

CALIFORNIA HEALTH FACILITIES COMMISSION—Continued

3. Encourage both public and private payors to establish fair and reasonable reimbursement rates for health care services.

4. Inform the public about cost, availability, and other aspects of health care services.

The commission's responsibilities also include establishing standards of effectiveness for each of the state's health service areas. Health systems agencies use these forecasts to develop area health plans.

During 1984-85, a total of 86.3 staff positions are authorized for the commission, in addition to 9 nonsalaried commissioners.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes an appropriation of \$1,935,000 from the CHFC Fund to support commission activities in 1985-86. This is a decrease of \$2,157,000, or 53 percent, below estimated current-year expenditures. This reduction, however, does not take into account the cost of any salary and benefit increases that may be approved by the Legislature for the budget year.

The proposed decrease of \$2,157,000 is due to the fact that statutory authorization for the commission and its functions expires on January 1, 1986.

Chapter 1326, Statutes of 1984, requires the Office of Statewide Health Planning and Development (OSHPD) to collect all health facilities data used by state agencies, effective January 1, 1986. Chapter 1326 also establishes the 11-member California Health Policy and Data Advisory Commission. The data collection responsibilities of the OSHPD and the functions of the California Health Policy and Data Advisory Commission are discussed in our analysis of the OSHPD (Item 4140).

**Youth and Adult Correctional Agency
DEPARTMENT OF CORRECTIONS**

Item 5240 from the General
Fund and the Inmate Welfare
Fund

Budget p. YAC 1

Requested 1985-86	\$911,150,000
Estimated 1984-85.....	793,797,000
Actual 1983-84	604,191,000
Requested increase (excluding amount for salary increases) \$117,353,000 (+ 14.8 percent)	
Total recommended reduction	15,911,000
Recommendation pending	82,503,000

1985-86 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5240-001-001—Department Operations	General	\$879,310,000
5240-001-917—Inmate Welfare Fund	Revolving	13,632,000
5240-101-001—Local Assistance	General	18,208,000
5240-001-890—Department Operations Reimbursements	Federal	(208,000)
		(11,896,000)
Total		\$911,150,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONSAnalysis
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| 1. Funding for Inmate and Parolee Population Growth. Withhold recommendation, pending analysis of the population proposal to be contained in the May revision. | 997 |
| 2. Current-Year Deficiency Request. Recommend department report prior to hearings on its need for a current-year deficiency appropriation. | 998 |
| 3. <i>Atascadero State Hospital Beds. Reduce Item 5240-001-001 by \$2,236,000.</i> Recommend deletion of overbudgeted funds. | 998 |
| 4. <i>Southern Maximum Security Complex Staffing. Reduce Item 5240-001-001 by \$1,289,000.</i> Recommend deletion of 32 positions previously deleted by Legislature. | 1000 |
| 5. Medical Services Master Plan. Recommend department report by December 1, 1985, on its progress in developing an inmate medical services master plan. | 1001 |
| 6. Monitoring Licensure Efforts. Recommend department provide Legislature with specified reports on the progress of hospital licensure efforts. | 1002 |
| 7. Contracted Medical Services. Recommend Legislature adopt Budget Bill language requiring reversion of contracted medical service funds not used for this purpose. | 1003 |
| 8. <i>Legal Services. Reduce Item 5240-001-001 by \$208,000 and increase Item 0820-001-001 by \$110,000.</i> Recommend funding for legal services be deleted. Further, we recommend that sufficient funds to finance needed legal services be included in the Department of Justice's budget, to conform to current policy on the financing of legal services. | 1003 |
| 9. <i>Felon Supervision. Reduce Item 5240-001-001 by \$11,503,000.</i> Recommend deletion of funds because budget increase exceeds projected workload increase. | 1004 |
| 10. Correctional Officer Hiring. Recommend department report prior to budget hearings on correctional officer hiring and retention issues. | 1005 |
| 11. <i>Technical Budgeting Issues. Reduce Item 5240-001-001 by \$675,000.</i> Recommend reduction of funds relating to various technical budgeting issues. | 1007 |
| 12. Planning and Construction Positions. Recommend the Departments of Corrections and Finance report prior to budget hearings on how 54 planning and construction positions will be financed without an appropriation for this purpose. | 1007 |

