

**AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 4
ON STATE ADMINISTRATION**

Assemblymember Juan Arambula, Chair

**Wednesday, May 13, 2009
State Capitol, Room 447
1:30 PM**

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CONSENT ITEMS

ITEM 0250 JUDICIAL BRANCH

ISSUE 1: COURT FACILITIES TRUST FUND ADJUSTMENT

This April 1 Finance Letter requests an increase in authority in the Court Facilities Trust Fund of \$64.8 million related to the transfer of additional court facilities to the state. The County Facility Payments (CFP) will fund this additional authority. There is no General Fund impact.

COMMENTS

The Trial Court Facilities Act established a process by which the state will assume the responsibility for transfer of all court facilities. Upon transfer of facilities to the state, counties provide funding for facilities operation and maintenance costs based on historic funding patterns through a CFP. A CFP amount is calculated for each facility and is agreed to prior to the transfer of the facility to the state. On a quarterly basis, counties remit the CFP's to the state for deposit into the Court Facilities Trust Fund.

Action: Approve this request.

ISSUE 2: JUDICIAL BRANCH FACILITY STAFFING – WITH LAO LANGUAGE

This April 1 Finance Letter requests \$2.9 million from the State Court Facilities Construction Fund and 19 positions for ongoing facility management services at court facilities. There is no General Fund impact.

COMMENTS

The Judicial Branch identifies two issues driving the need for these positions, 1) the enacted 2009-10 budget made ongoing what was initially a one-time reduction of \$1.2 million reduction in this program, and 2) the need for facility management positions has increased in recent years as more court facilities transfer from county to state control. Specifically, from June 2007 to December 2008, the number of transfers that have been successfully negotiated between the counties and state increased from 113 to 466. There are 62 court transfers still pending completion of negotiations.

LAO Language. The LAO notes that current law restricts the use of the State Court Facilities Construction Fund to Superior Court projects. However, \$1.2 million of the request would be for support staff that oversee Appellate, AOC, and Habeas Corpus Resource Center facilities. Therefore, the LAO has proposed the following budget bill language:

Notwithstanding Government Code section 70374, \$1,155,000 of the funds appropriated in this item shall be available for the Office of Court Construction and Management within the Administrative Office of the Court (AOC) to manage and oversee existing trial court, appellate, AOC, and Habeas Corpus Resource Center facilities.

Action: Approve this request with the addition of LAO language.

ISSUE 3: COURT APPOINTED JUVENILE DEPENDENCY COUNSEL

This April 1 Finance Letter requests budget bill language authorizing reimbursement authority for the trial courts allowing them to use payments recovered from non-indigent parents who have been provided an attorney to offset dependency court costs. In addition, the Branch proposes budget bill language allowing the Judicial Council to receive up to \$556,000 from the budget of the trial courts for administration of the Dependency Representation, Administration, Funding, and Training (DRAFT) Program. There is no General Fund Impact.

COMMENTS

Juvenile courts in California preside over cases filed by county social services agencies when a child has been, or is suspected of being abused or neglected. Parents and children in these cases are statutorily entitled to legal representation. Historically, the court is responsible for appointing lawyers to represent indigent parents and all children, and the state pays for these lawyers. The Judicial Council reports that in some cases counties have been collecting payments from non-indigent parents for attorneys provided by the court in dependency cases. The courts have begun to collect those payments from counties.

In recent years, the Judicial Branch has engaged in a DRAFT pilot project designed to create more uniformity in the caseload, compensation, and standards for dependency counsel. The pilot project began with 10 courts in 2004 and expanded to 20 courts in 2007. Until recently, Judicial Council administrative costs were funded through a grant from the Office of Emergency Services.

Action: Approve this request.

ISSUE 4: CAPITAL OUTLAY - REAPPROPRIATIONS

An April 1 Finance Letter requests to Add Item 0250-490 to reappropriate the following items:

Item 0250-301-3037 (0.5), Budget Act of 2008, for the working drawings phase of the New San Andreas Courthouse in Calaveras County. There has been a delay in site acquisition because of a sewer moratorium imposed by the San Andreas Sewer District (District). The Judicial Council and the county have been working with the District to transfer the sewer rights from several closed businesses to the new courthouse. The Judicial Council estimates that acquisition will be completed by August 2009.

