This Chapter describes items in the Budget related to California’s correctional system and local law enforcement.

**Department of Corrections and Rehabilitation**

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 $11.3 billion ($11 billion General Fund and $307 million other funds) for the Department in 2017-18.

The 2016 Budget Act projected an overall adult inmate average daily population of 128,821 in 2016-17. The average daily adult inmate population is now projected to increase by 0.2 percent to 129,015 in 2016-17. Absent the passage of Proposition 57, the Public Safety and Rehabilitation Act of 2016, at the November election, the population would have increased by 1.0 percent to 130,118 in 2017-18 compared to the 2016 Budget Act projection. As displayed in Figure SAF-01, the Budget reflects a revised average daily population to account for anticipated population reductions and the population is now projected to decline by 0.7 percent from current levels to 128,159 in 2017-18.
The 2016 Budget Act projected an overall parolee average daily population of 42,601 in 2016-17. The average daily parolee population is now projected to increase by 2.5 percent to 43,686 in 2016-17 and by 5.1 percent to 44,761 in 2017-18, compared to 2016 Budget Act projections.

In comparison to 2016 Budget Act projections, the Division of Juvenile Justice’s average daily ward population is projected to decrease by 4 in 2016-17 and increase by 70 in 2017-18, for a total population of 705 in 2016-17 and 779 in 2017-18. The increase in the 2017-18 ward population is attributable to the expected increase in juvenile court commitments as a result of Proposition 57.

**Proposition 57 — Public Safety and Rehabilitation Act of 2016**

In 2011, the U.S. Supreme Court upheld the federal three-judge panel’s order that the Department reduce the prison population to 137.5 percent of the prisons’ design capacity by June 2013. To meet the court-ordered population cap, the state passed 2011 Public Safety Realignment. This landmark legislation helped ease prison crowding and reduced state spending on prisons by shifting responsibility for low-level offenders to counties. In the first six months following the implementation of Realignment, the California Department of Corrections and Rehabilitation’s inmate population dropped by more than 21,000 inmates.

In November 2012, voters passed Proposition 36, which revised the State’s three-strikes law to permit resentencing for qualifying third-strike inmates whose third strike was not serious or violent. As of December 6, 2016, approximately 2,245 third-strike inmates have been released as a result of Proposition 36.

Despite these efforts, the adult prison population was projected to exceed the court-ordered population cap, and the state requested a two-year extension to comply...
with the court order. On February 10, 2014, the court granted the state’s request for a two-year extension to meet the 137.5-percent population cap. The court also ordered the state to implement several population reduction measures to comply with the court-ordered population cap and appointed a Compliance Officer with the authority to order the immediate release of inmates should the state fail to maintain the final benchmark. The court reaffirmed that the Department would remain under the jurisdiction of the court for as long as necessary to continue compliance with the final benchmark of 137.5 percent of design capacity and establish a durable solution.

The February 10, 2014 order required the Department to:

- Increase prospective credit earnings for non-violent second-strike inmates as well as minimum custody inmates.
- Allow non-violent second-strike inmates who have reached 50 percent of their total sentence to be referred to the Board of Parole Hearings for parole consideration.
- Release inmates who have been granted parole by the Board of Parole Hearings but have future parole dates.
- Expand the Department’s medical parole program.
- Allow inmates age 60 and over who have served at least 25 years of incarceration to be considered for parole (the “elderly parole” program).
- Increase its use of reentry services and alternative custody programs.

Also, while these court-ordered requirements were being implemented, the voters passed Proposition 47 in November 2014, which requires misdemeanor rather than felony sentencing for certain property and drug crimes and permitted inmates previously sentenced for these reclassified crimes to petition for resentencing. Combined, Proposition 47 and the court-ordered measures are estimated to reduce the average daily inmate population by approximately 10,600 in 2016-17.