GENERAL PROGRAM STATEMENT

The Department of Corrections is responsible for the incarceration, training, education, and care of adult felons and nonfelon narcotic addicts. It also supervises and treats parolees released to the community as part of

DEPARTMENT OF CORRECTIONS—Continued

their prescribed terms. These responsibilities are administered through three programs.

Institutions Program. The department operates 13 institutions, including a psychiatric facility and a treatment center for narcotic addicts under civil commitment. The department also operates 30 conservation camps in cooperation with the Department of Forestry (26 camps) and Los Angeles County (4 camps).

Major programs conducted in the institutions include 31 prison industry programs and 7 agricultural enterprises which seek to reduce idleness and teach good work habits and job skills, vocational training in various occupations, academic instruction ranging from literacy to college courses, and group and individual counseling.

Community Corrections Program. The community correctional program includes parole supervision, operation of community correctional centers, outpatient psychiatric services, and narcotic testing. The program goals are to provide public protection and services to parolees to assist them in successfully adjusting to the community.

Administration. The administration program provides coordination and support services to the institutional and parole operations.

The department's current-year staffing level is estimated to be 13,597 personnel-years.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes the expenditure of \$923 million from various funding sources for support of the Department of Corrections in 1985-86, as shown in Table 1. This represents an increase of \$120 million, or 15 percent, above estimated current-year expenditures. This increase will grow by the cost of any salary or staff benefit increase approved for the budget year.

The budget proposal does not include any funds for the estimated amount of merit salary increases for headquarters' personnel (\$246,000) or inflation adjustments for operating expenses and equipment (\$2,266,000) in 1985-86. Presumably, these costs will be financed by diverting funds budgeted for other purposes.

Expenditures shown in Table 1 for the current year include a General Fund deficiency request of \$8.8 million. (This deficiency request is discussed later in the analysis.)

The budget proposes expenditures of \$898 million from the General Fund for support of the department in 1985-86. This is an increase of \$116 million, or 14.8 percent, above estimated current-year expenditures (including the deficiency request).

In addition, the department expects to receive reimbursements totaling \$12 million and federal funds in the amount of \$200,000 during the budget year. Expenditures of \$14 million from the Inmate Welfare Fund account for the balance of the department's total proposed expenditures of \$923 million.

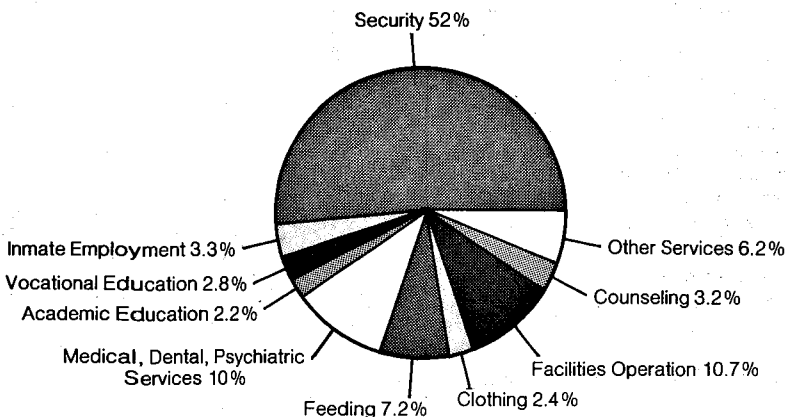
The institutions program accounts for approximately 90 percent of total expenditures proposed for the budget year. Institution costs include all costs for care, treatment, and support of the prison inmate population. Chart 1 shows the proposed inmate institution costs, by program and service.

