

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

PART I

Assemblymember Rudy Bermudez, Chair

**TUESDAY, MAY 23, 2006 1:30 PM
STATE CAPITOL, ROOM 437**

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ITEMS TO BE HEARD

ITEM 5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

The mission of the California Department of Corrections and Rehabilitation (CDCR) is to improve public safety through evidence-based crime prevention and recidivism reduction strategies. 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 Healthcare Services.

ISSUE 1: ADULT POPULATION ADJUSTMENT

The administration is revising its adult inmate and parolee baseline adjustment request for a net increase of \$144.3 million. This change is composed of an increase of \$143.4 million General Fund and an increase of \$852,000 from the Inmate Welfare Fund.

Adjusted for recent adult population trends, the May Revision reflects an estimated institutional Average Daily Population of 172,627 inmates in 2006-07. This is 5,422 more than projected in the 2006-07 Governor's Budget. The change in adult inmate population is mainly due to an increase in new admissions (3.8% over the prior year), parole violators with new terms (10.7% increase), and parole violators returned to custody (4% increase). The projected adult parolee Average Daily Population is 117,754. This is an increase of 1,534 from the January 10th budget projection. The parole population is expected to increase due to a significant increase in prison releases to parole.

COMMENTS

In addition to issues related to population and population management, the Administration included other items into the May Revision population adjustment. Specifically, the administration included:

- 1) \$1.8 million for Religious Programs – CDCR proposes to upgrade part-time position to full time positions for Chaplains and Spiritual Advisors at 33 adult institutions and establish these positions at 7 juvenile institutions, and
- 2) \$1.03 million for Valdivia Attorney Fees and Special Master Expenses.

ISSUE 2: JUVENILE POPULATION ADJUSTMENT

The Administration is revising its ward and youth parolee population baseline adjustment for a net increase of \$12.1 million. This change is composed of an increase of \$7.8 million from the General Fund, an increase of \$4.2 million from Proposition 98, and \$41,000 from Reimbursements.

Adjusted for recent youth population trends, the May Revision reflects an estimated year-end ward population of 2,660, a decrease of 20 wards from the projection in the January 10th budget proposal. In addition, the projected year-end parole population is now estimated to be 2,935, a decrease of 240 parolees since the Governor's Budget estimates.

Despite, the net ward population decline, the Administration's estimate reflects an increase in funding to open a new housing unit at Heman G. Stark, address trainee salaries, correct budgetary errors for Youth Correctional Counselors, and account for category changes of wards in educational programming and on parole.

ISSUE 3: FARRELL v. HICKMAN

California Youth Authority officials (now the Department of Corrections and Rehabilitation, Division of Juvenile Justice) signed a consent decree, agreeing to remedy on-going problems with conditions in the juvenile facilities. The decree requires the Division of Juvenile Justice (DJJ) to provide wards with adequate and effective care, treatment and rehabilitation services, including reducing violence and the use of force, improving medical and mental health care, reducing the use of lock-ups and providing better education programs.

To meet the terms of the consent decree the Administration submitted the following proposals: (in millions)

Item	Description	Jan	May	Total
Space Needs 5225-001-0001 Schedule 20	Space needs: funding to purchase modular building and make related facility improvements		12.5	12.5
Consent Decree 5225-001-0001 Schedule 10	Funding to pay expert costs required under the consent decree		1.3	1.3
Healthcare Remedial Plan 5225-001-0001 Schedule 23	Resources to comply with court order to expand and implement new services and training as required by the Health Care Service Remedial Plan	7.5		7.5
Mental Health Remedial Plan 5225-001-0001 Schedule 20 & 23	Resources to implement the Mental Health Remedial Plan submitted to the court in November 2005		14.8	14.8
Statewide Minor Projects 5225-301-0001 Schedule 61.14.030	Additional Funding for minor projects to address space needs identified as part of the Farrell lawsuit.		5.0	5.0
DJJ Teacher Salaries 5225-011-0001 Schedule 21	Funding to pay teacher salary adjustments associated with the new bargaining agreement between the state and California Educational Authority, Unit 3 that took affect April 1, 2006		6.1	6.1
			Total	\$47.2

* Please note the subcommittee already took action on the updated Safety and Welfare Remedial Plan, approve \$43 million.

ISSUE 4: COLEMAN V. SCHWARZENEGGER

In 1995, a federal class action lawsuit (Coleman v Schwarzenegger) found that the California Department of Corrections and Rehabilitation violated the Eighth and Fourteenth Amendment by being deliberately indifferent to the mental health needs of inmates. All thirty-three institutions in the CDC are presently being monitored by a court-appointed special master to evaluate the CDC's compliance with the Court's order.

