



## CALIFORNIA PROBATION, PAROLE AND CORRECTIONAL ASSOCIATION

To: All CPPCA Members

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Subject: Governor Brown Releases January 2016-17 Proposed Budget

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Today, Governor Brown released his proposed 2016-17 state budget. The budget proposes approximately \$122.6 billion in General Fund (GF) spending (an increase of 5.6% over 2015-16) and \$170.7 billion (an increase of 1.9% over 2015-16) in total spending. As noted by the Governor: “Relative to years past, the state budget is in good shape.”

This positivity is tempered by the Department of Finance (DOF), which points out that California is concluding its seventh year of economic expansion, a time period two years longer than the average recovery. And while state revenues continue to increase (GF revenues are \$3.8 billion higher than in 2015-16), the state still has \$224 billion in “long-term costs, debts, and liabilities,” largely attributable to retirement costs of state employees.

In addition to out-year liabilities, Governor Brown has submitted a spending proposal that plans for the next economic recession. The budget includes a deposit of \$2 billion into the Rainy Day Fund to accelerate the growth of that fund’s balance above and beyond what is required by law.

Worthy of note is that this budget does not implement major cuts, especially in the public safety arena. The Budget represents continued investments in many key public safety programs including SB 678, CCP training grants, and the juvenile Continuum of Care Reform among other programs.

The final budget is due to the Governor by June 15 and must be signed into law by July 1, 2016. You can access the full budget summary at: <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>

### **PUBLIC SAFETY ITEMS**

- **SB 678** - The budget proposes \$129.7 million for SB 678 based on the revised formula adopted last year. This represents an increase from the \$125.1 million appropriated in 2015-16. As you will recall, the revised formula stabilizes funding swings while maintaining a performance based funding mechanism. Part of the funding is based on a probation department’s highest year of funding from the first four years. Each year a department will receive a percentage of the highest year based their probation failure rate (PFR). The percentage ranges from 40%-100% of the highest year. The second part of the funding accessible to probation departments compares a department’s individual success year over year. A department will receive 35% of the state contract bed rate based on their own improvement on prison revocation rate. The formula is based on prison revocation rates on all supervised populations for felony probation, PRCS and Mandatory Supervision. The formula also contains a minimum payment of \$200,000.

- **Continuum of Care Reform Resources** — The Budget includes a total of \$94.9 million (\$60.9 million General Fund) for DSS, DHCS, county child welfare agencies, and county probation departments to continue the implementation of the Continuum of Care reforms codified in Chapter 773, Statutes of 2015 (AB 403). \$26.8 of this budget item (\$18 million General Fund and \$8.8 million in federal reimbursement) is dedicated to probation.
- **CCP Implementation Grants** – \$7.9 million is proposed to go out to the counties that report on their realignment efforts to the BSCC. Counties are eligible to receive funding if they submit a report to the Board of State and Community Corrections annually that provides information about the implementation of the Community Corrections Partnership plan accepted by the County Board of Supervisors pursuant to Section 1230.1 of the Penal Code. As in years past, the funds would be distributed based on the most recent county population as follows: (1) \$100,000 to each county with a population of 0 to 200,000, inclusive, (2) \$150,000 to each county with a population of 200,001 to 749,999, inclusive, and (3) \$200,000 to each county with a population of 750,000 and above.
- **Realignment Chart** - Recall that 2015-16 was the first year in which the Community Corrections Subaccount base included the previous year's growth. For the 2016-17 budget year, the AB 109 base funding is estimated to be \$1.2 billion – this number is derived at by adding last year's base of \$1.107 billion to the estimated 2015-16 growth of \$96.8 million.
- **Hard to Site Local Facilities Incentive Grants**—The Budget proposes \$25 million General Fund for incentive payments to cities and/or counties that approve, between January 1, 2016 and June 30, 2017, new long-term permits for hard-to-site facilities that improve public safety and support the criminal justice system through the provision of services, such as substance use disorder treatment, mental health, and reentry programming. The Administration will work with city and county stakeholders during the spring to develop an allocation methodology while also safeguarding existing permitted facilities. This funding recognizes that local communities can be reluctant to allow these types of facilities to be permitted which, in turn, impact State and local governments' abilities to provide these types of necessary services and rehabilitative programming. Details on which agency would administer these grants and specifics on applying are not yet identified in the budget proposal.
- **Jail Construction Funding** - The Budget includes \$250 million General Fund for competitive grants to counties that have previously received only a partial award or have never received an award from the state for replacing or renovating county jails to improve custodial housing, reentry, rehabilitative programming, mental health services, or treatment space. There will be a 10 percent county match requirement, but the match may be reduced to 5 percent for small counties. These grants will be administered through the BSCC and it is anticipated that they will follow similar requirements to other previous jail construction allocations, particularly with a focus on mental health and programming.
- **City Law Enforcement Grants** - The Budget includes \$20 million General Fund to increase positive outcomes between city police and the homeless community, persons with mental health needs, and high-risk youth populations. The Board of State and Community Corrections will allocate funds to individual cities acting as a fiduciary agent within each county receiving the funds. The Budget also continues \$6 million General Fund for grants to local law enforcement