Table 1
Department of Corrections
Expenditure Summary
1983-84 through 1985-86
(dollars in thousands)

	<i>Actual</i> 1983-84	<i>Estimated</i> 1984-85	<i>Proposed</i> 1985-86	<i>Change From</i> 1984-85	
				<i>Amount</i>	<i>Percent</i>
Expenditures by Program					
Institutions.....	\$549,042	\$713,940	\$829,081	\$115,141	16.1%
Community Corrections	61,596	89,054	96,685	7,631	8.6
Administration (distributed)	(39,711)	(61,158)	(77,718)	(16,560)	27.1
Unallocated General Fund reduction	—	—	-2,512	-2,512	NMF
Totals, Expenditures	\$610,638	\$802,994	\$923,254	\$120,260	15.0%
Funding Sources					
General Fund	\$594,256	\$781,547	\$897,518	\$115,971	14.8%
Inmate Welfare Fund.....	9,935	12,250	13,632	1,382	11.3
Federal funds	80	199	208	9	4.5
Reimbursements	6,367	8,998	11,896	2,898	32.2
Personnel-Years by Program					
Institutions.....	9,737	12,011	13,734	1,723	14.3%
Community Corrections	749	973	1,099	126	12.9
Administration	479	614	670	56	9.1
Totals, Personnel-Years	10,965	13,597	15,503	1,906	14.0%

Note: Details may not add to totals due to rounding.
 NMF means not a meaningful figure.

Chart 1
Inmate Costs by Program and Service
1985-86



DEPARTMENT OF CORRECTIONS—Continued

The budget includes an increase of \$82.5 million (\$81.8 million from the General Fund and \$700,000 from the Inmate Welfare Fund) above estimated current-year expenditures to provide additional staffing and operating expenses and equipment to accommodate the projected increases in inmate and parolee populations during 1985-86. This amount consists of: (a) \$77.2 million for housing additional inmates, (b) \$4.2 million for supervising additional parolees, and (c) \$1.1 million for additional administrative support. Table 2 shows these workload adjustments and other budget changes proposed for 1985-86.

Table 2
Department of Corrections
Proposed 1985-86 Budget Changes
(in millions)

	<i>General Fund</i>	<i>Inmate Welfare Fund</i>	<i>Federal Funds and Reimburse- ments</i>	<i>Total</i>
1984-85 Expenditures (Revised)	\$781.6	\$12.2	\$9.2	\$803.0
Proposed Changes:				
1. Workload Adjustments				
A. Inmate population.....	76.5	0.7	—	77.2
B. Parolee population	4.2	—	—	4.2
C. Administration	1.1	—	—	1.1
2. Cost Adjustments				
A. One-time costs	-10.4	—	—	-10.4
B. Inflation adjustments	12.0	0.5	0.2	12.7
C. Benefit increase.....	2.2	—	—	2.2
D. Full-year cost adjustments	35.6	0.2	0.3	36.1
E. Merit salary adjustments	8.3	—	—	8.3
3. Program Adjustments				
A. Inflation adjustment	-2.3	—	—	-2.3
B. Merit salary adjustment reduction	-0.2	—	—	-0.2
C. Inmate benefits reduction	-1.1	—	—	-1.1
D. Planning and construction fund shift	-2.4	—	2.4	—
E. Salary savings	-1.4	—	—	-1.4
F. Compression	-7.9	—	—	-7.9
G. Search and escort position reduction	-2.2	—	—	-2.2
H. Legislation	-0.5	—	—	-0.5
I. Community relations plan	-0.2	—	—	-0.2
J. Additional equipment	1.3	—	—	1.3
K. Hospital licensing	4.3	—	—	4.3
L. Government efficiency	-5.8	—	—	-5.8
M. Teacher reduction	-3.0	—	—	-3.0
N. Patton State Hospital security	2.4	—	—	2.4
O. Tehachapi staffing	1.3	—	—	1.3
P. Other program changes.....	4.3	—	—	4.3
1985-86 Expenditures (Proposed)	\$897.5	\$13.6	\$12.1	\$923.3
Change from 1984-85:				
Amount	\$116.0	\$1.4	\$2.9	\$120.3
Percent	14.8%	11.5%	31.5%	15.0%

Note: Details may not add to totals due to rounding.