To meet the conditions of the Court Order, the Administration submitted the following proposals:
(In millions)

Item	Description	May	LAO
Sacramento: 350-Bed Acute Mental Health – 5225-301-0001 Schedule 61.47	Funding for preliminary plans of a 350-Bed acute mental health facility at Sacramento State Prison.	15	
Sacramento: 128-Bed Intermediate Mental Health- 5225-301-0001 Schedule 61.47	Funding for the preliminary plans of a 128-bed intermediate mental health care facility.	7.7	7.1
Salinas Valley: 128-Bed Intermediate Mental Health 5225-301-0001 Schedule 61.35	Funding for the preliminary plans for a 128-bed intermediate care facility.	8.4	7.9
CMF: 64-Bed Intermediate Mental Health 5225-301-0001 Schedule 61.09	Funding for the preliminary plans of a 64-bed intermediate care facility.	4.5	3.9
CIW: 25-Bed Acute/Intermediate Mental Health 5225-301-0001 Schedule 61.13	Funding for preliminary plans for a 25-bed acute/intermediate care facility	2.2	
Court Order Compliance 5225-001-0001 Schedule 10	This would provide funding and position to implement the revised Mental Health Program Guide and increase management staffing for the Mental Health Program. (206.2 positions)	20.2	
Psychiatrists Pay Enhancements 5225-001-0001 Schedule 23, 30 & 50	Resources to provide CDCR psychiatrists, who meet the qualifications specified by the court, with a ten percent salary increase, as well as establish a new recruitment bonus for new employees	12.7	
Corcoran Pay Enhancements 5225-001-0001 Schedule 50	Resource to provide pay enhancement for mental health staff working at Corcoran State Prison.	.9	
Various Headquarter Positions Pay Enhancements 5225-001-0001 Schedule 50	Resource to provide a three percent pay increase for various positions that oversee the statewide mental health service delivery system at CDCR headquarters.	1.4	
	Total	73.00	71.30

ISSUE 5: PEREZ v. HICKMAN

On December 19, 2005, the Prison Law office filed a class action lawsuit, Perez v. Hickman, alleging that the department fails to provide a system for delivery of dental care that ensure inmates' serious dental needs are addressed in a timely manner. A Stipulation Agreement was filed by the department concurrently to settle this lawsuit along with the required implementation plan, policies and procedures to address the deficiencies in the dental program.

To meet the terms of the Stipulated Agreement the Administration submitted the following proposals: (in millions)

Item LAO	Description	Jan	May	Total
Comprehensive Inmate Dental Services 5225-001-0001 Schedules 7& 50	The implementation of this agreement will take place over six years (326.2 positions)	21.5		21.5
Dental Program Supervision 5225-001-0001 Schedule 50	Provide positions to provide additional supervision for the dental program at each institution as well as resources to provide additional dental care to pregnant women at 2 women's facilities. (44 positions)		5.8	5.8
				2.8
				30 positions
		Total	27.60	24.30

The Legislative Analysis Office found the Administration's request to be consistent with the December 2005 settlement agreement in Perez v. Hickman lawsuit. However, the LAO is recommending adoption of budget bill language that restricts the department's funding and position authority pending the Legislature's receipt and review of a staffing study. Also, the LAO recommends the adoption of supplemental report language to improve legislative oversight. Below is the recommended language.

Item 5225-xxx-0001

X. Of the amount appropriated in Schedule (X) of this item, \$21,487,000 is for the purpose of complying with the Perez v. Hickman settlement agreement. Of this amount, \$14,080,000 is appropriated for the purpose of establishing 124 positions, as well as equipment and contract costs, beginning on July 1, 2006. The remaining \$7,407,000 appropriated for the purpose of establishing 202 positions later in the fiscal year shall not be expended until (a) the California Department of Corrections and Rehabilitation (CDCR) provides the Joint Legislative Budget Committee (JLBC) with a copy of the staffing study required under the Perez v. Hickman settlement agreement, and (b) the Department of Finance (DOF) provides JLBC with a letter stating the extent to which the staffing levels authorized in this act are consistent with the findings of the staffing study. Within 60 days of receipt of the study and letter, JLBC will notify CDCR and DOF of its approval or disapproval of these expenditures for the positions that are consistent with the staffing study. Any funds subject to this provision that are not expended shall revert to the General Fund.

Revised Supplemental Report Language

The California Department of Corrections and Rehabilitation shall provide on December 1, 2006, December 1, 2007, and December 1, 2008 a report to the chairs of the fiscal committees in both houses and Joint Legislative Budget Committee on the status of the implementation of the Perez settlement agreement as of June 30 of the prior fiscal year. The report to the Legislature shall identify specific outcomes relating to the settlement agreement and its goal of providing increased access and higher quality dental care services. The report shall include information on dental staff vacancies rates, as well as the number and percentage of applicable inmates at each rollout prison that were (1) provided with an initial dental examination within 90 days of arrival at an institution; (2) provided with subsequent examinations annually or biennially; and (3) seen within appropriate time frames according to their designated treatment priority level.

ISSUE 6: HEALTH CARE PROGRAM BUDGET ITEM

The administration submitted a finance letter requesting the establishment of a stand-alone Budget Item for the CDCR Health Care Program. The Administration believes that the establishment of this item will enable the administration to efficiently respond to the effort of the Receiver.