Item 0250-301-3037 (1.5), Budget Act of 2008, for the working drawings phase of the New Susanville Courthouse in Lassen County. There had been a delay to this project because some acquisition activities were delayed. Acquisition has been completed and the Judicial Council anticipates preliminary plan approval in August 2009. The Judicial Council estimates they will award the construction contract by April 2010.

Item 0250-301-3037 (2), Budget Act of 2008, for the preliminary plan phase of the New Madera Courthouse in Madera County. There has been a delay in site acquisition for the following reasons: (1) the presence of an underground drainage ditch on the corner of the largest parcel, (2) unknown ownership of an alley way that bisects the selected properties, and (3) potential relocation of utilities in the alley way. The Madera Redevelopment Agency has been working to acquire the five selected parcels on behalf of the Judicial Council. The Department of General Services (DGS) has been working with the Judicial Council to resolve these issues. The Judicial Council anticipates that acquisition will be completed by June or July 2009.

Item 0250-301-3037 (3), Budget Act of 2008, for the construction phase of the New Mammoth Lakes Courthouse in Mono County. There has been a delay in completion of the schematic designs for the facility. The Judicial Council anticipates awarding the construction contract by January 2010.

Item 0250-301-3037 (5.5), Budget Act of 2008, for the preliminary plan and working drawing phases of the New Hollister Courthouse in San Benito County. There has been a delay in site acquisition while the county performed an extensive geological study to determine whether or not the selected site is buildable. This study has been reviewed by the DGS and they concur with the findings that this is an acceptable site for the new courthouse. In addition, the county is covering the increased costs for construction because of the delay in site acquisition. The Judicial Council anticipates acquisition will be completed by June 2009.

Item 0250-301-3037 (7), Budget Act of 2008, for the preliminary plan phase of the New Stockton Courthouse in San Joaquin County. There has been a delay in site acquisition because the Judicial Council needs to re-issue the Environmental Impact Report (EIR). Based on comments from the city of Stockton and the public, the Judicial Council had to revise several of the studies and conclusions in the EIR. The changes will require that it be circulated for another 45-day public comment period. The Judicial Council estimates that preliminary plans will be completed by July 2009.

Action: Approve this request.

ISSUE 5: RENOVATION TO FAIRFIELD SOLANO COURTHOUSE – WITH REVISION

This April 1 Finance Letter requests \$1,739,000 to provide funding for the Fairfield Old Solano Courthouse renovation project. This project addresses the court's need for additional courtrooms in Solano County and is included on the Judicial Branch's list of 41 immediate and critical needs projects. This project will be funded from Chapter 311 (SB 1407) revenue.

COMMENTS

This project will renovate the existing 29,900 square foot (sf) building into a three-courtroom facility for the civil case calendar. The county of Solano is donating this site as well as the adjacent parking lot to the state, which is valued at approximately \$3.0 million.

Staff notes that this request is to fund from Item 0250-301-3138. Given that this Item is not yet established, it is recommended that funding authority be from Item 0250-301-3037.

Action: Approve this request with revision to fund from 0250-301-3037.

ITEM 5225 CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**ISSUE 1: BUDGET PROVISIONS TO REVERT UNSPENT FUNDS TO THE GENERAL FUND**

The Budget Act of 2008 contained provisions in Item 5225-001-0001 and Item 5225-002-0001 that restricted appropriations for specific programmatic and operational purposes specified in the supplemental report. These provisions specify that any unspent funds shall revert to the General Fund.

It is the Subcommittees intent that any General Fund expenditures approved for fiscal year 2009-10 be included in Budget Act provisions and supplemental reporting consistent with Provision 14 of Item 5225-001-0001, Budget Act of 2008, and Provision 7 of Item 5225-002-0001, Budget Act of 2008. In addition, any ongoing funding that was contained in the above mentioned provisions and supplemental reporting shall be included in the 2009 provisions and supplemental report.

COMMENTS

These provisions and supplemental reporting increase the Legislature's oversight and ensure accountability for expenditures.