As of December 14, 2016, the prison population was at 134.0 percent of design capacity, which is below the court-ordered population cap of 137.5 percent of design capacity. However, notwithstanding all the changes above, the fall 2016 adult inmate population projections estimated that population will increase by approximately 1,000 inmates per year.
Given the need to establish a durable solution for prison crowding, the Governor sponsored Proposition 57 to maintain compliance with the court-ordered population cap, end federal court oversight, and establish more incentives for inmates to participate in rehabilitative programs. Proposition 57 reforms the juvenile and adult criminal justice system in California by creating a parole consideration process for non-violent offenders who have served the full term for their primary criminal offense in state prison, authorizing the California Department of Corrections and Rehabilitation to award credits earned for good behavior and approved rehabilitative or educational achievements, and requiring judges to determine whether juveniles charged with certain crimes should be tried in juvenile or adult court. The Department is drafting regulations to implement the proposed parole and credit changes described below, which will be subject to a certification by the Secretary that they protect and enhance public safety. The Budget assumes that regulations will be implemented by October 1, 2017.

Proposition 57 is estimated to reduce the average daily adult inmate population by approximately 2,000 in 2017-18, growing to an inmate reduction of approximately 9,500 in 2020-21. These figures are preliminary and subject to considerable uncertainty. The implementation of Proposition 57 and other population reduction measures mentioned above will allow the Department to remove all inmates from one of two remaining out-of-state facilities in 2017-18. Additionally, as the impact of Proposition 57 grows, the Department anticipates returning all 4,900 inmates from out-of-state facilities by 2020.

Overall, the Budget estimates that Proposition 57 will result in net savings of $22.4 million in 2017-18, growing to net savings of approximately $140 million in 2020-21. These estimates will be updated once the regulations are adopted. The Budget includes $5.7 million for the Department to implement Proposition 57. Specifically, the Budget includes resources for additional case records staff to review and make various changes to inmate classification files related to the new credit earning structure and parole process, parole workload due to additional releases from prison, and Board of Parole Hearings workload for the increased number of inmates considered for release.

**Division of Juvenile Justice**

The Budget estimates an increase of 72 wards as a result of Proposition 57 and includes $4.9 million to reactivate two living units within the Division of Juvenile Justice to account for the anticipated increase in juvenile court commitments. Proposition 57 requires that all juvenile offenders who committed their crimes prior to age 18 have a hearing in juvenile court before being transferred to adult court. Specifically, Proposition 57 only allows a
juvenile felony offender age 16 or 17 to be transferred to adult court, or age 14 or 15 for certain more serious felonies listed in state law. Prior to Proposition 57, certain crimes committed by a juvenile offender were required to be tried in adult court, and prosecutors also had discretion to file certain criminal charges directly in adult court without input from a juvenile court. The anticipated effect is that fewer juvenile offenders will be tried in adult court, which is estimated to reduce the average daily adult inmate population by 81 in 2017-18.

These changes will likely result in some local government costs, since probation departments will assist in more juvenile court proceedings where a judge determines whether a juvenile offender should be tried in juvenile or adult court. If more wards are committed to the Division of Juvenile Justice, county probation departments will be required to pay the state $24,000 per year for certain juvenile court commitments. However, there may also be some offsetting savings at the local level since juvenile offenders may be held in juvenile hall for a shorter period of time because juvenile court adjudications take less time than adult court adjudications. Additionally, when wards are released from the Division of Juvenile Justice, county probation departments receive funding for supervising juveniles through the Juvenile Reentry Grant within 2011 Public Safety Realignment.

**Parole Eligibility for Non-Violent Offenders**

The Department currently operates a court-ordered parole process whereby non-violent, non-sex registrant second-strike offenders are eligible for parole consideration by the Board after serving 50 percent of their sentence. Proposition 57 authorizes a similar process by establishing parole consideration eligibility for non-violent offenders who have served the full term for their primary criminal offense. The regulations for the new process will exclude sex registrants. Additionally, Proposition 57 establishes eligibility once an offender has completed the full term of their primary offense compared to eligibility under the court-ordered process, which is after serving 50 percent of their total sentence. These changes will reduce the average daily adult inmate population by an estimated 524 in 2017-18.