Specifically, the Administration request the addition of Item 5225-002-0001 in the amount of \$1.4 billion General Fund and Reimbursements in the amount of \$2,093,000, and a corresponding reduction in Item 5225-001-0001, to create a stand-alone budget item for the Health Care Program. As proposed, this item includes provisions allowing for expedited revision of the level of funding needed for the Receiver appointed to oversee the provision of medical care in the state prisons under *Plata v. Schwarzenegger*.

COMMENTS

Subsequent to the May Revision, the Federal Court Appointed Receiver for *Plata v. Schwarzenegger* requested a modification to the Provision Language Requested for the Stand-Alone Healthcare Item. Specifically, the language exempts the Department from all statutory requirements for competitive bids for the purchase of healthcare services and equipment. Likewise the language provides that any non-competitively bid contract is subject to an audit by the Office of the Inspector General. (See Attachment #2)

Although the Federal Receiver is charged with the duty to restore CDCR Health Care to a constitutional level, it is the duty of the Legislature to set fiscal policy for the state. The subcommittee should be hesitant to suggest that the competitive bid process has no place in state service contracts or equipment purchase. The competitive bid process is designed to ensure the state is obtaining the best value for taxpayer dollars.

ISSUE 7: VARIOUS HEALTH CARE RELATED COURT ORDERS
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In addition to the case specific proposal, the Administration submitted a finance letter request two additional augmentation to cover multiple court orders.

Item	Description	May
Health Care Service Litigation Infrastructure Support 5225-001-0001 Schedule 50	Provides the Department with funding and positions to meet a recent Plata court order related to contract management, perform additional telemedicine services specified in a recent Coleman court order, maintain current levels of direct patient care, and ensure compliance with HIPAA . (108.5 positions)	6.9
Comprehensive Health Care Recruitment Staff 5225-001-0001 Schedule 10 & 25	Provides the Department with funding and positions to improve the recruitment and hiring process for all healthcare programs and classifications. It will also provide funding to implement the Live Scan project at all institutions. (70.7 positions)	6.0
Total		12.9

COMMENTS

Subsequent to the May Revision, the Federal Court Appointed Receiver for Plata v Schwarzenegger requested a modification to the Health Care Service Litigation Infrastructure Support Proposal. Specifically, he requested that the 33 Associate Governmental Program Analysis Positions to be converted from limited-term to permanent positions. The Receiver believes that the modification will improve the department's ability to hire those positions. The request does not impact the budget year funding request.

ISSUE 8: TELEMEDICINE

The CDCR delivers health care services to inmates in several ways. Generally, primary care and psychiatric services are provided in prison by CDCR staff or contract staff. In addition, certain medical specialty care is provided in prisons by health care staff during regularly scheduled clinics. Inmates in need of other medical specialty care or hospital care are transported outside the prison to community health care facilities for treatment. In recent years, inmates also have received medical and mental health treatment through an alternative means known as telemedicine.

Telemedicine is the delivery of health care via interactive audio and video technology. Through the use of telecommunications systems, live images of the patient are transmitted over telephone lines to the doctor's office. Equipment such as exam cameras, monitors, and electronic stethoscopes allow physicians to treat patients without meeting them face-to-face.

Telemedicine is often used by psychiatrists to evaluate and provide therapy to patients with mental health problems. Telemedicine is also used for initial and follow-up consultations in medical specialties such as dermatology and orthopedics.

Currently, 26 state correctional systems, including California, use telemedicine to provide care to inmates. With telemedicine, an inmate in need of care is directed to an in-prison examination room equipped with a monitor and camera. Despite the growth of CDCR's telemedicine program since 1997, the LAO reviewed program and found that it is underutilized. The LAO base their conclusion on a study done by the department's Office of Telemedicine Services. As a result, the benefits of telemedicine—including increased public safety, cost-effectiveness, and access to health care services—are not maximized.

LAO recommends approve budget bill language that will require the department to establish guidelines on using telemedicine in its prisons, as well as develop performance targets so that the Legislature can track the department's progress in expanding the telemedicine program. (see Attachment 1).

ISSUE 9: CONTRACT MEDICAL AND MEDICAL GUARDING -- CONSENT

The Administration submitted a finance letter requesting an increase of \$182.4 million General Fund to adjust the base funding available to pay the increased costs of medical contracts and medical guarding. This adjustment would provide budget year funding to continue the current level of contract expenditures CDCR is incurring. The total current base shortfall in this area is \$250.5 million; this request reflects offsetting that amount by the \$68.1 million already requested in the January 10th budget.

ISSUE 10: GARRISON JOHNSON v. CALIFORNIA

The Administration submitted a finance letter requesting \$5.9 million (\$1.6 million ongoing) and 30.1 positions to fund staff, physical plant, training and equipment expenses to implement in-cell racial integration as required in the settlement agreement for Garrison Johnson V. State of California.