Action: Approve the addition of budget bill language and supplemental reporting that reverts, to the General Fund, any unspent amount of General Fund resources provided to the California Department of Corrections and Rehabilitation (CDCR) for fiscal year 2009-10 in items 5225-001-0001 and 5225-002-0001.

ISSUE 2: TRAILER BILL LANGUAGE - YOUTHFUL OFFENDER BLOCK GRANT

This trailer bill language would change disbursement of Youthful Offender Block Grant Funds from once annually to four equal installments to be paid in September, December, March, and June of each fiscal year.

COMMENTS

The Youthful Offender Block Grant Program was established to enhance the capacity of county departments to provide appropriate rehabilitative and supervision services to youthful offenders. The program was established consistent with the shift of responsibility for certain juvenile offenders who previously were supervised by the state.

Action: Approve the this request.

ISSUE 3: BUDGET BILL LANGUAGE WITH REVISION - DIVISION OF JUVENILE JUSTICE

This California Department of Corrections and Rehabilitation (CDCR) has proposed budget bill language that would authorize the Department of Finance to reduce appropriations, in items 5225-001-0001 and 5225-011-0001, based on savings identified by the CDCR, related to reforms implemented within the Division of Juvenile Justice (DJJ).

COMMENTS

The CDCR is seeking various reforms to revise staffing standards within the DJJ which were established by the court in the *Farrel v. Cate* lawsuit. These reforms would require approval by the court before implementation. The reforms would streamline DJJ operations, thereby resulting in General Fund savings. While the CDCR does not expect to achieve significant savings until fiscal year 2010-11, to the extent that savings are achievable in 2009-10, the requested language would allow reductions in DJJ's appropriations accordingly.

Given the current fiscal situation of the state and the high per capita cost of youthful offenders housed in DJJ facilities, staff supports efforts by the CDCR to implement reforms aimed at streamlining DJJ operations. However, in order to ensure adequate oversight, the proposed budget bill language should be amended to require 30-day notification of the Joint Legislative Budget Committee prior to implementation of DJJ reforms or reductions to specified appropriations during the 2009-10 fiscal year.

Action: Approve this request with amendment to the proposed budget bill language that requires a 30-day notification of the Joint Legislative Budget Committee.

ISSUE 4: CAPITAL OUTLAY - REAPPROPRIATIONS

It is requested that Item 5225-491 be added to reappropriate the balance of the appropriations for the following projects:

Section 28(a) of Chapter 7, Statutes of 2007 (AB 900):

1. Capital outlay to renovate, improve, or expand infrastructure capacity at existing prison facilities. This reappropriation is necessary because the encumbrance period for this appropriation expires on May 2, 2010, before the end of fiscal year 2009-10. Therefore, it is necessary to reappropriate the unspent balance of the funds in order to avoid a period during 2009-10 in which these funds would be unavailable for encumbrances.

Note: The Department is requesting that these funds expire on June 30, 2013 instead of May 2, 2013, consistent with fiscal year.

Item 5225-301-0001, Budget Act 2006:

1. Deuel Vocational Institution, Tracy: Groundwater Treatment/Non-Potable Water Distribution System—Construction. The schedule for this project has been delayed because it was determined during construction that additional earthwork and additional activities to comply with Regional Water Quality Control Board requirements were necessary. This reappropriation will ensure construction funds remain available to complete this project.

Item 5225-301-0001, Budget Act 2008:

1. Folsom State Prison, Represa: Renovate Branch Circuit Wiring, Building No. 5—Construction. The schedule for this project has been delayed because of late enactment of the 2008 Budget Act and the need for additional time during working drawings to work out the complexities of this project and update the project design from preliminary plans completed in May 2000. This reappropriation will ensure funding is available when the construction contract is ready to be awarded. It is anticipated that construction will begin in August 2009.
2. California Institution for Women, Frontera: 20-bed Psychiatric Services Unit—Working drawings. The schedule for this project has been delayed because of late enactment of the 2008 Budget Act. This project is part of the Department of Corrections and Rehabilitation's (CDCR) mental health plan and is being closely monitored by the Coleman Court. This reappropriation will ensure there are no delays in starting working drawings as a result of the funding becoming unavailable.
3. California Rehabilitation Center, Norco: Install Bar Screen—Preliminary plans and working drawings. A Memorandum of Understanding (MOU) is under

development between the City of Norco and the CDCR that may remove the need for this project. However, as a result of the uncertainty regarding the future of this project, design work for this project has not yet begun. This reappropriation is necessary to ensure design funding remains available should the MOU option prove to be unfeasible.