**Credit Earnings**

To create additional incentives for offenders to participate in rehabilitative programming and improve in-prison behavior, the Department plans to pursue various credit earning changes that are expected to reduce the average daily adult inmate population by 1,354 in 2017-18.
The current credit earning structure is convoluted and provides little incentive for positive programming. There are inequalities in the earning structure that do not adequately recognize or encourage rehabilitation and positive behavior in a prison environment.

The Department will use authority provided by Proposition 57 to promulgate regulations to not only continue the court-ordered credit increases, but increase earning potential and provide more equality in the credit structure. It is expected that the regulations will:

- Increase and standardize good-time credit earnings. Good-time credits are earned when an inmate avoids violating prison rules.
- Allow all inmates, with the exception of life-term inmates without the possibility of parole and condemned inmates, to earn milestone credits. Milestone credits are earned when an inmate completes a specific education or training program that has attendance and performance requirements.
- Increase the amount of time an inmate can earn for milestone completion credits from 6 weeks per year to 12 weeks.
- Create new, enhanced milestone credits for one-time significant earned academic and vocational achievements, such as the earning of Associate of Arts and Bachelor’s degrees, high school diplomas, the Offender Mentor Certification Program, and Career Technical Education certifications. Enhanced milestone credits will be applied retrospectively for those credits earned during the inmate’s current term.
- Establish new achievement credits for inmates that have sustained participation in other rehabilitative programs and activities. Inmates will be able to earn up to four weeks of achievement credits in a 12-month period.

Credits earned by life-term inmates will be credited towards their Minimum Eligible Parole Date. Additionally, consistent with current practices, all credit earning will be revocable based on behavior-based violations.

**Continued Focus on Inmate Rehabilitation and Reentry**

The Budget includes $440 million General Fund for the Division of Rehabilitative Programs, compared to approximately $300 million in 2012-13. The Division prepares offenders for their release by offering various programs and services that promote
positive in-prison behavior and support their rehabilitative efforts to provide a better opportunity for them to reintegrate into society upon release. The core of these services is cognitive behavioral treatment programming, which includes the major areas of substance use disorder treatment, criminal thinking, anger management and family relationships. While offenders are prioritized if they 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 expansion of rehabilitative programs and reentry services to all prisons has allowed more inmates to participate in programs to help them prepare for reintegration to the community.

It is anticipated that the implementation of Proposition 57 and the proposed credit increases will encourage more participation in programs and services, making for a safer prison environment and better success for these inmates upon release. As an example of the positive benefit of these programs, the Department’s recent Outcome Evaluation Report found offenders who received in-prison substance use disorder treatment and completed aftercare had a recidivism rate 31.2 percentage points lower than offenders who did not receive any form of in-prison substance use disorder treatment or aftercare. With the recent expansion of substance use disorder treatment to all state prisons, and the enhanced program completion credits Proposition 57 will allow offenders to earn, it is expected that in-prison behavior will improve and future recidivism rates of offenders completing programs will decline.

The Budget continues programs and services designed for long-term inmates that have unique needs due to their lengthy periods of incarceration. Specifically, the Department will add a Long-Term Offender Program at Richard J. Donovan Correctional Facility; expand the Pre-Employment Transitions Program to all institutions to provide employment preparation, job-readiness, and job search and prerequisite skills for the current job market; expand the Offender Mentor Certification Program to train an additional 64 long-term and life-term inmates to become mentors for alcohol and drug counseling; and expand programs and college courses offered in the evenings to maximize the availability of limited program space and enable inmates with in-prison jobs to also participate in these meaningful programs.

