

California State Assembly



Agenda

Assembly Budget Subcommittee No. 6 on Public Safety

Assemblymember James Ramos, Chair

Monday, April 8, 2024
Upon Adjournment of the Budget Committee
State Capitol, Room 437

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Items To Be Heard

5227 – Board of State and Community Corrections

Issue 1: Various Budget Proposals

The Board of State and Community Corrections (BSCC) will provide an overview of their proposals.

Panel

- Kathleen Howard, Executive Director, Board of State and Community Corrections
- Ryan Morimune, Legislative Advocate, California State Association of Counties
- Sklyer-Myles Clinton-Cobb, Department of Finance
- Cynthia Mendonza, Department of Finance
- Caitlin O'Neil, Legislative Analyst's Office

Governor's Proposals

1. Public Defense Pilot. The Governor's Budget proposes to cut \$40 million from the final year of the Public Defense Pilot Program. The 2021 Budget Act included \$50 million each year for three years for a public defense pilot to support public defender and other indigent defender offices to support the implementation of signed legislation. The Administration previously proposed to cut \$50 million of the Public Defense Pilot as part of the 2023-24 Budget which the Legislature rejected. The funding has supported 34 counties across the state to support indigent defense efforts, including adding social workers and implementing efforts to support a continuum of care for clients with psychiatric and substance use disorders. Stakeholders have calculated a minimum of \$94 million in savings to the state based on the marginal cost of incarcerating one individual in prison, per year, as well as an unknown amount of savings as a result of more robust reentry plans that have reduced the risk of becoming homeless and addressed substance use disorder.

2. Reappropriation of Medication Assisted Treatment Funding. The Governor's Budget requests reappropriation of \$10 million in Medication Assisted Treatment Grant funds originally authorized in the 2022 Budget Act to extend the availability for encumbrance and expenditure through June 30, 2027 and to extend the reversion date to June 30, 2029. This proposal also requests to reappropriate and extend the availability of \$500,000 for administrative costs to the BSCC, change the final report due date to the Legislature to July 1, 2028, and trailer bill to extend the repeal date in Penal Code section 6047.4 to January 1, 2029. The COVID-19 pandemic caused delays for the administration of the grant, including the inability for the BSCC to recruit sufficient subject matter experts.

Staff Comment

The Subcommittee is in receipt of letters opposing the proposed cut to the Public Defense Pilot from the following stakeholders:

- California State Association of Counties (CSAC)
- Rural County Representatives of California (RCRC)
- Urban Counties of California
- California Public Defenders Association
- San Bernardino County Board of Supervisors
- Sacramento County Board of Supervisors
- San Mateo County Board of Supervisors
- Ventura County Board of Supervisors
- Smart Justice California
- Immigrant Legal Resource Center
- Bend the Arc: Jewish Action, California
- ACLU California Action
- Bar Association of San Francisco
- Office of the San Francisco Public Defender

Staff Recommendation: Hold Open.

0286 – Office of Youth and Community Restoration

Issue 2: Overview of the Office of Youth and Community Restoration

The Office of Youth and Community Restoration (OYCR) will provide an overview of their Office and primary responsibilities.

Panel

- Katherine Lucero, Director, Office of Youth and Community Restoration
- Joseph Donaldson, Department of Finance
- Allison Hewitt, Department of Finance
- Orlando Sanchez Zavala, Legislative Analyst's Office

Background

The Budget Act of 2020 included a plan to close the Division of Juvenile Justice (DJJ) by June 30, 2023 and realign youth to local programs. Prior to this realignment, the vast majority of youth who were eligible to be sent to DJJ were already being served at the local level. In 2020, the total statewide DJJ youth population was 709.¹ In order to support counties, a \$209 million (at full implementation) Juvenile Justice Realignment Block Grant was established (\$225,000 per youth, per year). In addition, the Budget Act included \$9.6 million for planning and facilities for counties and the 2022 Budget Act included \$100 million for local facilities and infrastructure.

As part of DJJ realignment, the 2020 Budget Act established the Office of Youth and Community Restoration (OYCR) within the Health and Human Services Agency. The 2021 Budget Act included \$27.6 million in 2021-22 and \$7 million ongoing for OYCR. The 2022 Budget Act included an additional \$10 million ongoing for OYCR, and language detailing the duties and responsibilities of the OYCR Ombudsperson. The primary responsibilities of the OYCR include the following:

- Identify policy recommendations for improved outcomes for justice-system involved youth and identify and disseminate best practices to inform rehabilitative and restorative youth justice practices.
- Provide technical assistance to develop and expand local youth diversion opportunities.
- Evaluate the efficacy of local programs for realigned youth and submit a report by July 1, 2025.
- Establish an ombudsperson to investigate and resolve complaints and report regularly to the Legislature.