Item 5225-301-0660, Budget Act 2005, as reappropriated by Item 5225-491, Budget Act 2006:

1. Salinas Valley State Prison, Soledad: 64 Bed Mental Health Facility—Construction. Pursuant to Budget Letter 08-33, departments were directed to suspend any projects that require cash disbursement from Pooled Money Investment Account (PMIA) loans. In order to comply, activities on this project were suspended. However, this project is nearly complete and its completion and activation schedule is being closely monitored by the *Coleman* Court. Consequently, this project is on the exempt list for PMIA loan disbursements and work has been restarted. This reappropriation is necessary because of the initial delay caused by suspending activity on this project. This reappropriation will ensure funding remains available to complete this project.

Item 5225-301-0751, Budget Act 2006:

1. Pleasant Valley State Prison, Coalinga: Bar Screen, Prelift Station—Construction. Pursuant to Budget Letter 08-33, departments were directed to suspend any projects that require cash disbursement from PMIA loans. In order to comply, activities on this project were suspended. This project remains on the suspended list for projects with PMIA loans. This reappropriation is necessary to ensure construction funding authority for this project remains available until cash disbursements from its PMIA loan or proceeds from the sale of bonds become available to restart this project.

Action: Approve the this request.

**ISSUE 5: IRONWOOD STATE PRISON - HEATING, VENTILATION, AND AIR
CONDITIONING SYSTEM**

This request is to reduce \$9.2 million General Fund because it has been determined that funding to complete the design of this project can be deferred to a future year.

COMMENTS

This project is to replace the evaporative cooling system with a heating, ventilation, and closed loop chilled water air conditioning system at Ironwood State Prison and to install an energy saving roof membrane with insulation to meet the demand of the extreme environmental conditions experienced in the prison's location near Blythe. Total project costs are estimated at \$141.7 million.

Action: Approve this request.

**ISSUE 6: MULE CREEK STATE PRISON - WASTEWATER TREATMENT PLANT
IMPROVEMENTS**

This request is to reduce \$5.1 General Fund for the Mule Creek State Prison: Wastewater Treatment Plan Improvements project. It has been determined that this project may be funded from the General Fund appropriation for capital outlay in AB 900.

COMMENTS

This project is to implement improvement recommendations at the Mule Creek State Prison Waste Water Treatment Plant based on an engineering assessment developed in October of 2002. The prison is currently in violation of its Waste Discharge Requirements.

Action: Approve this request.

ISSUE 7: SIERRA CONSERVATION CENTER – EFFLUENT DISPOSAL SYSTEM

This request is to reduce \$4.9 General Fund for the Sierra Conservation Center Effluent Disposal Pipeline Project. It has been determined that this project may be funded from the General Fund appropriation for capital outlay in AB 900.

COMMENTS

This project is to complete the construction of a new 350 acre wastewater reservoir. The new reservoir is part of a multi-phase project necessary to comply with California Regional Water Quality Control Board Waste Discharge Requirements.

Action: Approve this request.

ISSUE 8: CALIFORNIA REHABILITATION CENTER – INSTALL BAR SCREEN

This request is to reduce \$959,000 General Fund provided to install a bar screen and two chopper pumps in the sewer discharge line at the California Rehabilitation Center. It has been determined that funding for this project can be deferred while the CDCR determines whether to proceed with an alternative to have the City of Norco provide the necessary waste screening.

Action: Approve this request.

