

PUBLIC SAFETY

The California Department of Corrections and Rehabilitation incarcerates the most violent felons, supervises those released to parole, and provides rehabilitation programs to help them reintegrate into the community. The Department provides safe and secure detention facilities and necessary support services to inmates, including food, clothing, academic and vocational training, as well as health care services. The Budget proposes total funding of \$10.3 billion (\$10 billion General Fund and \$275 million other funds) for the Department in 2015-16.

The 2014 Budget Act projected an overall adult inmate average daily population of 136,530 in 2014-15. The average daily adult inmate population is now projected to decrease by 0.5 percent to 135,897 in 2014-15 and increase by 0.3 percent to 137,002 in 2015-16 compared to the 2014 Budget Act projection. These figures do not include the impacts of court-ordered population reduction measures or Proposition 47, that will likely reduce the prison population. As displayed in Figure SAF-01, the Budget reflects a revised average daily population to account for anticipated population reductions resulting from these measures.

Figure SAF-01

Fall 2014 Population Estimates

	2014-15	2015-16
Adult Average Daily Population Projection	135,897	137,002
Population Reduction Measures	-911	-3,893
Total Average Daily Population Projection	134,986	133,109

The 2014 Budget Act projected an overall parolee average daily population of 41,866 in 2014-15. The average daily parolee population is now projected to increase by 3.2 percent to 43,226 in 2014-15 and to decrease by 3.3 percent to 40,467 in 2015-16, compared to 2014 Budget Act projections.

The Division of Juvenile Justice's average daily ward population is increasing compared to the 2014 Budget Act projections. Specifically, the ward population is projected to increase by 29 in 2014-15 and 53 in 2015-16, for a total population of 685 in 2014-15 and 709 in 2015-16.

THREE-JUDGE PANEL

In 2011, the U.S. Supreme Court upheld the three-judge panel's order that the Department reduce the prison population to 137.5 percent of the prison's design capacity by June 2013. On February 10, 2014, the court granted the state's request for a two-year extension of the deadline to meet the 137.5-percent population cap. The court ordered the state to comply with the population cap by February 28, 2016, and ordered the state to implement several population reduction measures, all of which are currently underway.

The court also ordered that a Compliance Officer be appointed to ensure the state meets the interim benchmarks of 143 percent of design capacity by June 30, 2014 (subsequently extended by a July 3, 2014 court order to August 31, 2014), 141.5 percent of design capacity by February 28, 2015, and the final benchmark of 137.5 percent by February 28, 2016. The Compliance Officer has authority to order the release of inmates should the state fail to meet any of the benchmarks. As of December 10, 2014, the prison population was at 140 percent of design capacity, which is below the February 2015 benchmark by 1,204 inmates but exceeds the final February 2016 population cap by approximately 2,104 inmates. Through the implementation of various population reduction measures, an infill bed expansion, and by maintaining out-of-state and in-state contract beds, the prison system is projected to be below the final population cap by February 2016. The actual population in February 2016 will be contingent upon the final contract bed occupancy, outcomes of the population reduction measures, and actual number of inmates remaining in prison.

The Administration has implemented the following court-ordered measures to reduce the prison population:

- Prospective credit-earning increase for non-violent and non-sex registrant second-strike offenders—Effective February 10, 2014, non-violent, non-sex registrant second-strike offenders started earning credits at the rate of 33.3 percent instead of 20 percent. Since implementation, 4,418 inmates were released, of which 3,374 were released to county probation departments on Post Release Community Supervision and 1,044 were released to state parole. On average, these inmates earned an estimated 41 days of additional credit.
- Parole determination process for certain inmates with indeterminate sentences granted parole with future parole dates—To date, the Board of Parole Hearings has authorized the release of 33 inmates. The state continues to identify potentially eligible inmates who have already been found suitable for parole by the Board.
- Expanded parole process for medically incapacitated inmates—The state continues to work closely with the Receiver's Office to implement this measure. The Receiver's Office is continuing to review inmates and is sending completed recommendations to the Department. Recommendations received from the Receiver's Office are reviewed by the Division of Adult Institutions and referred to the Board for a hearing. As of December 10, 2014, the Board scheduled 21 medical parole hearings under the revised procedures and granted medical parole to 9 inmates. The Board denied 8 inmates and 4 hearings were either cancelled or continued.
- Parole process for inmates 60 years of age or older having served at least 25 years—The Board is actively scheduling eligible inmates for hearings who were not already in the Board's hearing cycle, including inmates sentenced to determinate terms. From February 11, 2014 through November 30, 2014, the Board held 388 hearings for inmates over the age of 60 who have served at least 25 years of their sentence. An additional 126 hearings were scheduled during this time period, but postponed, waived, continued, or cancelled and will be scheduled again for a future date. As of November 30, 2014, the Board granted parole to 115 inmates eligible for elderly parole.
- Activate 13 prison-reentry hubs—The Department is operating 13 reentry hubs designed to provide relevant services to inmates who are within four years of release and who demonstrate a willingness to maintain appropriate behavior to take

advantage of educational, vocational and cognitive behavioral treatment programs, as well as substance use disorder treatment.

- Expanded alternative custody program for female inmates—On August 4, 2014, the Department activated an 82-bed facility in San Diego, called the Custody to Community Transitional Reentry Program. As of December 10, 2014, 80 female inmates were housed at the San Diego facility. The Budget assumes the activation of an additional facility in the spring of 2015, which will increase the program to a total of 164 beds by February 2016. Female inmates in the program are provided with a range of rehabilitative services that assist with alcohol and drug recovery, employment, education, housing, family reunification and social support.
- New parole determination process for non-violent, non-sex registrant second-strike offenders who have completed 50 percent of their sentence—On January 1, 2015, the Department began implementing the new court-ordered parole process for non-violent, non-sex registrant second-strike offenders who have completed 50 percent of their sentence. The first eligible offender is expected to be heard by the Board in March or April 2015. The Budget assumes an estimated average daily population reduction of 248 inmates in 2014-15 and 1,556 inmates in 2015-16 as a result of the new parole process.
- Increased credit earnings for certain minimum custody inmates—Effective January 1, 2015, minimum custody inmates who are eligible to receive day-for-day credits began earning two-for-one credits. The Budget assumes an average daily population reduction of 51 inmates in 2014-15 and 280 inmates in 2015-16.
- Pursue expansion of pilot reentry programs with additional counties and local communities—In August 2014, the Department solicited proposals to create community-based reentry centers. These centers are intended to provide risk and needs-based supervision and program services for offenders who will be released to parole or Post Release Community Supervision and who have participated in the state’s Mental Health Services Delivery System at the Correctional Clinical Case Management System level of care. The Department received 28 proposals and is currently negotiating contracts with four potential contracting entities in Kern, Los Angeles and San Joaquin counties, and anticipates entering into contracts in the spring of 2015.

The Budget includes an additional \$16 million General Fund for county probation departments to supervise the temporary increase in the average daily population of

offenders on Post Release Community Supervision as a result of the two new population reduction measures implemented on January 1, 2015.

ADDITIONAL POPULATION REDUCTION MEASURES

Proposition 36, passed by the voters in November 2012, revised the state's three-strikes law to permit resentencing for third-strike inmates whose current conviction is a non-serious, non-violent offense from an indeterminate (life) term to a determinate (non-life) term. Repeat offenders convicted and sentenced prior to the passage of Proposition 36 may petition the court for resentencing. The court must review the petitioners' criminal conviction history, including the types of crimes committed, the extent of injury to the victim, the length of prison commitments, and the time that passed since the crime was committed. It was estimated that approximately 2,800 inmates would be eligible for resentencing under Proposition 36. As of December 10, 2014, 1,939 of those eligible have been resentenced and released from prison.

The state continues to implement Chapter 312, Statutes of 2013 (SB 260), which allows inmates whose crimes were committed as minors to appear before the Board to demonstrate their suitability for release after serving at least 15 years of their sentence. From January 1, 2014 through November 30, 2014, the Board held 280 youth offender hearings. An additional 114 were scheduled during this time period, but were waived, postponed, continued, or cancelled and will be scheduled again for a future date. All available inmates who were immediately eligible for a hearing when the law took effect on January 1, 2014, have had a hearing date or have one scheduled on or before July 1, 2015, as required by the terms of SB 260.