¹ Characteristics of the Division of Juvenile Justice Population, December 2020. California Department of Corrections and Rehabilitation Office of Research.

- Collaborate with the BSCC on all juvenile grants and provide concurrence until the transfer of all juvenile grant administration to the OYCR, on or before January 1, 2025.
- Concur with the BSCC on new standards for secure youth treatment facilities.

Staff Recommendation: This is an informational item.

Issue 3: Transfer of Juvenile Justice Grant Administration to the OYCR and Trailer Bill Proposal related to the Juvenile Justice Realignment Grant Block

The Department of Finance will provide an overview of these two proposals.

Panel

- Kathleen Howard, Executive Director, Board of State and Community Corrections
- Katherine Lucero, Director, Office of Youth and Community Restoration
- Joseph Donaldson, Department of Finance
- Allison Hewitt, Department of Finance
- Orlando Sanchez Zavala, Legislative Analyst's Office

Governor's Proposals

1. Transfer of Juvenile Justice Grant Administration to the OYCR. The Governor's Budget proposes to shift the federal Title II Grant Program administrations to OYCR effective July 1, 2024. Grant administration functions include supporting the mandated state advisory group required by the Title II Grant Program known as the State Advisory Committee on Juvenile Justice and Delinquency Prevention (SACJJDP); as well as compliance monitoring functions under the Juvenile Justice and Delinquency Prevention Act (JJDP). In addition, the Department of Finance has informed the Subcommittee that the administration of the Juvenile Justice Realignment Block Grant will also be transferred to OYCR.

Staff Comment. Pursuant to Welfare and Institutions Code 2200 (h), *all* juvenile justice grant administration shall be transferred to the OYCR by January 1, 2025. The Governor's Proposal only proposes a partial shift. Staff recommends the adoption of placeholder trailer bill that reflects the mandated shift in Welfare and Institutions Code 2200 which states:

(h) Juvenile grants shall not be awarded by the Board of State and Community Corrections without the concurrence of the office. **All juvenile justice grant administration functions in the Board of State and Community Corrections shall be moved to the office no later than January 1, 2025.**

2. Juvenile Justice Realignment Block Grant (JJRBG) Trailer Bill Proposal. The Governor's Budget proposes trailer bill to delay the development of a new distribution methodology for the JJRBG to January 1, 2025. Welfare and Institutions Code 1991 requires the Legislature and the Governor to work with stakeholders to establish a distribution methodology for the JJRBG by January 1, 2024. The current methodology relies on outdated data from commitments to the Division of Juvenile Justice.

Staff Recommendation: Hold Open.

5225 – California Department of Corrections and Rehabilitation

Issue 4: Population Trends and Prison Capacity

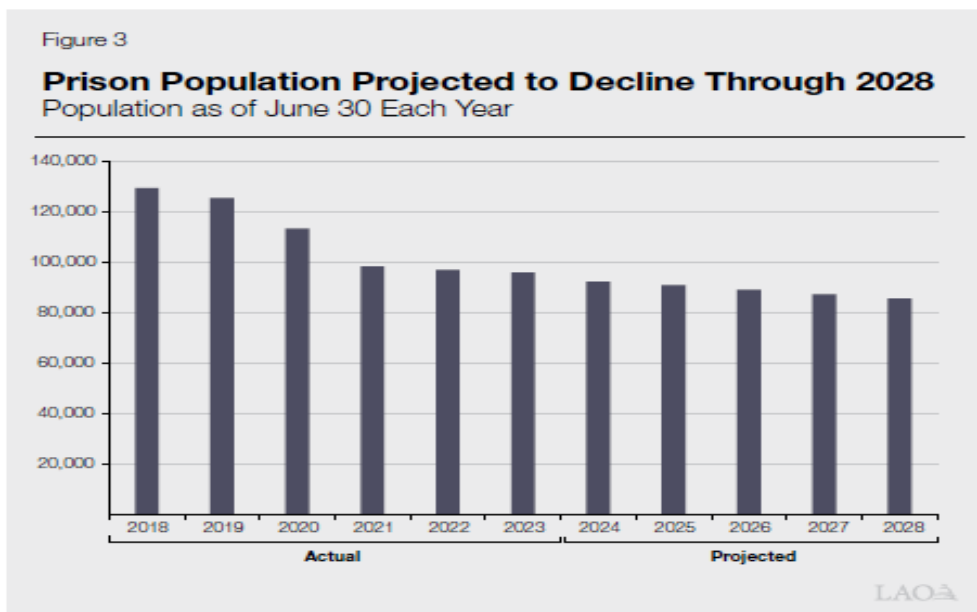
The California Department of Corrections and Rehabilitation (CDCR) will provide an overview of its population trends and prison capacity.