ISSUE 9: DEUEL VOCATIONAL INSTITUTION – NEW MINIMUM SUPPORT DINING FACILITY

This request is that Item 5225-301-0747 be decreased by \$896,000 to reflect a revised cost estimate for completion of the Deuel Vocational Institution (DVI): New Minimum Support Dining Facility project. It is further requested the following provisional language be added to the item in order to extend the availability of funding for the project:

- Notwithstanding any other provision of law, the funds appropriated in this item shall be available during the 2009-10 fiscal year, except appropriations for working drawings which shall be available for expenditure until June 30, 2011, and appropriations for construction which shall be available until June 30, 2014. In addition, the balance of the funds appropriated for construction that have not been allocated, through fund transfer or approval to bid, by the Department of Finance on or before June 30, 2012, shall revert as of that date to the fund from which the appropriation was made.

COMMENTS

This project will remove the existing modular kitchen/dining facility and replace it with a permanent building designed for heavy-duty commercial dining use in a detention setting to serve the DVI Minimum Support Facility Level I inmate population. This project is funded from the 1988 Prison Construction Fund General Obligation Bond.

Action: Approve this request.

ITEM 7350 DEPARTMENT OF INDUSTRIAL RELATIONS

ISSUE 1: MEDIATION SERVICES TRAILER BILL LANGUAGE

The Governor requests trailer bill language to authorize Department of Industrial Relations (DIR) to seek and collect reimbursement from private and public sector employers, labor unions, and employee organizations for election, arbitration, and training and facilitation services provided by the Department through its State Mediation and Conciliation Service (SMCS).

This request would provide the statutory authority for DIR to utilize the two limited-term positions and \$275,000 in reimbursement authority approved for the SMCS in the 2009-10 budget enacted in February. The positions are intended to help back-fill for the Governor's 10-percent reduction of the program in current fiscal year.

Action: Approve this request.

VOTE ONLY**ITEM 0250 JUDICIAL BRANCH****ISSUE 1: TRAILER BILL LANGUAGE – ELECTRONIC RECORDING EQUIPMENT**

The following trailer bill language is proposed to amend Government Code Section 69957:

69957. Whenever an official reporter or an official reporter pro tempore is unavailable to report an action or proceeding in a court, subject to the availability of approved equipment and equipment monitors, the court may order that, in a limited civil case, or a misdemeanor or infraction case, the action or proceeding be electronically recorded, including all the testimony, the objections made, the ruling of the court, the exceptions taken, all arraignments, pleas, and sentences of defendants in criminal cases, the arguments of the attorneys to the jury, and all statements and remarks made and oral instructions given by the judge. A transcript derived from an electronic recording may be utilized whenever a transcript of court proceedings is required. The electronic recording device and appurtenant equipment shall be of a type approved by the Judicial Council for courtroom use and shall only be purchased for use as provided by this section. A court shall not ~~use expend funds for~~ electronic recording technology or equipment to make an unofficial record of an action or proceeding, *including for purposes of judicial notetaking*, or to ~~use that technology or equipment to~~ make the official record of an action or proceeding in circumstances not authorized by this section. *Prior to purchasing or leasing any electronic recording technology or equipment, a court must obtain advance approval from the Judicial Council, which may grant such approval only if the use of the technology or equipment will be consistent with this section.*

COMMENTS

The proposed amendments will ensure consistency and controls around the use of electronic recordings in courts.

Action: Approve this request.

ITEM 2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**ISSUE 1: CODES AND STANDARDS FEE INCREASE – MOBILE HOME PARKS**

The Mobilehome Parks Program develops, administers, and enforces uniform statewide standards that assure owners, residents, and users of mobilehomes and recreational vehicles protection from risks to their health and safety.

The 2009-10 budget makes a series of changes to deal with a shortfall in revenues for the Mobilehome Park Revolving Fund (Park Fund) and the Mobilehome-Manufactured Home Revolving Fund (Mobilehome Fund). These changes are already included in the approved 2009-10 budget, but the Trailer Bill Language that actually implements the necessary fee increases still needs to be approved.