The California Department of Corrections' (CDC) unwritten policy of racially segregating prisoners in double cells for up to 60 days each time they enter a new correctional facility is based on the asserted rationale that it prevents violence caused by racial gangs. Petitioner Johnson, an African-American inmate who has been intermittently double-celled under the policy's terms ever since his 1987 incarceration, filed this suit alleging that the policy violates his Fourteenth Amendment right to equal protection. The Settlement and Release Agreement state the CDCR shall integrate the Reception Centers by creating a housing protocol that assigns inmates to cells using several criteria, rather than race as the determinative factor.

CDCR is required to "use all available" information technology to assist staff in accessing housing information and for making sound housing decisions. A coding system will need to be developed that will identify the offender as eligible, partially eligible, or ineligible to live with an offender of one or more specific races. CDCR asserts that the Distributed Data Processing System (DPPS) needs to be modified to assist staff in determining the next available and appropriate bed assignment. CDCR further assert that these changes can be accomplished without significant modifications to the DPPS.

The requested positions are for increase workload for reception centers due to the high volume of offenders and the need to verify and enter racial integration eligibility coding data timely for immediate housing of offenders.

COMMENTS:

In its programmatic detail, the department failed to include several pieces of information that would better assist the Subcommittee in their consideration of this request, including the listing of the criteria the department will utilize during their screening of inmates. However, staff recognizes the need to comply with the settlement agreement. Therefore, the Subcommittee may wish to authorize the funding in the budget, but restrict its allocation until the department provides a comprehensive implementation plan for racial integration of the entire system, not just the Reception Centers.

Likewise, the Department requested a revision of their proposal decreasing their positions to 22.4 positions (2 positions limited term) at a total cost of \$4.8 million (\$1.2 million ongoing) and 24.37 positions.

ISSUE 11: TRAINING OF DEPUTIES AND PROBATION OFFICERS

The Administration submitted a finance letter requesting an additional \$19,465,000 from the Corrections Training Fund to provide funding to reimburse local correctional agencies for the costs of providing sheriffs deputies and probation officers with training consistent with the standards developed by the Corrections Standards Authority.

In fiscal year 2003-04, the Legislature and Governor discontinued providing support for local correction officer training costs, shift the responsibility to local correctional agencies (which was \$16.8 million).

The Legislature created the Corrections Training Fund (CTF), to provide financial assistance to counties and cities in meeting statewide selection and training standards for local corrections in 1979 because of the vital function of local correction had no defensible, consistent standards for selecting and training staff, as a result local agencies were highly vulnerable to litigation. With CDCR's Correctional Standards Authority (CSA) Division's implementation of selection and training standards, "failure to train" litigation against local agencies has virtually ceased.

COMMENTS

In 2003-04, the Legislature and Governor stopped providing General Fund revenue to support local training primarily due to the State's fiscal crisis. The overarching concern regarding the redirection of funds was that the elimination of General Fund support would result in a number of lawsuits against local correctional agencies. However, that concern have yet to materialize; therefore, there is no pressing need to reinstate these resources.

Furthermore, the subcommittee should be hesitant to commit additional General Fund revenue in consideration of the state's fiscal condition. While it appears state revenues have significantly increased, the state faces many fiscal uncertainties. Likewise, much of the additional revenue is projected to be one-time; and therefore, should not be committed to ongoing programs, such as local training.

Additionally, this program is a local responsibility that ought to be supported by local resources. Especially, in light of the passage of Proposition 1A, the state should be extremely hesitant to support local activities instead focusing on statewide responsibilities.

ISSUE 12: PRIVATE COMMUNITY CORRECTIONAL FACILITY SECURITY

The Administration request \$453,000 and 4.6 Correctional Sergeant positions to provide additional security at three remote private-contracted Community Correctional Facilities. This would provide a uniformed peace officer presence during the second and third shifts at the Baker, Leo Chesney and Mesa Verde CCFs. A supervisory employee with peace office power could direct/deputize contract staff as necessary, thereby authorizing CCF staff to access the armory for the purposes of effecting custody.

COMMENTS:

It their 2006-07 analysis, the LAO recommends rejecting the department's request for \$453,000 (budget year) to provide additional custody staff at three CCFs. The department requests these funds because of concern that limited state correctional staffing at CCFs contributed to recent inmate disturbances. The LAO recommends rejection of this request because the inmate disturbances at CCFs are infrequent. In fact, there have only been a total of five inmate disturbances at the three targeted facilities in the last five years. Therefore, the LAO does not believe the department has identified a sufficient need to justify this request for funding

ISSUE 13: PLATA v. SCHWARZENEGGER – CONSENT

A settlement agreement filed in 2002 requires the California Department of Corrections and Rehabilitation to overhaul its medical care policies and procedures to ensure timely access to adequate care. The settlement allows the state to phase in the new policies and procedures over several years and gives an independent medical panel the responsibility to audit the state's progress.

In October 2005, the federal court order prison healthcare system in receivership to establish a constitutionally adequate medical system. On April 17, 2006, Mr. Robert Sillen began his tenure as the Federal Court Receiver of the California Department of Corrections and Rehabilitation's medical care program.