Population Increases. The department projects that California's prison population will continue to increase during 1985-86, as shown in Table 3. Although the department's population projection originally anticipated an increase of 5,775 inmates during the budget year, the Department of Finance reduced the projection by 1,000 inmates in the Governor's Budget to account for more-recent growth trends. The budget does not, however, delineate this reduction by inmate category (male or female, felon or nonfelon).

Table 3
Department of Corrections
Inmate Population

	<i>Actual</i> 6/30/84	<i>Estimated</i> 6/30/85	<i>Projected</i> 6/30/86	<i>Percent Increase</i> from 6/30/85 to 6/30/86
Male felon	38,749	43,835	49,150	12.1%
Male nonfelon.....	1,185	1,450	1,605	10.7
Female felon.....	1,899	2,180	2,430	11.5
Female nonfelon	294	345	400	15.9
Less unidentified reduction	—	—	-1,000	NMF
Totals.....	42,127	47,810	52,585	10.0%
Increase from prior year		5,683	4,775	

NMF means not a meaningful figure.

Inmate Housing Plans. In order to accommodate the projected increase of inmates and reduce overcrowding at existing institutions, during 1985-86 the department expects to open 8,430 institution beds including:

- 600 beds at the California Medical Facility—South, Vacaville;
- 1,200 beds at the California State Prison—Riverside County;
- 2,200 beds at the California State Prison—San Diego County;
- 1,000 beds at the Southern Maximum Security Complex, Tehachapi, plus 400 beds through overcrowding;
- 400 beds at the Northern California Women's Facility, San Joaquin County;
- 1,920 beds at the California State Prison—Kings County; and
- 460 beds at four new camps and 200 beds at existing camps.

In addition, the department plans to open 50 beds in a special housing unit at the existing California Institution for Women, Frontera.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the following significant program changes that are not discussed elsewhere in this analysis:

- Funding to pay costs of a special court monitor, as ordered by the court in the *Toussaint v. McCarthy* case.
- An increase of \$2.4 million to provide security for program expansion at Patton State Hospital.
- Elimination of 157 positions which the department advises are not needed due to administrative efficiencies.

DEPARTMENT OF CORRECTIONS—Continued

- Elimination of 93 teaching positions made possible by increasing minimum enrollment quotas for academic and vocational classes.
- An increase of \$1.1 million for advertising to attract new correctional officers and additional administrative personnel.
- Other increases totaling \$2.7 million for security, training, data processing, and other administrative costs.

Status of Department Reports Required by the Legislature

The Legislature directed the Department of Corrections to report during December 1984 and January 1985 on a variety of issues. At the time this analysis was prepared, however, only two of the five reports required by the 1984 Budget Act and the *Supplemental Report of the 1984 Budget Act* had been submitted to the Legislature.

Reimbursements From Prison Industries. Both the Budget Act and supplemental report require the department and Prison Industry Authority (PIA) to review and audit all reimbursements paid by PIA to the department. In addition, the department was required to report by December 1, 1984, on a proposed reimbursement schedule for each institution. The department indicates that it currently is unable to provide the quality and quantity of data necessary to meet this requirement, and will report instead by March 1, 1985.

Inmate Workers for State Agencies. The supplemental report requested the department to report to the Legislature by December 1, 1984, on the status of its plan to use inmate workers for state agencies. The department indicates that the report was not submitted because Ch 595/84 (AB 3577) required the Governor to convene an interdepartmental task force to identify projects and operations which may be feasibly and economically performed by inmates for the benefit of the state. The department proposes to consolidate the task force's report with the report requested through supplemental language. Chapter 595 required the Governor to submit the task force report to the Legislature by January 18, 1985, but it was not available at the time this analysis was prepared.