The budget:

- Increases the registration fee for manufactured housing, mobilehomes and commercial modulars from \$11 to \$23.
- Increases the permit to operate fee for mobilehome parks from \$25 to \$140.
- Increases the per lot fee in mobilehome parks from \$2 to \$7.
- Loans \$2.1 million from the Mobilehome Park Purchase Fund (Purchase Fund) to the Mobilehome Fund.
- Loans \$0.9 million from the Purchase Fund to the Park Fund.
- Reduces the programs supported by the Mobilehome Fund in 2009-10 by \$4.1 million and 18.6 positions.
- Reduces the programs supported by the Park Fund in 2009-10 by \$0.12 million and 3.4 positions.

COMMENTS

This item was already heard at the March 25th hearing. The Chair indicated the item would be brought back for approval at a future hearing.

Staff Recommendation: Approve necessary TBL

ITEMS TO BE HEARD

ITEM 0250 JUDICIAL BRANCH

The California Constitution vests the state's judicial power in the Supreme Court, the Courts of Appeal, and the trial courts. The Supreme Court, the six Courts of Appeal, and the Judicial Council of California, which is the administrative body of the judicial system, are entirely state-supported. The Trial Court Funding program provides state funds (above a fixed county share) for support of the trial courts. *Chapter 850, Statutes of 1997 (AB 233, Escutia and Pringle)*, shifted fiscal responsibility for the trial courts from the counties to the state. California has 58 trial courts, one in each county.

The Judicial Branch consists of two components: (1) the judiciary program (the Supreme Court, Courts of Appeal, Judicial Council, and the Habeas Corpus Resource Center), and (2) the Trial Court Funding program, which funds local superior courts. The *2005-06 Budget Act* merged funding for the judiciary and Trial Court Funding programs under a single "Judicial Branch" budget item. It also shifted local assistance funding for a variety of programs, including the Child Support Commissioner program, the Drug Court Projects, and the Equal Access Fund from the Judicial Council budget to the Trial Court Funding budget.

The Governor's Budget proposed expenditures of \$3.8 Billion (\$2.3 billion General Fund) and 1,983 positions for the Judicial Branch. Following is a three-year summary of positions and expenditures (dollars in thousands):

	Positions			Expenditures		
	2008-09	2009-10		2008-09	2009-10	
2007-08	1,954.7	1,983.0	2007-08	\$3,873,501	\$3,839,810	
1,790.9			\$3,726,890			

2009-10 Budget Act. The budget adopted in February for the Judicial Branch differed from the Governor's Budget in that funding related to two proposals (Infrastructure Support for Trial Courts and Court Security) were removed. In addition, funding to support new judgeships was removed and \$100 million was reduced as an unallocated reduction. In total these changes reduced appropriations for the Judicial Branch by approximately \$256 million (\$171.4 General Fund) as compared to the Governor's Budget. Finally, the 2009-10 Budget Act included a \$40 million transfer from the State Court Facilities Construction Fund to the General Fund.

ISSUE 1: TRIAL COURT SECURITY FUNDING

The Governor's Budget proposed to amend Penal Code Section 1465.8 to raise the security fee by \$7.00 from \$20.00 to \$27.00. This change was projected to generate approximately \$28.5 million to be appropriated for trial court security from the Trial Court Trust Fund. In addition, statutory changes were proposed that would require the Judicial Council to establish statewide standards for security costs and services by July 1, 2010.

COMMENTS

Total trial court security costs have increased from about \$263 million in 1999-00 to about \$496 million in 2007-08, for an average annual increase of 8 percent. While most of these costs are funded each year from the General Fund, a small portion is funded with revenue collected from a \$20 court security fee paid by individuals convicted of a criminal offense (including all non-parking traffic violations).

Current law requires trial courts to contract with their local sheriff's offices for court security. Courts thus have little opportunity to influence either the level of security provided or the salaries of security officers. The proposed statewide standards are intended to limit court security expenditures. For example, the proposed language specifies that county sheriff's offices would be reimbursed based on average staffing costs as opposed to actual costs, thereby ending the existing incentive for sheriffs to use high-cost deputies for court security assignments.

Staff notes that last year SB 1407 raised various court fees (by roughly 8-10%) to fund courthouse construction. In addition, other proposals have been presented to raise court fees, such as a proposal by the American Federation of State, County and Municipal Employees to raise the fee for transcription by 15%. Any additional fee increase should be weighed against the effect on the public and priorities of addressing the state's overall fiscal situation.

