortality. The Office of Emergency Services will shift the focus of CDAA efforts to provide disaster assistance associated with three severe winter 2016-17 storms, as well as closing out older disasters in the neediest counties.

The Office of Emergency Services requests that item 0690-001-0001 be decreased by \$3.5 million to reflect the removal of funding for the State Operations Center drought response.

**LAO ASSESSMENT AND RECOMMENDATION**

As shown in the table below, the May Revision includes a net reduction in the funding for the CDAA program of \$18.8 million compared to the level of funding proposed in January. This net reduction reflects decreases in estimated costs associated with tree mortality and emergency drinking water and increases in estimated costs associated with the recent winter storms and various other disasters. Consistent with our recommendation on the CDAA funding proposed in January, we continue to recommend that the Legislature direct OES to make requests for changes to CDAA funding through budget proposals—rather than as adjustments to the department's base funding amount. This approach will ensure that the Legislature has the information it needs to make its budgetary decisions.

CDAA Funding

	Governor's Budget	May Revision	Difference
CDAA Base Budget	39.1	39.1	0
Proposed Changes to CDAA			
Tree Mortality	30	2	-28
Emergency Drinking Water (a)	22.2	0	-22.2
2016-17 Storms		20.5	20.5
Other	1	11.9	10.9
Subtotal of Proposed Changes	53.2	34.4	-18.8
Total Proposed CDAA Funding	92.3	73.5	-18.8

The May Revision also includes an increase of \$6.5 million in emergency drinking water assistance provided outside of the CDAA program and eliminates a \$3.5 million increase in state operations funding related to the drought that was proposed in the January budget.

<b>STAFF COMMENTS</b>
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Staff recommends that the Subcommittee direct OES to continue to make requests for changes to CDAA through budget change proposals, as this provides the opportunity for oversight by the Legislature.

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**Staff Recommendation: Approve May Revision and direct OES to make requests for changes to CDAA funding through budget proposals.**

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**ISSUE 22: TEMPORARY WATER TANK PROGRAM****MAY REVISION PROPOSAL**

The California Governor's Office of Emergency Services (Cal OES) requests \$6.5 million General Fund local assistance funding in State Fiscal Year SFY 2017-18. Cal OES will use these funds to continue the emergency water tank program for eligible local governments and non-profit organizations.

**BACKGROUND**

This request is to obtain funding in SFY 2017-18 to provide emergency water for eligible program participants in order to maintain public health and safety. There are nine counties with a total of 986 water tanks that qualify for support under the emergency water tank program.

The proposed allocation of the \$6.5 million funding request will be distributed to the impacted counties, and/or nonprofits within the counties, based on the percentage of existing water tanks as outlined below.

<b>County</b>	<b>Water Tanks</b>	<b>Percent</b>	<b>Dollars</b>
Fresno	55	6%	363,000
Kern	43	4%	283,000
Kings	29	3%	191,000
Madera	136	14%	897,000
Mariposa	59	6%	389,000
Merced	50	5%	330,000
Stanislaus	29	3%	191,000
Tulare	471	48%	3,104,000
Tuolumne	114	12%	752,000
<b>Total</b>	<b>986</b>		<b>6,500,000</b>

It is anticipated that the need will be greatest during the beginning of the SFY and diminish as local governments find long-term sustainable water solutions decreasing the number of water tanks to support. The proposed appropriation may be insufficient to fund ongoing support to the impacted counties for the emergency water tank program in full for SFY 2017-18.

**STAFF COMMENTS**

Staff notes no concerns with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**ISSUE 23: NONPROFIT SECURITY GRANT PROGRAM****MAY REVISION PROPOSAL**

The California Governor's Office of Emergency Services (Cal OES) requests \$500,000 Anti-Terrorism Fund local assistance authority in State Fiscal Year (SFY) 2017-18 to enhance the California State Nonprofit Security Grant Program (CSNSGP) which provides funding support for target hardening and other physical security enhancements to nonprofit organizations that are at high risk of a terrorist attack.

**BACKGROUND**

FEMA's NSGP guidelines limit the NSGP grant funding to the specific UASI-eligible urban areas. Providing state funding to enhance the federally funded NSGP opened up the program to sub-recipients who weren't located in UASI-eligible urban areas and therefore weren't eligible for federal NSGP grants, but who otherwise meet eligibility requirements.

In SFY 2015-16, Cal OES received 92 applications for CSNSGP funding for a total of \$6 million in funding requests. Of the 92 applications, the CSNSGP was able to fund only 34 sub-recipients with the \$2 million state appropriation, resulting in an unfunded need of \$4 million.

**STAFF COMMENTS**

Staff notes no concerns with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**5227 BOARD OF STATE AND COMMUNITY CORRECTIONS**

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**ISSUE 24: PROPOSITION 57 IMPACTS TO POST RELEASE COMMUNITY SUPERVISION****MAY REVISION PROPOSAL**

The Board of State and Community Corrections requests that item 5227-106-0001 be increased by \$4,428,000 to provide county probation departments funding to supervise the temporary increase in the average daily population of offenders on Post Release Community Supervision as a result of the revised implementation date of the Public Safety and Rehabilitation Act of 2016 (Proposition 57).