Panel

- Jana Sanford Miller, Deputy Director, Office of Research, CDCR
- Jared Lozano, Deputy Director, Division of Adult Institutions, Facility Support and Maintenance, CDCR
- Dave Lewis, Director of Facility Planning and Construction, CDCR
- Caitlin O’Neil, Legislative Analyst’s Office
- Patrick Plant, Department of Finance
- Lynne Ishimoto, Department of Finance

Background

As of March 27, 2024, CDCR is responsible for 93,257 individuals, of which 91,977 are in the state’s prisons or camps. In addition, CDCR supervises approximately 35,300 people on parole. CDCR maintains 32 prisons and 34 conservation camps throughout the state. The Legislative Analyst’s Office (LAO) has estimated 15,000 empty prison beds for 2024-25 that will grow to 19,000 empty beds by 2028, even after taking into account previously announced prison closures and yard deactivations. The following table shows the projected decrease in the prison population. CDCR projects the population will go down to 88,183 by 2026-27².



² CDCR will provide an updated population projections at May Revision.

CDCR is subject to a federal court order that limits the total number of people that can be incarcerated in its prisons to 137.5% of its design capacity. This number was judicially determined at the midpoint of what the parties argued for in court: CDCR and the State argued for 150% of design capacity and the plaintiffs' attorneys sought 125%.

In 2018, CDCR stated that a 2,500 empty bed buffer would be sufficient to account for population fluctuations and other operational needs. At this time, CDCR's institutional population was approximately 118,000 (approximately 25,000 more incarcerated prisoners than now).

Governor's Proposal.

The Governor's budget proposes \$14.5 billion (\$14.1 billion General Fund and \$364.3 million other funds) for CDCR in 2024-25, including a total of 61,153 budgeted positions.

LAO Comments

The LAO provides the following analysis and recommendations:

As noted in Figure 3, the prison population has declined significantly in recent years and is expected to remain low through June 2028. In 2021, CDCR completed a multiyear drawdown of people housed in contractor-operated prisons made possible by the declining prison population. Since 2021, the administration has deactivated: (1) two state-owned prisons—the Deuel Vocational Institution (DVI) in Tracy and the California Correctional Center in Susanville; (2) eight yards at various state-owned prisons; and (3) the California City Correctional Facility—a leased prison that was operated by CDCR staff. CDCR estimates that these deactivations resulted in ongoing General Fund savings totaling about \$620 million annually. Deactivation also allowed the state to avoid funding infrastructure repairs that would otherwise have been needed to continue operating these facilities. For example, with the deactivation of DVI in Tracy, the state was able to avoid a water-treatment project—estimated in 2018 to cost \$32 million—that would have been necessary to comply with drinking water standards. The administration currently plans to deactivate Chuckawalla Valley State Prison (CVSP) in Blythe by March 2025.

Further Prison Capacity Reductions Would Create Significant Savings. Reducing the number of empty beds in operation by deactivating additional prisons or yards would allow for significant savings in three different areas:

- ***Prison Operational Costs.*** As the prison population declines, the state is able to spend less on certain things—such as food and clothing—that are directly tied to the number of people that need to be housed in state prisons. Specifically, the state saves roughly \$15,000 per year each time one fewer person needs to be housed in a prison. These savings accrue as the population declines—regardless of whether prison capacity is reduced. However, there are many other types of costs—including most staffing costs—that are only saved when capacity is reduced. Specifically, when a whole prison is deactivated, the state can save several tens of thousands of dollars per capita annually in addition to the population-driven savings. Per capita savings associated with yard

deactivations are generally somewhat less than those associated with prison deactivations. This is because, while individual yard deactivations do allow staffing levels to be reduced, prisons have many centralized staffing costs—such as for administration and perimeter security—that must be maintained regardless of the number of yards in operation. As discussed above, after the planned deactivations, the state is projected to have enough excess capacity to allow for the deactivation of around five additional prisons. Deactivation of five prisons could generate nearly \$1 billion in annual ongoing operational cost savings, depending on which prisons are deactivated.