To meet the terms of the settlement agreement the Administration submitted the following proposals: (in millions)

Item	Description	May
Court Order Compliance 5225-001-0001 Schedule 10 & 50	To provide additional staffing that will allow the Department to address issues of Court compliance related to death reviews, the review of professional practices in medical program and the employee discipline actions. (15.9 positions)	1.3
	Total	1.3

ISSUE 14: MADRID V. WOODFORD COMPLIANCE – CONSENT

The Administration submitted a finance letter request for an increase of \$6.6 million (General Fund) and 69.3 positions to support the CDCR's effort to comply with the requirements of Madrid v Woodford. These resources have been requested to correct deficiencies within the department's employee disciplinary and internal affairs investigation processes through the implementation of a centralized case initiation and vertical advocacy models, as well as to centralize all investigative functions.

Additionally, the department would utilize these resources to enable the Division of Correctional Health Care Services to comply with the court mandated staffing needs for proper implementation of the Madrid Patient Information Management System and the enhance mental health service program provide in the Administration Segregation Housing Unit.

This case arose as a prisoner civil-rights class action challenging the conditions of confinement at the Pelican Bay State Prison in California. The plaintiffs alleged a multitude of constitutional violations, including a pattern and practice of excessive force against them, provision of inadequate medical and psychiatric care, and failure to maintain humane housing conditions. As a result of this case, Pelican Bay is currently being monitored by a court-appointed special master.

ISSUE 15: CASE RECORDS STAFFING – CONSENT

The Administration submitted a finance letter requesting to decrease \$6.6 General Fund to recognize the projected actual cost of creating a new classification for case records staff. The 2006-07 Governor's budget proposed \$10 million for records staffing to create an appropriate classification for the CDCR Case Records staff. At the time, the Administration committed to develop a detailed plan to create a deeper class that would allow for promotional opportunities and would more accurately reflect duties performed by these staff. The CDCR expects to be able to reclassify existing staff and hire new staff to fill existing vacancies in October. The amount requested reflects nine months of salaries, wage and benefits as reclassified in 2006-07.

ISSUE 16: ADULT LOCAL ASSISTANCE - CONSENT

The Administration submitted a finance letter to request an increase of \$10 million General Fund to fairly reimburse local entities for the costs associated with prosecuting inmate crimes in state facilities and housing parole violators. Of this amount, \$4.3 million is on a one-time basis to pay outstanding claims from 2005-06 and \$3.1 million is to correct an on-going budget shortfall for the District Attorney costs associated with prosecuting inmate crimes. This amount also includes \$2.5 million to reimburse local entities for the costs associated with housing state inmates, consistent with the increased daily cost of housing similar inmates in state facilities.

ISSUE 17: SUBSTANCE ABUSE TREATMENT FUNDING – CONSENT

The Administration submitted a finance letter to request an increase of \$835,000 (General Fund) and a decrease of \$835,000 Reimbursements, to backfill and reflect a loss of federal funds from the Office of Emergency Services that were previously used to fund substance abuse treatment program in youth facilities. This funding will allow the existing program to continue at the current level of service.

ISSUE 18: RE-APPROPRIATIONS – CONSENT

The Administration submitted a finance letter requesting that items 5225-490 be added to reflect the following re-appropriations: (in millions)

Item	Description	May
Parole Law Enforcement Automated Data System	To support the development, implementation, and maintenance	4.1
DJJ training	To develop and conduct training	1.0
Correction Standards Authority	To fund the construction and expansion of local correction facilities	.7 (Federal Trust Fund)
	Total: General Fund	9.3

and Items 5225-491 be added to reflect the following re-appropriations: (in millions)

Item	Description	May
Northern California Youth Correctional Facility	Blast Chiller project- P/W. The preliminary plan will be completed for approval at the Public Works Board meeting until July 2006	.2
California Correctional Center, Susanville	Wastewater Treatment Plant Modifications- Acquisition. This reappropriation is necessary as delays were encountered in the California Environmental Quality Act process because of sensitive environmental findings.	1.4
California Rehabilitation Center, Norco	Potable Water System Improvements- Construction. Working drawings require additional negotiations with the City of Norco for a second water connection at no cost and are scheduled for completion in December 2006	1.7
Statewide: Habitat Conservation Plan	This appropriation was established to mitigate impacts resulting from the installation of the electrified fences at various institution locations. Both the Department of Fish and Game and the U.S. Fish and Wildlife Service have issued the necessary permits for this project.	.2
Salinas Valley State Prison, Soledad	64 Bed Mental Health Facility- PWC. This appropriation is necessary in the event of a delay to their pending approval at the June 2006 Public Works Board meeting, unanticipated design issues or project schedule delays.	24.5
California State Prison, Sacramento	Psychiatric Services Unit/Enhanced Outpatient Care, Phase II – Construction. The reappropriation is necessary because of contractor related delays, in particular the delay in completing the roof. The contractor did not fully protect the areas of new work on the roof and rain damage occurred to the new interior finishes.	6.7
California Correctional Institution, Tehachapi	Wastewater Treatment Plant Renovation- W/C. the reappropriation is necessary as an agreement with the local water district has not been executed. This agreement will result in the district taking treated effluent from the wastewater treatment period for a 25-year period.	19.7
	Total	54.40