LAO. The LAO has found that the administration's proposals to address court security costs have merit. The proposed statutory changes would help the courts gain greater control of rapidly escalating security costs, and the additional revenues from the proposed court security fee increase would help to offset costs that might otherwise be borne by the General Fund for these functions. However, the LAO suggests that in considering the steadily growing cost of court security, the Legislature could also consider an alternative to the establishment of court security cost standards that they believe would result in substantially greater state savings in the long run.

Specifically, the LAO suggests that instead of adopting new court cost standards, the Legislature could direct the courts to contract on a competitive basis with both public and private security providers and, thus, achieve greater efficiencies and General Fund savings.

ISSUE 2: ABSORBING UNALLOCATED REDUCTIONS – CLOSURE OPTION

The 2009-10 Governor's Budget included an unallocated reduction of \$146 million to the State Judiciary and Trial Courts. This reduction equals the sum of various one-time reductions included in the 2008 Budget Act and the annual growth factor adjustment the courts would normally receive. In addition, as mentioned above, the 2009 Budget Act includes an additional unallocated reduction of \$100 million. In total the court's 2009-10 budget includes unallocated reductions of \$246 million.

COMMENTS

In order to absorb these unallocated reductions Judicial Branch leadership directed the development of a plan to manage the legislatively appropriated budget reduction in a manner consistent with the following principles:

- Distribute the adverse impacts of the reduction proportionately across all segments of the branch.
- Minimize disruption to the public.
- Ensure equal availability to court services statewide.
- Protect resources dedicated to eliminating barriers to access for the most vulnerable.
- Mitigate long-term impact to the judicial branch and its employees.

The Judicial Branch found that the option that achieves the above, provides the greatest protection of court resources, particularly court employees, and provides the most orderly and least disruptive approach is a same day statewide court closure one day each month. The Judicial Branch also found that court closure would allow the branch to absorb a significant portion of the budget-year reduction without eliminating funding for access to justice, massive court employee layoffs or halting branch-wide infrastructure projects.

The Judicial Branch estimates that this one-day per month court closure option will result in approximately \$111.2 million in savings. However, staff notes that achieving this level of savings is dependent upon the ability to renegotiate locally bargained contracts and memorandums of understanding. Finally, the Judicial Branch is proposing that \$100 million of the unallocated reduction be absorbed within the trial court reserves.

ITEM 5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

The mission of the California Department of Corrections and Rehabilitation (CDCR) is to enhance public safety through safe and secure incarceration of offenders, effective parole supervision, and rehabilitative strategies to successfully reintegrate offenders into our communities.

The CDCR is organized into twelve programs: Corrections and Rehabilitation Administration; Corrections Standards Authority; Juvenile Operations; Juvenile Education, Vocations, and Offender Programs; Juvenile Parole Operations; Juvenile Health Care Services; Adult Operations; Adult Parole Operations; Board of Parole Hearings; Community Partnerships; Adult Education, Vocations, and Offender Programs; and Correctional Health Care Services.

Currently there are 33 adult prisons, 13 adult community correctional facilities, and six juvenile facilities in California that house more than 170,000 adult offenders and nearly 2,000 juvenile offenders. In addition, there are more than 120,000 adult parolees and more than 2,000 juvenile parolees supervised by the CDCR.

The Governor's Budget proposed expenditures of \$9.7 billion (\$9.2 billion General Fund) and 62,706.3 positions for the CDCR. The following is a three-year summary of positions and expenditures (dollars in thousands):

Positions			Expenditures		
2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
58,284.2	67,862.4	62,706.3	\$10,094,632	\$10,356,399	\$9,736,025

2009-10 Budget Act. The budget adopted in February for the CDCR differed from the Governor's Budget in that General Fund expenditures were increased by \$374.2 million, as follows:

- \$598.4 million General Fund, related to estimated savings resulting from various proposed correction reforms (such as parole changes and credit enhancements), was restored.
- \$219.5 million General Fund was restored due to the exclusion of the drug and alcohol beverage tax.
- \$35.7 million General Fund related to a proposed increase to the custody staff overtime base (Issue 1) was removed.
- \$8 million General Fund related to various proposed capital outlay projects was removed.
- \$400 million General Fund was vetoed by the Governor.