agencies for programs and initiatives intended to strengthen relationships between law enforcement and the communities they serve.

- **Commission on Peace Officer Standards and Training (POST)** – The budget proposes \$13 million to backfill the loss in revenue to POST’s Corrections Training Fund to maintain training reimbursements at their current levels. STC funding remains at its current level as well. There is expected to be ongoing discussions to address the long-term solvency issues with the POST budget. STC funding will also be a part of the discussion as it relates to the health of the funding source. As you may recall, POST’s main funding source is the Peace Officers’ Training Fund, which receives the majority of its revenue from the State Penalty Fund and has been declining over the last several years.
- **Racial and Identity Profiling Act of 2015** - AB 953 (signed last year), revises the definition of racial profiling and, beginning in 2018–19, requires local law enforcement agencies to report data on all stops conducted by the agency’s peace officers. The Budget includes \$10 million General Fund to local law enforcement agencies for costs incurred through June 2017 related to increased reporting activities. The Administration will work with law enforcement entities during the spring to develop an allocation methodology for these funds and the overall program that limits future mandate reimbursement claims.

#### **PROPOSITION 47**

- **Population Impacts** - Prop 47, combined with other court-ordered population reduction measures taken by CDCR, have reduced the average daily inmate population by approximately 8,700. Proposition 47 accelerated the scheduled release of many offenders and it is estimated that the 2015-16 average daily inmate population will be reduced by approximately 4,700 as a result of resentencing and avoided new admissions.

**Funding** – As you will recall, Proposition 47 requires state savings resulting from the proposition to be transferred into a new fund, the Safe Neighborhoods and Schools Fund. The Department of Finance currently estimates net savings of \$29.3 million. 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.

The Act calls for 65% percent to be allocated to the BSCC for purposes of mental health, substance use disorder treatment and diversion programs. It is projected that approximately \$19 million will be allocated to BSCC for these purposes (*see attached chart*). The first transfer of state savings to the Safe Neighborhoods and Schools Fund will occur in August 2016. Ongoing savings are expected to be approximately \$57 million.

#### **CDCR**

- **CDCR Budget** – The Budget for the entire department is \$10.5 billion (\$248 million other funds) for 2016-17. The average daily adult inmate population is projected to be 128,834 in 2016-17. The average daily parolee population is projected to be 42,571. The Division of Juvenile Justice’s average daily ward population is increasing compared to the 2015 Budget Act

projections. Specifically, the ward population is projected to increase by 37 in 2015–16 and by 42 in 2016–17, for a total population of 719 in 2016–17.

- **Division of Rehabilitative Programs** - The Budget narrative focuses on rehabilitative efforts generally in the department. The Budget includes approximately \$400 million General Fund for the Division. Part of this funding will go towards the operation of 13 prison-based reentry hubs. 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.
- **Substance Use Disorder Programs** - The Governor proposes expanding substance use disorder treatment programming to the remaining 11 institutions currently without a program at a cost of an additional \$15.2 million.
- **Community Reentry Program/Facility Citing** - The Budget includes \$32.1 million to continue the community reentry program. 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. To date, the Department has contracts to house 220 inmates in community reentry facilities. The Budget includes resources for a total of 680 beds in 2016–17 and proposes to increase the eligibility criteria from 120 days prior to release to 180 days.
- **Programs and Services for Lifer Populations** – There has been an increase of paroled lifers and their identified needs are significant. The Budget includes about \$10 million to expand programs for this population.
  - *Parolee Service Center Beds* (\$3.1 million) — Parolee Service Centers provide residential and support services. The Department will add 136 beds on a statewide basis for this purpose.
  - *In-Prison Long-Term Offender Program* (\$3.4 million, of which \$2.1 million is one-time) — This voluntary in-prison reentry program is designed specifically for long-term offenders, providing substance use disorder treatment, criminal thinking, anger management, family relationships, victim impact, denial management and employment readiness. The Department is increasing the number of slots by approximately 1,700.
  - *Offender Mentor Certification Program* (\$423,000) — Long-term and life-term inmates are trained and certified to become mentors for alcohol and drug counseling. This augmentation will enable the Department to train an additional 64 inmates annually.
  - *Pre-Employment Transitions Program* (\$3.1 million) — The Transitions Program is currently available at all reentry hubs and will be expanded to all prisons. The Department will discontinue the use of contractors for this program and will hire teachers to serve approximately 23,000 inmates annually.
  - *Educational Programs* - The Budget includes \$480,000 for custody staff to oversee evening college courses offered in prisons, similar to the security provided in other educational and vocational programs.
  - *Transitional Housing* – CDCR will begin efforts to develop a program that provides six month transitional housing in locations closest to the communities in which life-term inmates will be released.