- **Prison Infrastructure Costs.** As of January 2024, CDCR identified 44 deferred maintenance or capital outlay projects across 23 prisons at an estimated total cost of \$2 billion that are expected to be needed over the next ten years. The majority of these projects are focused on issues related to safety (such as replacement of fire suppression systems) and critical infrastructure (such as kitchen renovations). Further capacity reductions would avoid the need to fund these projects at the prisons and/or yards that are deactivated.
- **Staff Training Costs.** CDCR’s staffing needs are affected by various factors, including the number of facilities being operated. Deactivating additional prison capacity would temporarily reduce the need for new correctional officers. This is because existing officers at the facilities that are deactivated would have the opportunity to fill vacancies throughout the prison system that would otherwise be filled by new officers. The Governor’s 2024-25 budget maintains \$140 million General Fund for CDCR to continue training new officers at the department’s 13-week academy and delivering other training to existing officers. Accordingly, capacity reductions could allow the state to temporarily scale back these staff training costs.

These opportunities for savings are particularly notable given that the state is projected to face significant structural shortfalls—around \$30 billion each year—in 2025-26 through 2027-28. Deactivating additional prison capacity would help the state avoid needing to reduce General Fund spending in other areas of the budget the Legislature prioritizes.

Administration’s Concerns With Further Capacity Reductions Could Be Mitigated. We find that, with some advance planning and potential one-time spending, these concerns could likely be mitigated as follows:

- **State Can Take Steps to Reduce Risk of Violating Population Limit.** The administration’s population projections indicate that the state could be in a position to deactivate around five additional prisons by 2028, while still maintaining a roughly 2,500 person “buffer” below the court-ordered population limit. This would be the same size as the buffer typically maintained by CDCR prior to the COVID-19 pandemic. (During the pandemic, the need for physical distancing in prisons temporarily necessitated a larger buffer.) This is notable because the population at that time was larger, meaning it was subject to potentially greater unexpected population swings. Nonetheless, the administration felt that a 2,500 person buffer was adequate. Moreover, in the event the population unexpectedly increases by more than 2,500 people, the state would have

various options to avoid violating the population limit. For example, CDCR could contract with county jails to temporarily delay transfers of new prison commitments (according to data collected by the Board of State and Community Corrections, jails had a total population of about 59,700 in the first three quarters of 2023 and a total capacity of about 81,600); expand eligibility for people to be housed outside of state prisons, such as in conservation camps or community reentry facilities; and/or award credits in order to release certain people (such as those identified as posing a low risk to public safety) earlier than otherwise. We note that all of these steps have been used by CDCR in the past. If the unexpected increase in the population is sustained, CDCR could reactivate yards or prisons as deactivated state-owned facilities are typically placed on “warm shutdown,” meaning they are still owned and being maintained by the state. Accordingly, deactivating prisons or yards and maintaining them on warm shutdown allows the state to save money on an annual basis without foreclosing the possibility of reactivating capacity if it is needed in the future.

- ***Housing Placement System and/or Infrastructure Could Be Modified to Increase Flexibility.*** To the extent that further capacity reductions would create challenges for CDCR in identifying appropriate housing placements, the department could consider changing housing placement policies to create more flexibility. CDCR has made such changes at various times in the past to accommodate shifts in population needs and reduce complexity. For example, CDCR recently promulgated regulations to consolidate its six types of restricted housing units into three types. (Restricted housing units can be used to temporarily house people as punishment for certain serious rule violations or who constitute a particular threat to prison security.) In addition, with advance planning, the department could build infill housing units at existing prisons and/or construct key infrastructure (such as specialized medical beds) to offset any losses in housing flexibility resulting from capacity reductions.
- ***Existing Assignment Infrastructure Could be Used More Effectively and/or More Assignments Could be Created.*** The state could mitigate the effect of capacity reductions on the number of assignments available by using its remaining assignment infrastructure more effectively. For example, as discussed above, vacancies and other factors that prevent budgeted assignments from operating can substantially reduce the actual number of assignments available at a given time. Accordingly, CDCR could pursue strategies—such as recruitment efforts—to address these factors. In addition, CDCR could eliminate assignments associated with unproven or ineffective programs and use the freed-up space to expand the number of assignments for programs known to be effective. Alternatively, the state could take steps to increase the number of assignments. For example, the state could create more assignments that do not require classrooms (such as gardening or activities done through tablets) or it could construct new classrooms.