ISSUE 19: DJJ CORE TREATMENT FACILITY STUDY— CONSENT

The Administration submitted a finance letter requesting an increase of \$3.0 million General Fund to conduct a detailed study of core treatment facility at the Northern California Youth Correctional Center, Stockton. The 2005 Act required that the Department to submit to the Legislature programs and policies that will reform the Juvenile Justice system, as well as the type of staff and facilities that will be needed to support these programs and policies. This study will provide a detailed schematic design for a prototype core treatment facility to be built at a currently unoccupied site at the Northern California Youth Correctional Center.

ISSUE 20: PLEASANT VALLEY BAR SCREEN PROJECT – CONSENT

The Administration submitted a finance letter to request that Item 5225-301-0751 be added in the amount of \$1.5 million for construction of a bar screen project at Pleasant Valley. The existing lift station is unable to effectively remove bulky debris from the wastewater before it is pumped to the wastewater plant and could start facing noncompliance citations from their respective Regional Water Quality Control Board. The existing funding for the project is being reverted.

ISSUE 21: REVERSIONS - CONSENT

The Administration submitted a finance letter requesting the following reversions:

1. Item 5225-301-0660, Budget Act of 2005, for construction of a heating, ventilation and air conditioning system at Chuckwalla Valley State Prison.
2. Item 5225- 301-0751, Budget Act of 2005, for construction of a bar screen, pre-lift station Pleasant Valley State Prison
3. Item 5225-301-0001, Budget Act of 2005, for preliminary plans of a statewide fire sprinkler system for Juvenile Justice.
4. Item 5225-301-0001, Budget Act of 2005, for construction of an arsenic removal water treatment system at Kern Valley State Prison.

ISSUE 22: TECHNICAL ADJUSTMENTS - CONSENT

The Administration submitted a finance letter requesting two technical adjustments:

1. A net zero change to reflect the correct program number designation for the small management exercise yard project.
2. A decrease of \$1.1 million for the construction of a potable water distribution system upgrade at the California Men's Colony San Luis Obispo. The Department received a revised project cost summary based on an earlier construction date which resulted in lower escalation costs and, consequently, a lower total project cost.

ISSUE 23: REVISION OF PRIOR COMMITTEE ACTIONS - CONSENT

<p>Revise Subcommittee Action: Rutherford v. Schwarzenegger: Approve \$6.6, million and the psychological evaluations position for a two-year limited term.</p>	<p>Revise Subcommittee Action regarding Chuckawalla Valley State Prison Wastewater Treatment Plant to include Budget Bill Language:</p> <p>California Department of Corrections and Rehabilitation - 5225-301-0001 (18) The funds appropriated in this item are to be utilized for rehabilitating the existing trickling filter technology pending approval of a wastewater discharge permit waiver. If no wastewater discharge permit waiver is issued to the department, pending Public Works Board approval the funds are to be utilized toward a new wastewater treatment system capable of meeting the wastewater discharge requirements.</p>
<p>Approve Supplemental Report Language regarding CDCR payments to capital outlay consulting firms:</p> <p>Proposed Supplemental Report Language: The California Department of Corrections and Rehabilitation shall provide the Chair of the Joint Legislative Budget Committee by September 1, 2006 a report that details the number of hours and related expenditures by billing codes on external consultants for project management during each phase (Study, Acquisition, Preliminary Plans, Working Drawings, Construction) of each of the capital outlay projects undertaken in the last five (5) years.</p>	<p>Revise Subcommittee Action regarding Public Community Correctional Facilities:</p> <p>Provision 16 Of the amount appropriated in this item, \$55,969,000 is provided for the purpose of funding a 3.1 percent price increase for the Department of Corrections and Rehabilitation. Of that amount, the Department of Corrections and Rehabilitation shall provide a 3.1 percent increase on the variable contract costs including personal services for public community correctional facilities.</p>
<p>Approve Budget Bill Language for Basic Correctional Officer Academy:</p> <p>The California Department of Corrections and Rehabilitation shall report to the Joint Legislative Budget Committee on September 1, 2006 and March 1, 2007, regarding its efforts to reduce the hiring time for entry level peace officer classifications from point of eligibility, as well as meet the increasing demands for the institutions statewide. The California Department of Corrections and Rehabilitation shall provide information on its progress in reducing the overall selection process from 12-18 months to six months, and on its progress in providing approximately 3,600 Correctional Officers in 2006-07 through the Basic Correctional Officer Academy.</p>	

ISSUE 24: PROVISIONAL LANGUAGE - CONSENT

There are several pieces of provisional language in Budget Item 5225-001-0001 that are no longer necessary that the Subcommittee may wish to delete.