### **THREE JUDGE PANEL UPDATE**

- *Population Update* - As of December 9, 2015, the prison population was at 136.0 percent of design capacity, which is below the February 2016 benchmark. Projections indicate the inmate population will grow in the out years. The prison system is projected to still remain below the population cap if the court ordered population measures (such as the enhanced credit provisions) stay in place; an infill bed expansion is completed; and in-state and out-of-state contract beds at current levels are maintained.
- *Out of State Contract Beds* - The Administration is seeking legislative authority to continue the use of these beds beyond December 31, 2016, which was the sunset date established in Chapter 310, Statutes of 2013 (SB 105). The Department will also negotiate an extension of the lease for the California City facility.
- *Youth Parole* - The Budget includes \$3.7 million General Fund to implement the expanded Youth Offender Parole Program.
- *Alternative Custody Program* - The Budget includes \$3.3 million in 2015-16 and \$6 million beginning in 2016-17 to comply with the *Sassman v. Brown* lawsuit, which requires the state to expand the existing female Alternative Custody Program to males.

## **DEPARTMENT OF HEALTH CARE SERVICES**

- **Substance Use Disorder Waiver** – The Budget includes \$90.9 million (of which \$32.5 million is General Fund) for residential treatment services in the expanded substance use disorder waiver. DHCS estimates that by the end of the 2016-17 budget year 50 counties will be participating in the waiver. Counties must opt-in to participation in the waiver by submitting an implementation plan to DHCS. California’s SUD waiver amendment was approved by the federal government in August 2015.

## **JUDICIAL BRANCH**

- **General Budget** - The Budget includes total funding of \$3.8 billion (\$1.8 billion General Fund and \$2 billion other funds) in 2016-17 for the Judicial Branch, of which \$2.8 billion is provided to support trial court operations.
- **Commission on the Future of California’s Court System** - In planning for future court demands, the Chief Justice has created the Commission on the Future of California’s Court System. The Commission expects to release initial recommendations in the summer of 2016 on initiatives to effectively and efficiently enhance access to justice.
- **Innovation Grants** - The Administration is working collaboratively with the Judicial Council to develop and administer a competitive grant program to encourage courts to develop new ways of doing business. The projects funded by the grants must have measurable results or benefits that have a demonstrated impact on the court and the public it serves. The Budget includes \$30 million General Fund on a one-time basis to fund these grants.
- **Proposition 47** — The Budget includes \$21.4 million General Fund to reflect the projected resentencing hearings in 2016–17. By the end of 2016–17, the Administration expects that the courts’ workload associated with Proposition 47 will be significantly reduced or eliminated.
- **Trial Court Funding** — An augmentation of \$20 million General Fund for discretionary trial court operations.

## **OTHER ITEMS**

- **Implementation of the Medical Marijuana Regulation and Safety Act**— The Budget contains \$457,000 in 2015–16 and \$3.4 million and 14 positions in 2016–17 for the Department to begin its regulatory responsibilities associated with the Act.