While mitigating the administration’s concerns associated with capacity reductions could create some new costs for the state, these costs are largely temporary and would be far less than the nearly \$1 billion dollars it would cost annually to operate around five prisons on an ongoing basis. Accordingly, we find that significant ongoing savings from pursuing further prison capacity

reductions would likely far outweigh any costs associated with mitigating the potential negative effects of capacity reductions.

State Law Arguably Requires CDCR to Accommodate Population Declines Through Capacity Reductions. PC 2067 requires CDCR to accommodate projected population declines by reducing capacity in a manner that maximizes long-term savings, leverages long-term investments, and maintains sufficient flexibility to comply with the court-ordered population limit. PC 2067 also requires CDCR to consider certain factors—such as operational cost and subpopulation-specific housing needs—in determining how to reduce capacity. In view of the opportunity for significant savings and the possibility of mitigating negative effects on housing flexibility, PC 2067 arguably requires CDCR to further reduce capacity.

Recommendations

1. Direct CDCR to Deactivate Prisons. We recommend that the Legislature direct CDCR to begin planning to reduce capacity by the end of 2028. Deactivating whole prisons would create greater savings than deactivating yards at various prisons. We estimate that deactivating five prisons, for example, could allow the state to save nearly \$1 billion in ongoing General Fund costs. This would not only help reduce the state's structural budget shortfall in the years to come but would bring CDCR into compliance with PC 2067.

2. Direct CDCR to Report on Strategies to Mitigate Any Concerns. We recommend that the Legislature direct CDCR to report by January 10, 2025 on: (1) which specific prisons it plans to deactivate; (2) any specific concerns it identifies with these deactivations; as well as (3) strategies for and estimated costs of mitigating those concerns.

3. Direct CDCR to Plan for Reductions to Staff Training Costs. Deactivation of multiple prisons by 2028 would likely reduce CDCR's need for new correctional officers over the period when the prisons are being deactivated. To ensure savings associated with this reduced need are captured, we recommend that the Legislature direct CDCR to report by January 10, 2025 on: (1) the projected impact of deactivations on its need for new correctional officers; and (2) plans to scale back academy operations accordingly.

4. Approve Adjustments Related to Previously Approved Deactivations. We recommend the Legislature approve the proposed adjustments related to the previously approved deactivations, including the savings related to centralized services and the planned deactivation of CVSP by March 2025. This will help address the state's budget problem in the budget and future years.

Staff Comments

If CDCR has shifted its position on appropriate prison capacity, it may wish to seek a modified court order for a lower population cap. CDCR is subject to a federal court order that limits the total number of people that can be incarcerated in its prisons to 137.5% of its design capacity. This number was judicially determined at the midpoint of what the parties argued for in court: CDCR and the State argued for 150% of design capacity and the plaintiffs' attorneys sought

125%. Otherwise, 137.5% is the only defined and legal capacity limit by which the Legislature may evaluate the department's budget and capacity needs.

Finally, staff notes that the General Fund solutions in the Governor's Budget from CDCR, the largest state department, is minimal. They include the following: \$24.1 million in reductions, \$46.7 million in savings from lower than expected workloads, \$27.2 million in delays, and a \$7.3 million fund transfer, listed below. Staff notes that further efficiencies can be achieved within CDCR's budget, in addition to facility deactivations, such as leveraging employer sponsored health insurance benefits rather than using the General Fund, should the Assembly wish to minimize cuts to social safety net programs and its other priorities.

Reductions

1. Baseline Administrative Reduction. The Governor's Budget proposes a reduction of \$15 million in 2024-25 and ongoing to administrative funding for CDCR.

2. Reduction of TransMetro Bus Contract. The Governor's Budget proposes an elimination of \$2 million in 2024-25 and ongoing for bus transportation for family visitation. According to CDCR, the bus services was underutilized. The funding for transportation support was provided in the 2021 Budget Act when a third day of visitation was added to CDCR's visiting schedule.

3. Employee Health Program Reduction. The Governor's Budget proposes a reduction of 38 positions and \$7.1 million General Fund in 2024-25 and ongoing for the Employee Health Program.

Savings from Adjusted Workload or Implementation

1. SB 990 County of Release. The Governor's Budget proposes a reversion of \$1.9 million General Fund in 2023-24 and ongoing to reflect reduced workload for the implementation of SB 990 (Chapter 826, Statutes of 2022).