- 1) Provisions 1 and 2 state that funding for population increases to the institution population or the parole population that are in excess of the populations that actually materialize shall revert to the General Fund. Several years ago, additional language allowing the Director of Finance to approve increases in expenditures to offset shortfalls in other areas was inserted.
- 2) Provision 6 provides that upon approval of the Department of Finance, the CDCR may transfer funding of up to 5 percent of the total appropriated between the budget bill schedules for Adult Institution Operations, Adult Parole Operations, and Adult Healthcare Services. Section 26 of the Budget Bill allows for such transfers with notification to the Joint Legislative Budget Committee.
- 3) Provision 9 allows the Director of Finance to authorize expenditures in excess of the amount appropriated for purposes of compliance with the Valdivia Remedial Plan. This language was originally added due to uncertainties in implementation of Valdivia.
- 4) Provision 10 allows the Director of Finance to authorize expenditures in the Division of Juvenile Justice in excess of the amount appropriated for purposes of funding attorney's fees in the Farrell consent decree. CDCR has submitted an April Finance Letter related to these costs.
- 5) In Budget Item 5225-101-0001, provision 3 is no longer needed. Provision 3 allows the Director of Finance to authorize expenditures for the transportation and detainment costs for certain parolees in excess of the amount appropriated.

ITEM 5420 PRISON INDUSTRY AUTHORITY

The Prison Industry Authority (PIA) is an inmate work program that provides productive job opportunities for inmates in California correctional institutions. PIA's primary function is to rehabilitate inmates and facilitate their successful reentry into society, which is one of the main objectives of the California Department of Corrections and Rehabilitation (CDCR). PIA work assignments support prison safety, help reduce violence, reimburse victims, provide productive activity for inmates, and produce quality products.

PIA provides work assignments for approximately 5,600 inmates and operates over 60 service, manufacturing, and agricultural industries at 22 prisons. These industries produce a variety of goods and services including: flags, coffee, shoes, printing services, signs, binders, eye wear, gloves, office furniture, license plates, clothing, cell equipment, and much more. PIA products and services are available to government entities, including Federal, State, and local governmental agencies.

ISSUE 1: TRAILER BILL LANGUAGE

In prior subcommittee hearings, concerns regarding the procurement process with Prison Industries Authority (PIA) were heard. The subcommittee requested that staff develop trailer bill language that provides the following:

- Eliminates PIA's authority to grant waivers.
- Requires DGS to conduct a sealed bid process.
- Requires that cost to the state be determined by price and quality.

Currently Government Code 14612 gives DGS authority, without a waiver process, to consider both goods from the private sector and from Prison Industries when conducting procurement. Under this statute, the director of DGS is to make a determination of cost benefit to the state when considering products in procurement. It is unclear in the language, however, what factors the director shall use to determine "cost beneficial."

COMMENTS

Under the subcommittee's direction, staff has developed the following trailer bill language that would designate "price" and "quality" as the determining factors evaluating cost benefit to the state.

Government Code 14612

(a)Notwithstanding Section 2807 of the Penal Code, the director or his or her designee may procure goods from the private sector even though the goods may be available from the Prison Industry Authority, when in his or her discretion, it is cost beneficial to do so and if the director or his or her designee continues to include the authority in soliciting quotations for goods. Any cost analysis of goods referred to in this section shall only include cost and quality as determining factors.

With regards to other concerns of the subcommittee, Government Code Section 1462 supplants PIA authority to require procuring entities request a waiver from PIA to procure from the private sector. Additionally, DGS has informed staff that the current bidding process is a sealed bidding process and no changes in statute are necessary.

CONTROL SECTION 24.1

The Administration submitted a finance letter requesting that language be added to Control Section 24.10 to transfer \$9.8 million from the Driver Training Penalty Assessment Fund to the Corrections Training Fund. The Administration believes that this transfer is necessary in order to provide sufficient resources in the Fund to improve the level of training for sheriffs' deputies and probation officers who work in jails and juvenile halls, and to address inconsistencies in training between counties.

ITEM 0250**JUDICIAL BRANCH**

The mission of the Judicial Branch is to resolve disputes arising under the law and to interpret and apply the law consistently, impartially, and independently to protect the rights and liberties guaranteed by the Constitutions of California and the United States, in a fair, accessible, effective, and efficient manner.

ISSUE 1: PROGRAM SHIFT – CONSENT

The Administration submitted a finance letter requesting that Item 0250-001-0932 be revised by replacing 45.10- Support of Operations of the Trial Courts with Program 30- Judicial Council, in the schedule for this Item, in order to allow the Judicial Council (Administrative Office of the Courts) to recover costs associated with providing services to trials courts.

The Department of Finance claims that this is a technical request to fix an error in the budget. Specifically, this item is utilized by the trial courts to reimburse the AOC for provided administrative and information technology services. However, in drafting the budget the Department of Finance placed the wrong program in this item; thereby allocating trial court reimbursements to the wrong program.