PROPOSITION 47

On November 4, 2014, the voters passed Proposition 47, which requires misdemeanor rather than felony sentencing for certain property and drug crimes and permits inmates previously sentenced for these reclassified crimes to petition for resentencing. As of December 4, 2014, 132 inmates had been resentenced and released from prison. Under this proposition, it is estimated that the 2015-16 institution average daily population will be reduced by approximately 1,900 inmates as a result of resentencing and avoided new admissions. However, this estimate will be further refined as more data become available.

Proposition 47 requires that state savings resulting from the Proposition be transferred into a new fund, the Safe Neighborhoods and Schools Fund. The new fund will be used to reduce truancy and support drop-out prevention programs in K-12 schools, increase victim services grants, and support mental health and substance use disorder treatment services. The Director of Finance is required, on or before July 31, 2016, and on or before July 31 of each fiscal year thereafter, to calculate the state savings for the previous fiscal year compared to 2013-14. Actual data or best estimates are to be used and the calculation is final and must be certified to the State Controller's Office no later than August 1 of each fiscal year. The first transfer of state savings to the Safe Neighborhoods and Schools Fund will occur in 2016-17 after the Department of Finance calculates savings pursuant to the Proposition. Consequently, the Budget does not reflect estimated 2015-16 savings related to Proposition 47.

ACTIVATION OF INFILL FACILITIES

The 2012 Budget Act authorized the construction of three level II dormitory housing facilities at existing prisons. Two of these new dormitory housing facilities will be located adjacent to Mule Creek State Prison in Lone, and the third is to be located at the Richard J. Donovan Correctional Facility in San Diego. Construction is expected to be completed by February 2016.

The Budget includes \$35.5 million General Fund and \$90,000 Inmate Welfare Fund to activate the three new infill facilities. The activation of these facilities adds 2,376 beds to the prison's design capacity by February 2016. The infill projects also expand the number of educational and vocational programming slots by 1,266.

CONTINUED FOCUS ON INMATE REHABILITATION

All 13 prison-based reentry hubs have been activated and are providing reentry services to targeted populations. The reentry hubs target offenders who are within four years of release and have a moderate-to-high risk to reoffend and a moderate-to-high criminogenic need for services. The core of reentry hub programming is cognitive behavioral treatment programming, which includes the major areas of substance use disorder treatment, criminal thinking, anger management and family relationships.

While substance use disorder treatment is provided at all 13 reentry hub institutions, the 2014 Budget Act also included funding to expand substance use disorder treatment to the remaining 21 institutions over a period of two years. The Department is expanding the

program to 10 non-reentry hub institutions in 2014-15 and treatment at the remaining 11 will be implemented in 2015-16.

The Budget includes \$2.6 million General Fund for the Department to continue contracting with the California Prison Industry Authority to provide 342 Career Technical Education offender training slots, approximately two-thirds of which are for female inmates. The Division of Rehabilitative Programs has funded these slots through temporary reentry hub contract savings in recent years and these savings are not expected to be available since all 13 reentry hubs are now fully activated. Therefore, the Budget proposes to add dedicated funding to continue this rehabilitative program.

Of the amount included in the Budget for infill activation, \$2.4 million General Fund is to provide education and career technical education services for inmates being placed in the new infill beds at Mule Creek State Prison and the Richard J. Donovan Correctional Facility. This will expand the Division of Rehabilitative Programs' educational and career technical programming by 1,266 slots.

RECIDIVISM REDUCTION FUND

The Recidivism Reduction Fund was established by Chapter 310, Statutes of 2013 (SB 105), which appropriated \$315 million General Fund for the Department to contract for additional capacity to meet the court-ordered prison population cap of 137.5 percent of design capacity. This legislation also specified that if the state received an extension to comply with the court's order, the first \$75 million in savings, and 50 percent of any additional savings, is to be transferred to the Recidivism Reduction Fund. Based on spring expenditure projections, the 2014 Budget Act included \$91 million Recidivism Reduction Fund for various departments to implement new programs and services aimed at reducing recidivism rates for state and local offenders.