Work Programs in Prison Industries. The supplemental report required the department to work with the PIA to develop inmate work programs and report to the Legislature on plans to expand inmate employment in existing prisons and new institutions. The report, which was received in September 1984, indicated that employment plans have been developed for 7 of the 10 new institutions, and, if implemented, would employ approximately 5,458 inmates. The report also indicated that four existing institutions will employ an additional 195 inmates by establishing new enterprises or doubling work shifts.

Our review indicates that at this time many of the new work programs have not yet been approved by the Prison Industries Board. Furthermore, PIA staff indicate that two of the proposed new enterprises have been withdrawn from the plan since the report was submitted.

Search and Escort Positions. The Budget Act required the department to audit the duties performed by "search and escort" correctional officers and report its finding to the Legislature. The report was not received in sufficient time for us to review it prior to completing this analysis. We will be prepared to discuss the report during budget hearings on this item. The budget requests no funding to continue in 1985-86 the 71 "search and escort" positions that were made limited-term to June 30, 1985, in the 1984 Budget Act.

Planning and Construction Staff. Finally, supplemental report language requested the department to report to the Legislature by January 10, 1985, on whether the 52 positions added to the planning and construction division last year at a cost of \$2.4 million would be needed in 1985-86. No report has been submitted. The 52 positions, however, have not been deleted from the proposed 1985-86 budget.

Population Plan Uncertain

We withhold recommendation on that portion of the department's support budget related to increased costs for inmate and parolee population growth, pending analysis of a revised budget proposal, population projection, and construction schedule, to be included in the May revision.

The budget proposes an additional \$82,503,000 (\$81,820,000 from the General Fund and \$683,000 from the Inmate Welfare Fund) and 1,187 new personnel-years to accommodate inmate population growth in institutions, supervise and provide services to additional parolees, and provide associated population-driven support service costs. Our analysis indicates that there are major uncertainties regarding both the rate of growth in the inmate and parolee populations, and the department's plan to house inmates in existing facilities and the new prisons scheduled for construction.

First, the inmate population currently is well below the levels which the department projected for the current year. The department indicates that, as of January 13, 1985, there were 43,268 inmates in prison, or 1,689 less than what was projected for this date. Department staff indicate that the reasons for differences between estimated and actual levels are unclear, but that both institution and parolee populations exhibit the decline. The department's population projections and population-related expenditure proposals will be updated for the May revision of the budget. Given the recent uncertainty, the new population estimates could have a major impact on the staffing and operating expenses and equipment requirements for the budget year.

Second, the Governor's Budget indicates that the department will use its experience in activating the first institution opened under the new prison construction program—the California Medical Facility-South at Vacaville—as the basis for a reexamination of the staffing activation schedule for other new institutions. Any changes in hiring needs identified through this reexamination will be reflected in the department's May revision. A revised activation plan could result in major changes in the number of new positions needed for the budget year.

Third, the population proposals are based on optimistic construction schedules that call for five new institutions and four new camps to open during 1985-86. The department's current track-record in meeting construction schedules, along with potential lawsuits and site acquisition problems leave such estimates open to question. An updated construction and activation schedule also will be available at the time the department submits its May revision.

Because of these uncertainties, it is likely that the department's budget request will be revised considerably by the May revision. Pending receipt and analysis of the revision, we withhold recommendation on \$82,503,000 requested for management of prison population growth and parolee services.

DEPARTMENT OF CORRECTIONS—Continued**Department Should Clarify Deficiency Needs**

We recommend that the department reevaluate its current-year spending needs and report its findings to the fiscal committees prior to hearings on the department's requested deficiency appropriation.