COMMENTS

Upon discovery of this error, the Department of Finance alerted committee staff that this request would be put forth. In response, committee staff voiced to both the Department of Finance and the Judicial Branch a concern that the placeholder amount of \$1,000 currently in the budget bill did not provide the Legislature with enough detail regarding the cost of services the AOC provides to the Trial Courts. Recently, the Court provides a more accurate estimate of \$9.02 million for services provided.

Although, the request is technical in nature, it does bring to light some concerns. First, the item contains a "placeholder" of \$1,000. The placeholder represents funds that the Trial Courts transfer to the AOC for services provided. Committee staff strongly urged the Department of Finance and the Judicial Council to provide a real number of the anticipated resources the AOC expects to receive from the Trial Courts. Agreeing with staff, the AOC revisited this matter and provided an estimate of \$9.02 million for various services.

ITEM 0855**CALIFORNIA GAMBLING CONTROL COMMISSION****ISSUE 1: PROVISIONAL LANGUAGE - CONSENT**

Throughout the Budget Bill, provision language has been included to provide flexibility and/or direction for various appropriations. Each year, committee staff reviews the budget bill highlighting provisional language the subcommittee may wish to provide. Below are the suggested revisions and additions.

<p>Item 0855-101-0367: delete Provision: 2. Notwithstanding any other provision of law, the Department of Finance may augment the amount available for expenditure in this item, if sufficient funds are available in the Indian Gaming Special Distribution Fund after fulfillment of the provisions of subdivision (g) of Section 12012.85 of the Government Code.</p>	<p>The GCC indicates that this provision has not been used to-date to augment expenditure authority from the SDF. Staff notes that the Administration has several opportunities during the budget process to request an augmentation to the amount appropriated from the fund should revenues increase.</p>
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ITEM 8120**COMMISSION ON PEACE OFFICER STANDARDS & TRAINING****ISSUE 1: PROVISIONAL LANGUAGE - CONSENT**

Throughout the Budget Bill, provision language has been included to provide flexibility and/or direction for various appropriations. Each year, committee staff reviews the budget bill highlighting provisional language the subcommittee may wish to provide. Below are the suggested revisions and additions.

<p>Item 8120-101-0268: delete Provision: Provision 2. The Director of Finance may authorize the augmentation of the total amount available for expenditure under this item in the amount of revenue received by the Peace Officers' Training Fund that is in addition to the revenue appropriated by this item, not sooner than 30 days after written notification to the chairpersons of the respective fiscal committees and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p>	<p>The POST indicates that this provision has not been used to-date to augment expenditure authority from the POTF. Staff notes that the revenues coming into the fund have not fluctuated widely and that the Administration has several opportunities during the budget process to request an augmentation to the amount appropriated from the fund should revenues increase.</p>
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Attachment 1

Proposed Budget Bill Language for CDCR on Telemedicine Program

Item 5225-001-0001

X. On or before January 1, 2007, the California Department of Corrections and Rehabilitation shall establish guidelines concerning the conditions under which inmates in need of medical specialty care are provided with a physician consultation through telemedicine rather than an in-person visit at an outside medical facility. The guidelines should take into consideration factors including, but not limited to, whether (a) a telemedicine consultation is medically appropriate, (b) a medical specialist is available to conduct a telemedicine consultation in a timely manner, and (c) the inmate in need of medical specialty services is assigned to a prison that has received telemedicine resources as part of the *Plata v. Schwarzenegger* rollout. Based on these guidelines, by March 1, 2007, the department shall establish monthly performance targets for prisons with a telemedicine capability regarding the total number and percentage of medical specialty consultations that are conducted by telemedicine rather than at community medical facilities, and provide a copy of the performance targets to the Joint Legislative Budget Committee. By June 30, 2007, the department shall provide a written report to the Joint Legislative Budget Committee on the extent to which the prisons achieved their performance targets. The report shall include any factors that may have prevented the department from meeting its performance targets, as well as the total estimated savings from using telemedicine.

Attachment 2

Amendment to Paragraph 4 of 5225-002-0001 (As proposed in May Revise Finance Letter):

4. Notwithstanding any other provision of law, the Department of Corrections and Rehabilitation is not required to competitively bid for health services contracts in cases where contracting experience or history indicates that only one qualified bid will be received. Notwithstanding any other provision of law, including Public Contract Code sections 10295, et. seq., the Department of Corrections and Rehabilitation is not required to competitively bid for health care services contracts awarded through June 30, 2007. The Department of Corrections and Rehabilitation is further exempted from the requirement to competitively bid for health care equipment where the Department Secretary has made a determination that the equipment is needed to avoid disruption in the delivery of health care services. Final approval of contracts for health care services and such health care-related equipment entered into by the Department of Corrections and Rehabilitation pursuant to this authority shall reside with the Department Secretary. These contracts shall be subject to audit by the Officer of the Inspector General and the Bureau of State Audits.