Specifically, the Department received \$42 million for various activities aimed at reducing recidivism for inmates and parolees. Due to delays in implementation, the Department currently projects Recidivism Reduction Fund savings of \$16 million in 2014-15, of which \$12.6 million is attributable to community reentry facilities. There is also additional savings of \$12.2 million above the 2014 Budget Act estimates from the original SB 105 appropriation. Overall, the 2015-16 amount available for expenditure from the Recidivism Reduction Fund therefore is \$28.2 million.

The Budget proposes to reappropriate \$12.6 million in savings to allow the Department to enter into contracts with community reentry facilities in 2015-16. The community-based facilities will emphasize treatment and services for offenders with co-occurring mental health and substance use disorders and provide a safer and more seamless transition from state prison to communities. The Budget proposes to utilize the remaining \$15.6 million Recidivism Reduction Fund for the expansion of substance use disorder treatment at non-reentry hub institutions.

INMATE HEALTH CARE AND MENTAL HEALTH SERVICES

The state has made a significant financial commitment to improving the Department's delivery of health care services to inmates. The Budget dedicates \$2.3 billion General Fund to health care services programs resulting in inmates having continued access to mental health, medical and dental care that is consistent with the standards and scope of services appropriate within a custodial environment.

FEDERAL RECEIVERSHIP OVERSEEING PRISON MEDICAL CARE

The Budget reflects continued support of the federal Receiver overseeing prison medical care with the expectation that the state will regain control in the near future. Specifically, the Budget includes \$1.8 billion General Fund for the Receiver, which includes funding for issues identified by the Receiver as necessary to improve medical care and speed transition back to the state.

The California Health Care Facility opened in July 2013, providing almost 2,600 health care beds, of which approximately 950 are licensed beds. Challenges arose during the first seven months of activation, which prompted the Receiver temporarily to stop intake to medical beds at the facility. The main concern with activation was the adequacy of medical care being provided to inmates in the facility, which the Receiver indicates, in part, was due to insufficient medical staffing. The Receiver hired a contractor to perform a staffing analysis to determine if any staffing modifications were necessary at the new facility. Based on the analysis completed in July 2014, the Budget includes \$26 million General Fund in 2014-15 and \$76.4 million ongoing to add 715 positions at the California Health Care Facility. This request increases the Department's funding for the California Health Care Facility to approximately \$295 million annually.

In June 2008, the Receiver issued the Turnaround Plan of Action that describes essential strategies for establishing a health care services delivery system that meets

constitutional mandates. The Plan included the establishment of a quality management program and an expectation that 90 percent of all clinical positions would be filled. Currently, the average fill rate by classification for medical is 73.6 percent and mental health is 74.5 percent. The Budget includes \$4.9 million General Fund to expand the Receiver's existing quality management program to meet the criteria included in the Plan and \$872,000 General Fund to expand the Receiver's workforce development team to address clinical position vacancies.

On July 7, 2014, the Centers for Disease Control and Prevention released a report on coccidioidomycosis infection, commonly referred to as "Valley Fever," and the infection's effect on Pleasant Valley and Avenal State Prisons. The report found that cases of Valley Fever within the prisons were greater than the surrounding areas and indicated that skin tests to determine who had previously been exposed to Valley Fever and thereby least likely to contract Valley Fever was the best method of prevention. Although the cost of the skin test should eventually be offset by the reduced cost of Valley Fever treatment in future years, there would be no immediate reduction to the cost of Valley Fever treatment. Therefore, the Budget includes \$5.4 million General Fund in 2014-15 to administer the Valley Fever skin tests statewide. There may be unintended operational impacts to the Department since some inmates will not be able to be housed at Avenal and Pleasant Valley State Prisons. The Administration will monitor the impacts since the Budget does not currently reflect potential operational issues based on the test results.