Offenders serving long terms in prison are often unprepared for reentering society due to changes in technology and day-to-day living advances. The Board of Parole Hearings indicates that approximately 80 percent of life-term offenders released to parole require or request transitional housing as part of their parole plans. As such, the Department is developing a 300-bed program that provides six-month transitional housing in locations
closest to the communities in which life-term inmates will be released to assist them in successfully reentering society. It is anticipated that this program will be implemented in July 2017.

The Budget also continues the community reentry program, which links offenders to a range of community-based, rehabilitative services that assist with substance use disorders, mental health care, medical care, employment, education, housing, family reunification, and social support. The program is voluntary and allows eligible male inmates committed to state prison to serve the end of their sentences in the community in lieu of confinement in state prison. The Department currently allows inmates to serve the last six months of their sentence in this setting, but is in the process of increasing the timeframe to nine months prior to release. To date, the Department has contracts to house 460 inmates in community reentry facilities and the Budget includes resources for a total of 647 beds in 2017-18.

**California Leadership Academy**

The Department contracted with an external consultant to make recommendations for a California Leadership Academy—a program aimed at reducing recidivism among 18- to 25-year-old male inmates in the state’s adult prison system. The report recommended a college-like campus that would house approximately 250 offenders with small living units that focus on developing pro-social behavior, education, and job training. Diverting younger offenders from the adult prison setting is consistent with one of the goals of Proposition 57, and would give younger offenders a better chance of rehabilitation and reduce recidivism. As such, the Administration recommends that the program focus on youthful offenders who are sentenced by an adult court, but serve the beginning of their sentence in the Division of Juvenile Justice and then transfer to an adult prison. Priority would be given to offenders sentenced by an adult court and eligible for release prior to their 26th birthday.

The report also recommended a combination of private and public funds. Given the current state of the General Fund, the Administration will work with external stakeholders to solicit interest from private investors to fund this project. While the state has surplus property that could potentially be used as a site for the Academy, depending on the interest of private investors, the state could also choose to dedicate a yard at an existing adult institution or housing unit at an existing juvenile facility to create a smaller Academy.
**Drug and Contraband Interdiction**

The Department is in year three of a pilot program aimed at reducing illegal drugs and contraband entering prisons. The Department has implemented the pilot program at 11 institutions, including more intensive interdiction at Calipatria State Prison; California State Prison, Solano; and California State Prison, Los Angeles County. Interdiction strategies include searching of staff, visitors and vendors entering prisons, as well as packages received by these prisons; drug and contraband canine search teams; and increased surveillance technology.

These efforts are intended to reduce inmate violence, increase safety for staff and inmates, and promote a drug-free rehabilitative environment. Additionally, these efforts complement the expansion of substance use disorder treatment to all prisons by allowing the Department to prioritize placement of inmates who test positive for illicit drug use into substance use disorder treatment programs. The Department has contracted with the Public Policy Institute of California to conduct an independent evaluation of the pilot program and a final report is due by April 30, 2017.

**Segregated Housing Unit Conversions**

As a result of the agreement in the *Ashker v. Brown* lawsuit related to conditions of confinement at Pelican Bay State Prison, the Department has implemented changes that focus on fixed segregated housing terms for behavior-based violations. In addition, the Department has made changes to its step-down program to allow inmates to transition from segregated housing into the general population more quickly. These changes reduced the need for 992 segregated housing beds at Pelican Bay State Prison and California State Prison, Corcoran. The Budget proposes to convert the beds at Pelican Bay to level II housing and the beds at Corcoran to level IV housing.

**Proposition 47**

Proposition 47, passed by the voters on November 4, 2014, 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. Based on fall projections, Proposition 47 is expected to reduce the 2016-17 adult inmate average daily population by 4,425, compared to 5,247 in 2015-16. The 2016-17 population reduction is attributable primarily to avoided new admissions since the effect of the resentencing component was mostly realized in 2015-16.
Proposition 47 requires state savings resulting from the proposition to be transferred into the Safe Neighborhoods and Schools Fund. The fund is 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 of each fiscal year, to calculate the state savings for the previous fiscal year compared to 2013-14.