The Governor's Budget indicates that the Department of Corrections will incur a deficiency of \$8,778,000 in the current year. Of this amount, \$7,378,000 is requested to pay for increased retirement benefits that resulted from Ch 280/84 (AB 3361). This measure, which became effective July 1, 1984, created a new retirement category for peace officers. Employees of the Department of Corrections who qualify for the new category will receive higher retirement benefits. Since the legislation did not appropriate funds to pay for these increased retirement benefits, the department is seeking a deficiency appropriation for this purpose.

The Governor's Budget indicates that the remaining \$1,400,000 of the department's deficiency request is to cover the cost of two mobile kitchen units purchased for the new California Medical Facility—South at Vacaville. The mobile kitchens will be used at the new prison to alleviate food service problems that have arisen due to delays in the construction of permanent kitchen facilities. The department indicates that the mobile kitchens may be used at other new facilities where there are construction delays.

Our review indicates that, although the department purchased the mobile kitchen units in November 1984, the Legislature did not receive 30 days' prior notification of the purchase, as Section 27 of the 1984 Budget Act requires. This section requires that written notification be filed with the Chairperson of the Joint Legislative Budget Committee within specified time periods when the creation of a deficiency is approved or when departments spend funds at a rate that will require a deficiency appropriation.

Since the Governor's Budget was presented to the Legislature, the Department of Finance on January 31, 1985 indicated that the \$1,400,000 deficiency appropriation for the mobile kitchens will not be needed. The department indicates that because the increase in the inmate population has been less than anticipated, the Department of Corrections has realized budget savings that can be used to finance the cost of the kitchens. In addition, the department suggests that a portion of the deficiency requested to pay for unfunded retirement benefits also may not be needed.

To ensure that the department does not needlessly tie up funds that the Legislature could appropriate for other high-priority programs, we recommend that the department reevaluate its current-year spending needs, and provide the Legislature with an updated deficiency request prior to hearings on the deficiency appropriations bill.

Atascadero State Hospital Beds Overbudgeted

We recommend a General Fund reduction of \$2,236,000 to eliminate overbudgeting for inmate beds at Atascadero State Hospital (Item 5240-001-001).

Penal Code Section 2684 establishes a procedure which allows the Department of Corrections to transfer any "mentally ill, mentally deficient, or insane" inmate to a state hospital under the jurisdiction of the Department of Mental Health or the Department of Developmental Services for

evaluation and possible treatment. The Department of Corrections' proposed budget includes \$13,964,000 for payments to the Department of Mental Health for treatment of mentally ill inmates at Atascadero State Hospital. The Department of Mental Health indicates that the cost of this treatment is approximately \$51,450 per bed per year.

The Department of Corrections has contracted with Atascadero for these services during the past three years. Specifically, it contracted for 100 beds in 1982-83, 250 beds in 1983-84, and 300 beds in 1984-85. The department again plans to contract for 300 beds in 1985-86, plus an additional 50 beds for continuation of a special experimental treatment program for mentally disordered sex offenders authorized by Penal Code Sections 1364 and 1365.

Our review of the Department of Mental Health records indicates that the Department of Corrections has never used more than 161 of the contracted beds, exclusive of those set aside for the experimental treatment program. Table 4 shows actual bed usage at six-month intervals since 1982-83.

Table 4
Department of Corrections
Overbudgeting for Contracted Beds
at Atascadero State Hospital

<i>Selected Months</i>	<i>Number of Beds Budgeted</i>	<i>Number of Beds Used</i>	<i>Percentage of Budgeted Beds Used</i>
1982-83			
July	100	4	4%
January	100	24	24
1983-84			
July	250	76	30
January	250	137	55
1984-85			
July	300	150	50

Since January 1984, the number of inmates receiving services at Atascadero has fluctuated between 137 and 161. According to the Department of Mental Health, only 143 inmates were served in November 1984, the latest month for which data is available.

Penal Code Section 2684 provides the Department of Corrections the discretion to transfer a mentally ill inmate to Atascadero for evaluation if the department believes rehabilitation may be expedited by treatment. Department staff indicate, however, that there is no change in either the current year or budget year policy regarding inmate transfers to Atascadero and the use of the contracted beds. Consequently, there is no reason to believe that usage of the beds in 1985-86 will differ significantly from what it has been in the recent past.