The Receiver indicates that these issues are all critical to the transition of medical care back to the state. The Receiver has indicated that he will likely discuss the revised transition plan in his February 2015 Tri-Annual Report. The Receiver's Office identified 14 areas of responsibility that will be transferred from the Receiver to the Department. To date, two delegations, Medical Facility Activation and Health Care Access Units, have been transitioned, which occurred in October 2012.

USE OF FORCE AND SEGREGATED HOUSING POLICY

On April 10, 2014, the *Coleman v. Brown* court ordered the Department to complete various actions including revising their use of force policies and developing an alternative housing plan for certain *Coleman* class members placed in segregated housing. In August 2014, the Department submitted plans to comply with the order, which were subsequently approved by the court. The Budget includes \$13 million General Fund in 2014-15 and \$42 million beginning in 2015-16 for the court-required activities.

The revised policies include an increase in clinical involvement for controlled use of force incidents, positive intervention strategies to address inmates with certain behavioral restrictions, and monitoring and reporting activities. The new policies will provide more clinical involvement in certain activities and restrictions that previously included only custodial involvement. In addition, the new policies establish monthly reporting on certain segregated housing units for mentally ill inmates, and if found out of compliance with requirements for a consecutive two-month period, the Department will not be allowed to house mentally ill inmates in those units.

The new policies also require the Department to separately house Correctional Clinical Case Management System inmates (the lowest level of care in the Department's mental health system) and General Population inmates in segregated housing units. In the new Correctional Clinical Case Management System housing units, inmates will be provided additional out-of-cell time and clinical interaction. The Department will also transfer mentally ill inmates housed in segregated housing units for non-behavior-related issues to permanent housing more quickly. In cases where a permanent housing option cannot be quickly identified, the Department has established a short-term housing unit for these inmates.

The court orders and the Department's revised policies are intended to improve prison mental health care and reduce suicide incidents in prison. In addition to the efforts outlined above, the Department plans to perform welfare checks on inmates in condemned and security housing units. The Department will also expand and improve mental health related training, which includes training specifically targeted at educating staff about preventive measures and to improve their use of existing tools to reduce inmate suicides.

MENTAL HEALTH STAFFING

On June 19, 2014, the *Coleman* court ordered the Department to develop and file a plan to comply with a 2002 court order to maintain a 10 percent or better vacancy rate for Psychologists, Licensed Clinical Social Workers and Psychiatrists. The plan was initially required to be filed by September 12, 2014, but the Department was granted an extension until January 31, 2015. The Department is currently working with the *Coleman* Special Master and plaintiffs on the mental health staffing model and alternatives to address the vacancy issue. More details will be forthcoming once the filing is submitted in January 2015.

There are 1,086 inpatient mental health treatment beds at the California Health Care Facility, California Medical Facility, and Salinas Valley State Prison operated by the Department of State Hospitals (DSH). In the current operational structure, CDCR and DSH are responsible for different segments of CDCR's mental health care system. The two departments are in active consideration of the CDCR assuming responsibility of these inpatient mental health treatment beds, including evaluating the implications of a consolidated management structure on operations and possible costs.

COMMUNITY CORRECTIONS PERFORMANCE INCENTIVE GRANT

Chapter 608, Statutes of 2009 (SB 678), created the Community Corrections Performance Incentive Grant to create incentives for counties to reduce the number of felony probationers sent to state prison. This performance-based funding has been provided to county probation departments based on a percentage of state General Fund savings when county probation departments successfully reduce the number of adult felony probationers going to state prison. This funding encourages counties to provide programming that keeps offenders out of prison. In 2011-12 and 2012-13, the state allocated a combined total of \$227 million to counties based on their performance in 2010 and 2011 compared to the 2006 to 2008 baseline years. In 2010 and 2011, approximately 14,289 felony probationers were successfully kept out of state prison.