Figure HHS-03  
**2011 Realignment Estimate at 2016-17 Governor's Budget**  
(Dollars in Millions)

	2014-15	2014-15 Growth	2015-16	2015-16 Growth	2016-17	2016-17 Growth
<b>Law Enforcement Services</b>	<b>\$2,078.3</b>		<b>\$2,289.1</b>		<b>\$2,418.2</b>	
Trial Court Security Subaccount	518.1	14.5	532.5	12.9	545.4	13.8
Enhancing Law Enforcement Activities	489.9	57.8	489.9	80.5	489.9	99.3
Community Corrections Subaccount	934.1	173.4	1,107.5	96.8	1,204.3	103.4
District Attorney and Public Defender	15.8	8.5	24.3	6.5	30.8	6.9
Juvenile Justice Subaccount	120.4	14.5	134.9	12.9	147.8	13.8
<i>Youthful Offender Block Grant Special Account</i>	(113.8)	(13.7)	(127.5)	(12.2)	(139.6)	(13.0)
<i>Juvenile Reentry Grant Special Account</i>	(6.6)	(0.8)	(7.4)	(0.7)	(8.2)	(0.8)
<b>Growth, Law Enforcement Services</b>		<b>288.7</b>		<b>209.6</b>		<b>237.2</b>
<b>Mental Health<sup>2</sup></b>	<b>1,120.6</b>	13.4	<b>1,120.6</b>	12.0	<b>1,120.6</b>	12.8
<b>Support Services</b>	<b>3,022.1</b>		<b>3,277.6</b>		<b>3,505.2</b>	
Protective Services Subaccount	1,970.7	138.5	2,109.2	107.8	2,217.0	115.2
Behavioral Health Subaccount <sup>3</sup>	1,051.4	117.0	1,168.4	119.8	1,288.2	128.0
<i>Women and Children's Residential Treatment Services</i>	(5.1)	-	(5.1)	-	(5.1)	-
<b>Growth, Support Services</b>		<b>268.9</b>		<b>239.6</b>		<b>256.0</b>
<b>Account Total and Growth</b>	<b>\$6,758.8</b>		<b>\$7,136.5</b>		<b>\$7,537.2</b>	
<b>Revenue</b>						
1.0625% Sales Tax	6,210.9		6,566.1		6,948.0	
Motor Vehicle License Fee	547.7		570.4		589.2	
<b>Revenue Total</b>	<b>\$6,758.8</b>		<b>\$7,136.5</b>		<b>\$7,537.2</b>	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

<sup>1</sup> Base Allocation is capped at \$489.9 million. Growth does not add to the base.

<sup>2</sup> Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

<sup>3</sup> The Early and Periodic Screening, Diagnosis, and Treatment and Drug Medi-Cal programs within the Behavioral Health Subaccount do not yet have a permanent base.

## DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. The Department's major programs include CalWORKs, CalFresh, In-Home Supportive Services (IHSS), Supplemental Security Income/State Supplementary Payment (SSI/SSP), Child Welfare Services, Community Care Licensing, and Disability Determination. The Budget includes \$23.8 billion (\$8 billion General Fund) for DSS in 2016-17.

**Figure SAF-01  
Proposition 47 Estimated Allocation**

<i>Department</i>	<i>Purpose</i>	<i>Percentage</i>	<i>2016-17 Estimated Allocation</i>
Board of State and Community Corrections	Mental Health Treatment	65%	\$19,039,487
	Substance Use Disorder Treatment		
	Diversion Programs		
State Department of Education	Improve Outcomes for K-12 Students	25%	\$7,322,879
	Reduce Truancy		
	Support Students at Risk of Dropping Out of School or who are Victims of Crime		
California Victim Compensation and Government Claims Board	Support Trauma Recovery Centers that Serve Crime Victims	10%	\$2,929,152
<b>Total</b>		<b>100%</b>	<b>\$29,291,518</b>

**FEDERAL RECEIVERSHIP OVERSEEING PRISON MEDICAL CARE**

The Budget includes \$1.9 billion General Fund for prison medical care. At the request of the Receiver, this amount includes \$26.8 million for increased pharmaceutical costs, \$12.1 million to expand the janitorial services program at the California Health Care Facility, and \$11.9 million to establish executive health care management teams at prisons that currently share management oversight and create supervisory ratios for certain health care classifications. These augmentations support inmate health care and the transition of medical care back to the state.

In addition to the Receiver's proposals, the Budget includes \$9.4 million for the Department to provide additional health care access staffing due to physical plant changes made by the Health Care Facility Improvement Program and insufficient security coverage in health care areas that provide emergency response services. Health Care Access Units are one of the areas of operation that was delegated back to the Department by the Receiver in 2012. Additionally, the Budget includes \$2 million to increase health care staffing at in-state contract facilities to improve medical care.