Because the department historically has underutilized contracted beds at Atascadero and is not contemplating any change in policy that might increase utilization of these beds in the future, we recommend that the budget provide the Department of Corrections with sufficient funds to contract for treatment of 175 inmates at Atascadero in 1985-86 (rather than 300). Using the Department of Mental Health's per bed cost of \$51,450 and excluding from consideration contracted beds in the special experimental program, our analysis indicates that funding for the contract should be reduced by \$3,440,000. Because the Department of Corrections

DEPARTMENT OF CORRECTIONS—Continued

must care for any inmates who are not transferred to Atascadero in the prison system, we recommend that \$9,635 (the estimated cost for supervision and subsistence in overcrowded institutions) be added for each of the 125 beds for which funding has been deleted, for a total of \$1,204,000. This results in a net General Fund reduction of \$2,236,000.

Additional Staffing for New Tehachapi Prison Previously Deleted

We recommend deletion of 32 positions for the Southern Maximum Security Complex because the requested positions previously have been deleted by the Legislature, for a General Fund savings of \$1,289,000 (Item 5240-001-001).

The budget requests \$1,289,000 for 32 additional positions for the Southern Maximum Security Complex at Tehachapi, which currently is under construction. The 1984 Budget Act provided the department with funding for 460 positions to staff this facility. Construction delays, however, will prevent the department from activating most of these positions until the budget year. The department indicates that the 32 additional positions requested for 1985-86 are needed to provide adequate administrative, security, and support services for the new 1,000-bed prison. Without this additional staff, the department advises that it will not be able to open the prison.

The Legislature included language in the 1982 Budget Act requiring the department to redesign the housing units in order to meet specific criteria. The language also mandated that the number of housing unit staff (excluding perimeter security and specified positions financed from special funds) not exceed a 2.8 to 1 inmate-to-staff ratio. Based on that mandate, the department submitted new housing unit plans that were approved by the Legislature in the fall of 1982.

The new staffing proposal for the housing units requests more positions than the number which the department assured the Legislature was adequate to operate the prison when it was seeking legislative approval of the prison design.

In the Governor's Budget for 1984-85, the department requested 534 positions to staff the prison. The Legislature specifically deleted 74 positions requested by the department in order to bring the staffing in line with the inmate-to-staff ratio specified in the 1982 Budget Act, and to provide administrative staffing for the new facility at levels comparable to staffing at the existing facility. The 32 positions requested for 1985-86 are among the positions that were specifically deleted last year.

The department's proposal for the budget year results in an inmate-to-staff ratio in the housing units of approximately 2.73 to 1. This represents more staff than the 2.8 to 1 ratio agreed to by the department and approved by the Legislature would allow. In addition, the positions requested were previously rejected by the Legislature. Accordingly, we recommend deletion of the positions, for a General Fund savings of \$1,289,000.

The department indicates it wishes to provide additional information on the specific need for each of the requested positions prior to budget hearings. If this information demonstrates the need for additional positions, we will advise the Legislature accordingly.

Development of a Medical Care Master Plan

We recommend that the Legislature adopt supplemental report language directing the department to report by December 1, 1985, on its progress in developing the medical services master plan.

The department proposes to develop a comprehensive master plan for prison medical services in the budget year. In order to complete this task, the department requests \$100,000 for consulting services and \$270,000 to make permanent six central office positions which were created administratively in the current year. The six positions will monitor medical operations at the various facilities and the development of the master plan. The department anticipates that it will take at least one year to develop the plan.

The department anticipates that the master plan will address a number of issues, including the changing health care needs of its growing and aging inmate population, centralization, or regionalization of health care services, privatization of or contracting for services, the relationship between the department and other state health agencies, department organizational issues related to inmate health, and methods for monitoring institutional medical services. The master plan will also address inmate medical needs at the 10 new institutions that are planned in the department's new prison construction program. None of the new facilities is designed to have a hospital.