Prior to 2011 Public Safety Realignment, felony probationers could be revoked from probation and sent to state prison. However, 2011 Public Safety Realignment prevents many felony probationers from being revoked to state prison, as their offenses are no longer prison eligible. Under 2011 Realignment, two types of local supervision by county probation departments were created: Mandatory Supervision and Post Release Community Supervision. Individuals on these types of supervision cannot be revoked to prison for violating the terms of their supervision, but they can be sentenced to prison if they commit a new, prison-eligible crime. Due to these changes, the number of felony probationers being sent to prison has drastically declined, while the total number of individuals supervised by county probation departments has remained steady. The funding from the SB 678 grant program over the past four years has been critical to maintaining probation departments' successes and those gains cannot be sustained without a clear plan for future funding of this program. The state has two goals in this regard: preserve past successes and encourage county probation departments to continue to decrease the number of individuals sent to state prison.

The Budget includes \$125 million based on the formula used for the 2014-15 allocation. The existing formula compares each county's estimated 2014 felony probation returns to prison and jail to their 2006 to 2008 baseline returns to prison. Successful reductions in the number of felony probationers returned to custody are funded with a portion of the state's savings. The Department of Finance will continue to work with the Judicial Council, the Chief Probation Officers of California and the Department of Corrections and Rehabilitation on a revised formula. However, given this funding stream's importance to the success of probation departments, the state must carefully examine new data elements prior to their inclusion in the formula. Preliminary reviews of the data reported for the first two quarters of calendar year 2014 indicate that counties are refining their data collection and reporting to the Judicial Council, which may need further analysis before it can be incorporated into a new funding formula.

CITY LAW ENFORCEMENT GRANTS

The Budget proposes to continue \$40 million General Fund for front line law enforcement activities. The Board of State and Community Corrections allocates funds to individual cities acting as the fiduciary agent within each county receiving the funds.

STATE PENALTY FUND

The State Penalty Fund was created as a depository for assessments on specified fines, penalties, and forfeitures imposed and collected by the courts and counties for criminal offenses. Based on a statutory formula, assessment revenues are then distributed among eight special funds. Over the past six years, State Penalty Fund revenues have declined significantly, resulting in diminished revenue allocations and causing structural deficits within many of the eight special funds. Specifically, six of the eight special funds that receive penalty fund revenues are projected to have structural deficits within the next three to four years. Two of the special funds, the Peace Officers' Training Fund and the Corrections Training Fund, will become insolvent in 2015-16.

To address the projected insolvency within these two funds, the Budget reflects approximately \$12 million in additional penalty assessment revenues resulting from the establishment of an 18-month outstanding debt amnesty program that would be administered by the courts and counties, consistent with existing delinquent debt collection programs.

The amnesty program would authorize individuals with past due court-ordered debt that was due prior to January 1, 2013, relating to traffic infractions and certain misdemeanors to pay outstanding delinquent debt at a 50-percent reduction if the individual meets specified eligibility criteria. The 50-percent reduction would apply to the total amount of outstanding debt, including interest and late penalties. Amnesty program revenues would continue to be distributed based on existing statutory requirements for distribution of these revenues; however, the amounts distributed to the State Penalty Fund would be dispersed directly to the Peace Officers' Training Fund and Corrections Training Fund to address the immediate insolvency in these two funds.

In recognition that the amnesty program is a short-term solution, the Administration plans to address the long-term solvency of the State Penalty Fund. As part of this effort, the Administration plans to evaluate and zero-base all programs funded by the State Penalty Fund. As a first step, the Budget includes a reduction of \$5.3 million to the Commission on Peace Officer Standards and Training's state administrative costs beginning in 2015-16. While a long-term solution is being developed, the proposed ongoing state operations reduction is necessary as it maintains critical training programs and reimbursements to local law enforcement agencies and promotes a more efficient state government.

The Commission certifies, develops, and coordinates training for local law enforcement and dispatchers and provides funding to offset a portion of the training costs incurred by local law enforcement agencies. The Commission's main funding source is the Peace Officers' Training Fund, which receives the majority of its revenue from the State Penalty Fund. The Commission instituted an 18-month limited-term reduction of \$7.7 million starting in January 2014 by suspending certain training cost reimbursements to local law enforcement agencies, reducing contracts and postponing some workshops and seminars conducted by the Commission. Nevertheless, expenditures continue to outpace revenues in the Peace Officers' Training Fund.

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