2. Division of Juvenile Justice Warm Shutdown. The Governor's Budget proposes a reduction of \$909,000 General Fund in 2023-24 and ongoing to maintain closed DJJ facilities as actual maintenance costs were lower than expected.

3. COVID-19 Workers Compensation (SB 1159). The Governor's Budget proposes a reversion of \$5 million 2023-24 and \$9 million in 2024-25 for COVID-19 related workers compensation funding based on adjusted need.

4. Division of Adult Parole Urinalysis Contract Funding Reduction. The Governor's Budget proposes a reduction of \$100,000 ongoing General Fund to adjust a contract for parolee urinalysis testing to account for savings related to contract underutilization.

5. COVID-19 Prevention and Response Funding. The Governor's Budget proposes a reversion of \$38.8 million General Fund in 2023-24 for COVID 19 prevention, mitigation, and response activities based on lower projected spending needs.

Delays or Transfers

1. Audio Video Surveillance System Implementation Delay. The Governor's Budget proposes to delay the installation five fixed cameral projects costing \$27.2 million General Fund from 2023-24 to 2025-26 and 2026-27. The proposed budget maintains \$50.4 million General Fund in 2023-24 and associated ongoing funding to implement projects at five prisons.

2. Recidivism Reduction Transfer. The Governor's Budget proposes the transfer of \$7.3 million in unobligated funds from the Recidivism Reduction Fund to the General Fund.

Issue 5: Rehabilitative Programming in Prison

CDCR will provide a summary of their most recent recidivism report and the other panelists will provide an overview of the benefits of in-prison rehabilitative programming.

Panel

- Jana Sanford Miller, Deputy Director, Office of Research, CDCR
- Amy Casias, Director, Division of Rehabilitative Programs
- Ginny Oshiro, Policy Researcher, Transformative Programming Works
- Joel Aguilar, Program Manager and Citizen Coach, Mass Liberation
- Quan Huynh, Executive Director, Defy SoCal
- Kenneth Hartman, Director of Advocacy, Transformative Programming Works

Background

CDCR's recently released recidivism report on the 2018-19 cohort of released individuals is available on the Assembly Budget website. Among its findings, it states, "[t]he report marks the second year of data showing the effects of the passage of Proposition 5, and the findings point to lower recidivism rates for those who earned credits from participation and completion of rehabilitative programming."

Funding for In-Prison Programming provided by Community Based Organizations. Community based organizations apply for the following competitive funding administered by CDCR to deliver in-prison programming:

Victim Impact Grants. Victim Impact Grants provide funding to CBOs that provide victim focused restorative justice programs that utilize restorative justice principles, have an emphasis on accountability, and provided incarcerated people opportunities to understand the impact of the harm cause by the crime. A recent award cycle provided \$1 million in grants per year for two terms, for a total of \$2 million. The grant period began on July 1, 2022 and ends on June 30, 2024. A total of 11 organizations received funding.

Innovative Programming Grants. These grants go to eligible CBOs that "have demonstrated success and focus on incarcerated individuals' responsibility and restorative justice principles." The last award cycle provided \$4 million in grants per year for 3 terms, for a total of \$12 million. The grant period began on July 1, 2022 and ends on June 30, 2025. A total of 42 organizations received funding.

California Reentry and Enrichment (CARE) Grants. CARE grants fund programs that provide "insight oriented, transformative justice programs focused on increasing empathy and accountability among participants that can demonstrate that the approach has produced, or will produce, positive outcomes in correctional environments." The last award cycle provided \$5 million in grants per year for three terms, for a total of \$15 million. The grant period began on July 1, 2022 and ends June 30, 2025. A total of 28 organizations received funding.

In addition, the Legislature has provided one time funding in recent years to support additional program delivery by CBOs in prison. The 2021 Budget Act included \$3.5 million General Fund in 2021-22, and \$3.3 million in 2022-23 and 2023-24 for the Anti-Recidivism Coalition to expand their Hope and Redemption program in all prisons. The 2022 Budget Act included the Rehabilitative Investment Grants for Healing and Transformation Grant (RIGHT Grant) which provided a total of \$20 million one-time General Fund over three years for CBOs that have had a history of providing in-prison programming with a capacity building grant in order to improve and expand program delivery. In addition, the 2022 Budget Act included \$10 million one-time General Fund to ten organizations that provide restorative justice programming inside prison. Most recently, the 2023 Budget Act included one-time \$21 million for the RIGHT 2.0 Grant to continue in-prison rehabilitative programming.

