



## CALIFORNIA PROBATION, PAROLE AND CORRECTIONAL ASSOCIATION

To: All CPPCA Members

From: Danielle Sanchez, Partner, [danielle@wpssgroup.com](mailto:danielle@wpssgroup.com)

Date: May 13, 2016

**Subject: Governor Releases May Revision to 2016-17 Budget**

---

Today, Governor Brown released the May Revision to his 2016-17 Budget. The Governor reaffirmed his commitment to fiscal prudence noting that “the surging tide of revenue has begun to turn” and therefore it is important to prepare for times of necessity. State revenues have lagged expectations since the Governor released his January budget with a reduction in the tax revenue forecast of approximately \$1.9 billion. Contributions to debt payments and the Rainy Day Fund have been reduced by a combined \$1.6 million since January. However, absent any significant changes, the budget is expected to be balanced over the next two years.

Please note that the May Revision reflects changes to the January budget by either revising programs proposed in January or setting forth new proposals. Therefore, unless otherwise noted, the proposals in the January budget memo remain intact and part of budget discussions.

The Budget from January, along with the related May Revision, represents continued investments in the role of probation and corrections. Investments are proposed for SB 678, CCP training grants, PRCS Second Striker mitigation funding, the Continuum of Care reform, and programming in CDCR among other programs.

The final budget is due to the Governor by June 15 and must be signed into law by July 1, 2016. We will continue to review and advise as more information becomes available.

You can access the full budget summary at:  
<http://www.ebudget.ca.gov/FullBudgetSummary.pdf>

### **PROBATION & CORRECTIONS PRIORITY ITEMS**

- **SB 678** – The May Revision notes the total state allocation for FY 16-17 at \$125.3 million compared to \$129.7 million as proposed in January. This is based upon the revised formula adopted last year. You may note that this represents a slight 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**— You may recall that the January 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.

The May Revision proposes an increase of \$59.9 million GF for county probation departments and child welfare to continue the implementation of CCR.

The May Revision also proposes an increase of \$6.4 million GF for county mental health costs associated with the implementation of CCR, including participation in child and family teams, mental health assessments for children in foster care, and training for mental health providers.

- **PRCS Second Striker Mitigation Funding** – The Governor’s January budget proposed \$15.5 million to be appropriated directly to probation departments to address accelerated release of some PRCS offenders as a result of the Three Judge Panel orders. The funding to probation is intended to mitigate these impacts. The May Revision proposes an additional \$4.2 million in 2016-17 to reflect changes in numbers of offenders.
- **Realignment Chart** –The May Revision anticipates that the growth in the AB 109 Community Corrections Subaccount is \$85.1 million for 2015-16 (down from \$96.8 million as projected in the January budget) and \$102 million for 2016-17 (down from \$103.4 million as projected in the January budget). Conversely, projected growth in the Law Enforcement Activities Account is \$115.2 million for 2015-16 (up from \$80.5 million as projected in the January budget) and \$134.3 million for 2016-17 (up from \$99.3 million as projected in the January budget). You will note that these figures are projected (subject to change) and dependent upon the actual collection of sales tax and vehicle license fees. For this reason, growth funds are not actually distributed until the Fall subsequent to the close of the fiscal year. For example, 2015-16 growth will not actually be paid until October or November of 2016. Also worthy of note is that while sales tax collection is down, which decreases the amount of growth for many of these accounts, vehicle license fee revenues are higher than estimated in January, which leads to a higher growth estimate for the Law Enforcement Activities Account.

#### **PROPOSITION 47**

- **Population Impacts** – Based on spring projections, Prop 47 is expected to reduce the inmate population by 5,247 in 2015-16. This is an increase of 535 over the 4,712 estimated in the January budget.

**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 \$39.4 million, which is an increase of \$10.2 million compared to the January estimates. Ongoing savings are now expected to be approximately \$62.6 million.

#### **CDCR**

- **CDCR Budget** – The May Revision includes \$10.6 billion for the operations of the Department (\$10.3 billion General Fund and \$248 million other funds). General Fund spending for the Department represents 8.6 percent of the total General Fund spending.

The revised average daily population projections for adult inmates are 128,259 in the current year and 128,821 in the budget year, an increase of 578 inmates in 2015-16 and a decrease of 13 inmates in 2016-17. The revised average daily parolee population projection is 43,976 in the current year and 42,601 in the budget year, an increase of 16 and 30 parolees, respectively. The revised average daily population for wards are 702 in the current year and 709 in the budget year, which is a decrease of 12 wards in the current year and 10 wards in the budget year.