**STAFF COMMENTS**

Staff notes no concern with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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**ISSUE 25: JAIL VISITATION REQUIREMENTS****BACKGROUND**

As discussed during the February 21<sup>st</sup> joint hearing, in recent years it has come to the State's attention that some county jails are no longer providing in-person visitation. Instead they are allowing only visitation via video. In addition, despite significant concern from the Legislature, BSCC has recently developed regulations that grandfather in a large number of counties who have expressed an interest in only providing video visitation. According to the last information from the BSCC, over 20 counties have either already stopped providing in-person visitation or plan on stopping in-person visitation. Of those jails, eight do not appear to have the physical space to accommodate in-person visits.

**Previous Subcommittee Hearing.** This item was discussed during a joint hearing between the Senate Public Safety Committee, and both the Senate and Assembly public safety budget subcommittees on February 21, 2017. The agenda and video recordings from that hearing are available on the State Senate website.

**STAFF COMMENTS**

Staff recommends that the Subcommittee do the following:

Adopt placeholder trailer bill language that does the following:

- Requires that a county providing video visitation, also provide in-person visitation.
- Temporarily exempts the following eight county jails from providing in-person visitation once BSCC has inspected the jail and certified that it does not have space for in-person visitation:
  - Kings County Jail Facility
  - Kings County Branch Jail
  - Madera County Adult Correctional Facility
  - San Bernardino High Desert Detention Center
  - San Mateo Maple Street Correctional Facility
  - Solano County -- Stanton Correctional Facility
  - Tulare South County Detention Facility
  - Imperial Oren R. Foy Medical Security Facility
- Requires all other county jail facilities to provide in-person visitation, if they are providing video visitation.
- Requires the eight exempt county facilities to provide for in-person visitation within five years of passage of the 2017 budget. In addition, those counties will receive priority for any jail construction funding that is relinquished to the

BSCC in order to retrofit the existing jails to provide for in-person visitation. Any additional construction funding provided by the state can only be used for in-person visitation space.

- Temporarily suspends all construction (with the exception of counties that have broken ground on new facilities) pending certification from the BSCC that the new facilities, funded with the assistance of the state, will have appropriate space for in-person visitation.
- Prohibits counties from charging for video visitation, whether the visitor is in the facility or conducting visitation from a remote location.

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**Staff Recommendation: Approve Staff Recommendation.**

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**8940 CALIFORNIA MILITARY DEPARTMENT****ISSUE 26: LOANS TO THE CALIFORNIA MILITARY DEPARTMENT****MAY REVISION PROPOSAL**

The California Military Department (CMD) requests provisional language to specify that the cash flow provided to CMD in fiscal year 2016-17 shall be repaid upon order of the Director of Finance. It is also requested that Provision 4 of Item 8940-001-0001 be amended to provide that any loan provided to the Military Department pursuant to the provisions of Item 8940-001-0001 shall be repaid upon order of the Director of Finance.

**BACKGROUND**

The CMD is responsible for the command, leadership and management of the California Army and Air National Guard and Youth and Community Programs. The purpose of the California National Guard is to provide military service supporting this state and the nation. The three missions of the California National Guard are to provide: (1) mission ready forces to the federal government as directed by the President, (2) emergency public safety support to civil authorities as directed by the Governor, and (3) support to the community as approved by proper authority. The Military Department is organized in accordance with federal Departments of the Army and Air Force staffing patterns. The CMD's Youth Programs and Community serve California communities and families by delivering national level, high-quality educational support programs, in partnership with the educational community, within a military, academic-structured environment.

In order to carry out these missions the CMD receives both state and federal funding through a Master Cooperative Agreement (MCA). An MCA is a legal instrument reflecting an assistance relationship between the National Guard Bureau (NGB) and the State of California. The NGB enters into an MCA based on the statutory authority of 31 United States Code (U.S.C.) Chapters 61/65 and Section 21.20, Department of Defense (DoD) Instruction 3210.6R - Defense Grant and Cooperative Agreement Regulatory System.

Because many of the encumbrances within the MCA will not be expended until the fiscal year following that in which the loan was authorized, the repayment date of October 31 is unrealistic. It has taken the CMD until April 2017 to repay the loan that was due to be repaid on October 31, 2016. The CMD has been in a cash shortage since February and has not been able to request a new loan to meet its current obligations.

As of February 2017, the CMD had been holding vendor payments to ensure that the Department would meet its upcoming payroll obligations and expects to continue to delay vendor payments to meet payroll for the remainder of the fiscal year. The CMD foresees holding vendor payments as its mitigation strategy when experiencing a cash flow crisis if the amended provisional loan language is not approved.

According to CMD, the amended language is essential to ensuring that the CMD satisfies its obligations and preserving the working relationships that the CMD has with the business community by mitigating late payments, penalties, and other adverse consequences during times in which the CMD is experiencing cash flow problems. The CMD will be able to continue to conduct business responsibly in support of the MCAs while awaiting reimbursement from the federal government or from other state agencies for services provided during state emergencies.

<b>STAFF COMMENTS</b>
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Staff notes no concern with this proposal at this time.

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**Staff Recommendation: Hold Open.**

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