Organizational Backgrounds of Panelists

Transformative Programming Works. Transformative Programming Works (TPW) is a coalition of 99 community-based organizations offering rehabilitative, trauma-informed, healing programs in all CDCR prisons, serving a significant percentage of the prison system's total population at any given time. TPW provides a collective platform for community-based in-prison program providers while also engaging in state policy issues on behalf of their membership.

Defy Ventures (SoCal). Defy's mission is to shift mindsets to give people with criminal histories their best shot at a second chance. Defy's entrepreneurial programs enable one of America's largest forgotten communities to defy the odds. Defy equips them with new skills, new connections, and a new belief to match their new purpose, and succeed in their new life of economic independence. Defy is delivered to 10 prisons and 2 transitional facilities in California. Defy Ventures is currently in 8 states nationally.

Mass Liberation. Mass Liberation seeks to empower individuals returning to society after serving time in prison or jail by assisting with practical needs and helping Returning Citizens find joy in participating in the community and serving others. Mass Liberation's in-prison reentry correspondence modules, which focus on various topics, serve as crucial bridges to successful reentry by equipping individuals with essential life skills to make informed decisions and achieve responsible social integration.

Staff Recommendation: Hold Open.

Issue 6: Various Budget Proposals

CDCR will provide a highlight of their budget proposals related to utilities and methodology for parole staff.

Panel

- Justin Adelman, Associate Director, Budget Management, CDCR
- Caitlin O'Neil, Legislative Analyst's Office
- Orlando Sanchez Zavala, Legislative Analyst's Office
- Patrick Plant, Department of Finance
- Skyler Myles Clinton-Cobb, Department of Finance
- Cynthia Mendonza, Department of Finance

Governor's Proposals

1. Utilities Costs. The Governor's Budget requests \$21.9 million in 2024-25 and ongoing General Fund to address increased costs of utilities in the state prisons. Despite the closures of a couple prisons, CDCR states costs continue to increase due to utility rates set by providers while utility usage rates remain consistent despite expanded healthcare services and rehabilitative opportunities. In 2020-21, CDCR spent \$136.4 million for utilities, \$152.6 million in 2021-22, and \$184.1 million in 2022-23, representing an increase of 35% over two fiscal years.

LAO Recommendation. Given that utility prices are outpacing the Consumer Price Index, it appears that CDCR's current methodology for adjusting its utility funding is not adequate. We find the administration's proposal to adjust utility funding based on recent actual spending to be reasonable. We also find that making these adjustments through the biannual adjustment process will add transparency compared to adjusting funding through a technical adjustment as is currently done. If actual utility costs are lower than budgeted in a given year, the administration would be able to redirect the excess funding to other purposes. This is because CDCR's utilities funding is budgeted in an item of appropriation that includes funding for various other purposes related to supporting the prison population. We recommend that the legislature approve the Governor's proposed methodology and \$22 million augmentation for utilities funding. However, to prevent potential excess funding from being redirected to other purposes, we recommend that the Legislature adopt budget provisional language to require any excess funding to revert to the General Fund.

2. California Health Care Facility, Stockton: Potable Water Treatment System. The Governor's Budget requests \$959,000 in 2024-25 for the preliminary plans phase to design and construct a potable water treatment system at the California Health Care Facility to supplement the disinfection of potable water delivered through the water distribution system. The total estimated project cost is \$8.726 million.

3. Parolee Community Reentry Programs. The Governor's Budget requests \$2.3 million General Fund in 2024-25, increasing to \$3.4 million in 2028-29 and ongoing thereafter, to increase funding for parolee community reentry programs to assist with supporting continuity of

services to the parolee population. The baseline funding level authorized for CDCR's Division of Rehabilitative Programs' Adult Community Based Programs is \$143.6 million. This amount was increased on a one-time basis in 2020-21 and 2021-22 by \$20.9 million in federal funds and was subsequently increased by \$10.6 million starting in 2022-23 (total of \$154.2 million) on a three-year limited-term basis related specifically to continuing the Returning Home Well Program. CDCR states it has not had the opportunity to fund increased contract rates for parole reentry program providers due to baseline funding levels remaining largely unchanged and has faced some challenges in renewing contracts at the same or similar rate to prior contracts for some programs. CDCR has determined that contract rate increases are necessary to obtain successful bids from contractors to continue to operate these programs.