- **Inmate Rehabilitation and Reentry** – The May Revision includes reductions in non-rehabilitative program areas and the savings are redirected to the Department’s core rehabilitative mission. \$24.5 million General Fund, of which \$3 million is from Prop 98 funds, is proposed to expand, enhance and create programming for state prison inmates. The funding builds upon \$60 million included in the January budget to support long-term offenders, community reentry programs, and the expansion of in-prison substance use disorder treatment. An April Finance Letter included \$4.5 million to allow the Department to further develop an information technology solution to improve its ability to track specific outcomes by implementing performance-based contracting for rehabilitative services. The Department is also partnering with the Pew-MacArthur Results First Initiative to engage in evaluation of the programs offered to inmates and parolees to best identify which programs are cost effective and successful. The May Revision includes the following:
  - **eReader Community College Content** - \$3 million in Prop 98 funds for inmates enrolled in community colleges with access to textbook content.
  - **Internet Protocol Television Integration Maintenance and Operations** - \$3.7 million to enable CDCR to create infrastructure at each prison to support a television network to deliver rehabilitate programming to more inmates
  - **Cognitive Behavioral Therapy** - \$2.2 million to expand CBT currently offered at 13 reentry hubs to all institutions.
  - **Substance Use Disorder Treatment** - \$3.7 million to add 950 substance use disorder treatment slots to existing programs
  - **Career Technical Education** - \$2.3 million to add 12 CTE programs statewide to reduce the current waiting list at institutions
  - **Arts in Corrections** - \$4 million to expand arts in corrections to all institutions.
  - **Innovative Programming Grants** - \$3.1 million to continue funding to expand non-profit programs that have demonstrated success, and focus on offender responsibility and restorative justice principles.
  - **Third Watch Overtime** - \$2.5 million to provide custody coverage on third watch to alleviate program space constraint on second watch.
- **Leadership Training** – The May Revision includes \$4 million for the Department to increase leadership training and evaluate its current workforce to create a succession management plan.
- **Electronic Health Record System** – The May Revision includes an increase of \$35.9 million in 2016-17 to address issues identified by the Receiver during implementation of the new electronic health record system and to add functionality.

#### **DEPARTMENT OF STATE HOSPITALS**

- **Incompetent to Stand Trial** – The May Revision includes \$2.7 million and 1 position for DSH to expand jail-based competency treatment programs by 25 beds. With this request, and the additional 10 beds proposed in the January budget, DSH will support a total of 183 restoration of competency beds to serve incompetent to stand trial patients outside of state hospitals.

- **Activation of State Hospital Beds** – The May Revision includes an increase of \$18.1 million GF and 175.5 positions to activate an additional 60 beds at Napa State Hospital and 36 beds at Metropolitan State Hospital.

## **JUDICIAL BRANCH**

- **Trial Court Civil Case Management System** - The May Revision includes \$12.4 million to replace V3 Court Case Management Systems in the Superior Courts in Orange, Sacramento, San Diego, and Ventura Counties.
- **Trial Court Employee Costs** – The May Revision includes an additional \$531,000 to reflect health benefits and retirement costs for trial court employees.

## **LOCAL GOVERNMENT**

- **Housing and Homelessness** – The May Revision endorses the Senate’s concept of a \$2 billion bond of a portion of future Proposition 63 mental health revenues for mental health focused housing assistance. This funding would enable the HCD to develop and administer homelessness and affordable housing programs through a Mental Health Services Act-Supportive Housing Program and Tenant-Based Rental Assistance Program. The May Revision proposes first-year funding of \$267 million from the bond proceeds.
- **Community Based Transitional Housing Program** – The Governor’s January budget proposed \$25 million for a siting grant program to encourage local communities to support housing that provides treatment and reentry programming to offenders from the criminal justice system. The May Revision includes statutory language to implement this grant program:
  - Additional funds to local communities that site, for a minimum of 10 years, new transitional housing and supportive services for offenders released from state prison or county jail.
  - Requirement that a portion of the funds be used by the city or county to increase public safety around the facility and improve communication with neighbors.
  - Requirement that grant funding be shared with non-profit facility operators to support rehabilitative services, security, and community outreach.
  - Competitive application process that will protect existing permitted facilities, and give priority to city and counties that leverage or provide other funding for the facility.