The Department of Finance currently estimates net savings of $42.9 million when comparing 2016-17 to 2013-14, an increase of $3.5 million over the estimated savings in 2015-16. This estimate assumes savings from a reduction in the state’s adult inmate population, and increased costs due to a temporary increase in the parole population and trial court workload associated with resentencing. The estimate also takes into consideration the savings associated with fewer felony filings and more misdemeanor filings, and the number of offenders resentenced and released from the Department of State Hospitals. In calculating state savings attributable to Proposition 47, the state considers the average length of stay of offenders that are no longer prison-eligible. Consequently, in future years, Proposition 57 will reduce the estimated length of stay for offenders that would have, absent Proposition 47, otherwise been sentenced to prison. Ongoing savings are currently estimated to be approximately $69 million.

**Inmate Health Care and Mental Health Services**

The Budget continues the state’s significant financial commitment to improve the Department’s delivery of health care services to inmates. The Budget dedicates $2.9 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 includes $2 billion General Fund for prison medical care. The Budget augments the inmate medical care program by $33.3 million, including $2.1 million to dedicate property controller positions to oversee all health care assets at the institutions, $5.4 million for Registered Nurses to triage and remedy medical appeals, $8.9 million for additional Licensed Vocational Nurses to distribute medication to inmates, $13.8 million to expand California Prison Industry Authority janitorial services to space constructed through the Health Care Facility Improvement Program and Statewide Medication Distribution improvements, and $3.1 million for Certified Nursing Assistants to provide one-on-one surveillance of inmates on suicide watch. To date, the Receiver has
transitioned oversight of nine institutions back to the state. These resources are intended to further assist the Receiver in transitioning medical care back to the state.

Transfer of Psychiatric Programs to the California Department of Corrections and Rehabilitation

The Department of State Hospitals currently operates 1,156 inpatient mental health treatment beds at three California Department of Corrections and Rehabilitation prisons: California Health Care Facility, Salinas Valley State Prison, and California Medical Facility. State Hospitals provides the inpatient services as part of a broader system of mental health care within the Department of Corrections and Rehabilitation. The Budget proposes to transfer these programs effective July 2017, and redirects $250.4 million and 1,977.6 positions from State Hospitals to the Department of Corrections and Rehabilitation for this purpose. Transfer of these programs will streamline processes and improve timelines for inmate referrals for psychiatric inpatient treatment.

In November 2015, the departments entered into a memorandum of understanding to better coordinate the operation of these programs. The Budget furthers these efforts by giving the Department of Corrections and Rehabilitation sole responsibility for the operation of these programs. This is intended to improve service delivery and reduce the review timeline for referrals to either intermediate or acute levels of care, which will speed up placement of inmates into a psychiatric program bed. The Budget also includes $11.4 million to add 72 Intermediate Care Facility beds at the California Medical Facility. In addition to these immediate solutions, the Budget includes two Capital Outlay projects to provide 100 additional mental health crisis beds by summer 2021 — 50 at the California Institution for Men and 50 at the Richard J. Donovan Correctional Facility. These facilities will be constructed as flexible housing, allowing the beds to also be used for intermediate or acute levels of care, as needed. Combined, these proposals will help the Department mitigate inpatient treatment waitlist pressure that has been of significant concern to the Court in the Coleman vs. Brown lawsuit.

Local Public Safety

The Budget addresses the following local public safety issues.

Community Corrections Performance Incentive Grant

The Community Corrections Performance Incentive Grant, Chapter 608, Statutes of 2009 (SB 678), was created to provide incentives for counties to reduce the number of felony
probationers sent to state prison. The Budget includes $114.9 million to continue this successful program.

**Post Release Community Supervision**

The Budget includes $11 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 implementation of court-ordered measures and Proposition 57.