4. Reappropriation of California Reality Based Training Center Funding. The Governor's Budget requests reappropriation of \$8.5 million General Fund from the 2021 Budget Act to complete renovations of the California Reality Based Training Center located at the closed Northern California Women's Facility. CDCR states difficulties in meeting fire and life safety issues impacted the renovation schedule.

5. Increased Attorney Fees for Board of Parole Hearings. The Governor's Budget requests \$2.1 million in 2024-25 and ongoing General Fund to maintain updated funding for fees paid to attorneys at parole hearings. The 2021 Budget Act included a pilot program to provide one additional hour of legal counsel to clients in preparation for parole hearings. The 2023 Budget Act included \$1.6 million one-time General Fund to increase the attorney flat rate fee from \$750 to \$945 per case.

6. Technical Adjustments The Governor's Budget requests a reduction of \$290,000 General Fund in 2024-25 and ongoing to correct the miscoding of positions from the 2023-24 May Revision Housing Unit Conversion Standard Adjustment resulting in an increase of \$82,000, a reduction of \$365,000 to reflect the California Prison Industry Authority janitorial savings from the California City Correctional Facility closure, a reduction of \$7,000 to correct the miscoding of funds, and various net-zero realignments within CDCR programs.

7. Closure of Chuckawalla Valley State Prison. The Governor's Budget requests a reduction of \$33 million General Fund and 188.5 positions and \$181,000 Inmate Welfare Fund and 1.9 positions in 2024-25, and \$131.6 million General Fund and 736.2 positions and \$716,000 Inmate Welfare Fund and 7 positions in 2025-26 and ongoing to reflect the closure of Chuckawalla Valley State Prison.

8. Administrative Reduction for Prison Closures. The Governor's Budget proposes a reduction of \$9.6 million General Fund and 57 positions in 2024-25 and \$11.1 million and 65 positions in 2025-26 and ongoing to reflect administrative headquarters' reductions associated with workload decreases due to prison closures.

9. Voice Calling. The Governor's Budget proposes \$7.4 million in 2023-24 and \$8.2 million in 2024-25 for higher anticipated voice calls for the incarcerated population. CDCR will provide an update to these estimates at May Revision based on reviewing additional months of actual calling usage data. To address any current-year shortfall, the administration intends to use the

authority provided by the provisional language in the 2023-24 budget to augment the amount available for voice calls. To address the budget-year shortfall, the Governor's proposed budget of an \$8.2 million General Fund augmentation would bring the total amount for voice calling to \$36.7 million in 2024-25. In addition, the proposed budget retains the provisional language allowing DOF to augment or reduce the funded amount after the budget is enacted.

LAO Recommendation. We recommend the Legislature withhold action on the proposal until May Revision. Additionally, we recommend that the Legislature direct CDCR to incorporate the effects of projected changes in the population into its methodology at the May Revision and in future biannual adjustments for voice calling costs. This methodology change would: (1) help promote more accurate budgeting; and (2) likely reduce the overall cost of the proposal in the budget year, freeing up General Fund resources that could be used to address the fiscal difficulties facing the state.

10. New Proposed Budgeting Methodology for Parole Support Staff. The Governor's Budget proposes a new methodology to account for the decline in the parole population which would result in a reduction of \$200,000 and 1.5 fewer positions in 2023-24 and a reduction of \$430,000 and 4 positions in 2024-25.

LAO Recommendation. We recommend the Legislature reject the Governor's proposal. We agree with the department that the existing methodology needs revision to account for some workload among parole support staff that does not change as the parole population changes. However, the proposed methodology is also flawed. It not only fails to properly account for workload that does not change when the parole population changes but also fails to account for workload that does change with changes in the parole population. Specifically, under the Governor's proposal, if the parole population decreases further, the department would retain its funding for parole support staff whose workload declines as the population shrinks. Similarly, if the population increases, then CDCR would receive additional funding for parole support staff whose workload does not increase with growth in the population. In either scenario, the methodology would result in the department being over budgeted.

We recommend the Legislature direct CDCR to submit a new proposal in the spring based on a revised budgeting methodology for parole support staff that properly accounts for both population-driven workload and non-population-driven workload. Specifically, the proposal should (1) identify the number of support staff positions and associated funding needed to address workload that is not tied to population changes, (2) provide workload justifications for those positions, and (3) include a methodology to fund the remaining workload based on changes in the parole population.

Staff Recommendation: Hold Open.

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