**ISSUE 1: CALIFORNIA STATE PRISON SACRAMENTO – ENHANCED
OUTPATIENT PROGRAM TREATMENT AND OFFICE SPACE**

This request is for \$12.98 million General Fund to construct office and treatment space for the Enhanced Outpatient Program (EOP) at the California State Prison, Sacramento (CSP-SAC). A revised project schedule indicates funding construction in addition to completing design will accelerate the completion of this project, which is part of the CDCR's bed plan to provide constitutionally adequate mental health care required by the *Coleman* court.

COMMENTS

Since 1995, the federal court in *Coleman v. Schwarzenegger*, upon issuing its finding the the CDCR violated the U.S. Constitution in its treatment of seriously mentally disordered inmates, has continued to oversee the development and operation of the Mental Health Services Delivery System.

This project will provide program, treatment, and office space to serve the existing 192, Level IV inmate-patients housed in Facility B. The project is consistent with the August 2007 Supplemental Bed Plan, approved by the *Coleman* court in October 2007, and will remain consistent under the revised Mental Health Bed Plan which has been submitted to the court for approval.

The CDCR treats and manages approximately 30,500 inmates with serious mental disorders. Inmates are screened for mental health problems when they enter CDCR at reception centers, and are assigned to different levels of mental health care, as appropriate. As the need for celled mental health beds has increased, the CDCR has continued to convert General Population (GP) cells throughout the prison system. To date, the CDCR has converted over 3,100 GP beds for EOP housing. However, these converted facilities currently do not provide sufficient treatment and program space to fully meet the requirements of the mental health programs.

Project Timeline. In accordance with a revised project schedule, working drawings are scheduled to be completed in December 2009, thereby allowing construction to begin in February 2010, and be completed by July 2011.

**ISSUE 2: CALIFORNIA INSTITUTE FOR WOMEN – PSYCHIATRIC SERVICES UNIT
TREATMENT AND OFFICE SPACE**

This request is for \$704,000 General Fund to augment construction phase funding to convert the California Institute for Women (CIW), Support Care Unit East Wing to a 20 bed Psychiatric Services Unit (PSU) and to construct a 2,880 square foot modular building to provide associated treatment and office space.

COMMENTS

An updated cost estimate for construction of this project indicates this adjustment is necessary to ensure adequate funding is available for construction of this project, which is part of CDCR's bed plan to provide constitutionally adequate mental health care required by the *Coleman* court. \$5.7 million for the construction phase of this project is included in the 2009 Budget Act.

This project is included in the Mental Health Bed Plan that was submitted to the *Coleman* Court. The proposed plan details the CDCR's intent to relocate the PSU functions for female offenders from Valley State Prison for Women to CIW, placing 20 PSU beds at CIW. The *Coleman* court approved this plan in October 2007.

This conversion will affect approximately 3,500 square feet of the present Support Care Unit East Wing and will convert 23 double-bunk cells (46 beds) to 20 single-bed PSU cells, in order to address bed space shortages for female offenders who experience mental illness and require specific mental health treatment as mandated by the *Coleman* court.

ISSUE 3: SAN QUENTIN CONDEMNED INMATE COMPLEX

The CDCR is making realignment changes to the position of several features of the new Condemned Inmate Complex at California State Prison, San Quentin. The Subcommittee may wish to consider conditioning the encumbrance of the lease-revenue bond financing, which is authorized until June 30, 2013 (unless the balance of funds have not been allocated by June 30, 2011), for the complex based on resolution of outstanding issues with the project.

COMMENTS

To date, \$356 million has been authorized for the design and construction of the new Condemned Inmate Complex at California State Prison, San Quentin. The 2003-04 Budget Act authorized \$220 million in lease-revenue bonds and the 2008-09 Budget Act included \$136 million in lease-revenue bonds. The original project was designed to provide 1,408 beds which were projected to meet the department's condemned inmate population needs through 2037.

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