**Fines, Fees, and Assessments Review**

The court system and numerous programs rely on funding generated by fines, fees, and penalties assessed on court filings and citations. In recent years, these revenues have fallen dramatically. During the fall, the Administration reviewed these revenues. The review included an examination of court filings statewide, the revenues collected from these filings, traffic citations, and the collectability of delinquent court-ordered debt.

**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. In statute, the state penalty assessment is a total of $10 for every $10 of base fine assessed. Of the state penalty assessment, 70 percent is deposited into the State Penalty Fund and 30 percent is deposited into a county’s general fund. The Budget proposes to amend the process by which the state portion of the assessment is distributed. Currently, the distribution is based on a statutory formula in which assessment revenues are distributed among eight special funds for various programs.

State Penalty Fund revenues have decreased significantly over the past several years, due largely to a significant decrease in traffic citations. Given that this decrease in revenue is projected to continue, the State Penalty Fund can no longer support all of the programs that receive this funding. In addition, the costs of these programs have increased; however the statutory formula has not been updated to account for these increased costs. As a result, many funds currently have structural deficits and some have received funding backfills to provide temporary solvency.

To recognize the decline in State Penalty Fund revenues, the Budget proposes to reduce the number of programs supported by the fund. The existing programs were evaluated and funding from the State Penalty Fund was prioritized for law enforcement
training, victim services programs, and driver training programs. See Figure SAF-02 for a summary of programs proposed for funding in 2017-18. To ensure the program expenditures remain within existing revenues, the affected programs will need to take steps to reduce expenditures. Some examples of these steps include: the Commission on Peace Officers Standards and Training will need to reduce the amount available to reimburse local agencies for travel, lodging and subsistence costs related to out of area training courses; the Board of State and Community Corrections will need to reduce the amount of funding provided on a per-position basis for correctional training commensurate with the overall reduction; and the Office of Emergency Services will need to reduce the total dollar amount associated with Victim Witness Assistance grants across the state.

Based on the fund’s condition, State Penalty Fund for the following programs is proposed to be eliminated:

- Motorcyclist Safety Program, California Highway Patrol—This program provides motorcycle safety training, education and outreach across the state. In addition to a State Penalty Fund transfer, this program receives funding from motorcycle registrations. Registration revenues are sufficient to continue existing program levels.
Public Safety

• Local Public Prosecutors and Public Defenders Training Program, Office of Emergency Services—This program provides statewide training grants for local public prosecutors and public defenders on the prosecution of crimes against women. Currently, the program receives training funding from both the State Penalty Fund and the federal government. Federal funding, which provides 35 percent of its total, would continue.

• Internet Crimes Against Children Task Forces, Office of Emergency Services—These task forces investigate cyber criminals who prey on children. In addition to the state funding, these task forces receive funding from both their local government and the federal government. This proposal would eliminate the state funding provided to these task forces.

• California Gang Reduction, Intervention, and Prevention Program, Board of State and Community Corrections—This program provides grants to locals to collaborate and coordinate with local jurisdictions to reduce gang and youth violence. This proposal would eliminate the grant program as it is solely funded by the State Penalty Fund.

Repeal of Drivers License Suspension

In the past, when the State Penalty Fund has faced shortfalls, the solution has often been to further increase fines and penalties. While this approach increases revenues generated by those who pay the amount owed, it places an undue burden on those who cannot afford to pay. This approach has led to an increasing amount of fines and penalties going uncollected. For example, in 2008-09, uncollected debt was $5.5 billion and grew to $9.7 billion in 2015-16, a 76-percent increase.

One of the collection methods that courts can use to collect outstanding debt is to suspend drivers licenses for failure to pay. There does not appear to be a strong connection between suspending someone’s drivers license and collecting their fine or penalty. Often, the primary consequence of a drivers license suspension is the inability to legally drive to work or take one’s children to school. Therefore, the Budget proposes to eliminate the statutory provisions related to suspending drivers licenses for failure to pay fines and penalties.