Because of the importance of the master plan to the future of the inmate health care system and because it could have important fiscal implications, we believe the Legislature needs to be informed of the department's progress in developing the plan. To assure that this happens, we recommend that the Legislature adopt the following supplemental report language:

"The Department of Corrections shall submit a progress report on its master plan for inmate health and medical services by December 1, 1985. The report should discuss, but not be limited to, a preliminary profile of inmate health care needs, plans for providing medical services at proposed new institutions, and the impact of the prison hospital licensing proposal on the need for contracted medical services."

Department Proposes to License Prison Hospitals

The department has submitted a major proposal to upgrade the quality of medical services provided to state prison inmates, beginning in the budget year. The department seeks additional funding to increase staffing, upgrade equipment, and improve procedures in order to meet Department of Health Services licensing standards at three prison hospitals—the California Medical Facility (CMF), the California Institution for Men (CIM), and the California Men's Colony (CMC)—and to maintain licensure at the San Quentin State Prison Hospital.

The hospital licensing plan will cost more than \$4.5 million in 1985–86 for additional staff and equipment, and will result in annual costs thereafter of approximately \$9.8 million. The proposal calls for the addition of 256 positions, at a cost of \$4,332,000, and the expenditure of \$192,000 for equipment in the budget year. The budget includes funding for only 108 personnel-years because the proposal phases in the additional 256 positions throughout 1985–86. The department indicates it will seek 18 additional positions and \$2,066,000 in capital outlay funds in 1986–87 to construct and staff special diet kitchens at the facilities.

DEPARTMENT OF CORRECTIONS—Continued

Health Care Deficiencies. The department advises that the hospitals at CMF, CIM and, CMC currently do not meet the health care facility licensing standards of the Department of Health Services. In order to comply with a court order, San Quentin's hospital was licensed in December 1980, although the department indicates the hospital is operating with deficiencies that threaten continued licensure. The department's other prisons operate infirmaries rather than hospitals and rely extensively on contracted medical services with local private hospitals. Currently, there are no licensing standards for such facilities.

The Department of Corrections, in conjunction with the Department of Health Services' Licensing and Certification Division, recently conducted an extensive survey of the four hospitals and identified many procedural, staffing, equipment, and capital outlay deficiencies that prevent licensing. The survey found more than 600 different procedural deficiencies in such areas as frequency of medical staff meetings and peer review. Staffing deficiencies were found in all categories of medical and supplemental services, but were concentrated primarily in the areas of nursing and psychiatric care. The equipment survey cited deficiencies in such areas as laboratory equipment, laundry services, and building standards and materials. Capital outlay deficiencies included power, fire, and life safety deficiencies, and lack of kitchens for preparation of special hospital diets.

Previous Licensing Efforts. Although the Legislature appropriated \$1.7 million for 66 new positions requested by the department in 1981-82 to meet licensure standards for hospitals at CMF, CIM, and San Quentin, only San Quentin was actually licensed. The department indicates that the 1981-82 request was inadequate to meet licensing standards, primarily because of inadequate planning by the department. According to the department, the earlier request understated the number of staff needed because it failed to use appropriate staffing formulas. In addition, the department indicates that there was no assessment of capital outlay or equipment needs, inadequate policy and procedure development, and insufficient monitoring from the central office staff.

Potential Legislation. The department indicates that it plans to pursue enactment of legislation to create a special licensing category unique to correctional facilities. If licensed under *current* hospital requirements, the department advises it would have to seek exemptions from the Department of Health Services for many of the requirements. This is because certain licensure regulations, such as those prohibiting hospital doors from being locked, are not permissible in standard correctional facilities.

Monitoring Progress of Licensure Efforts

We recommend that the Legislature adopt supplemental report language directing the department to provide the Legislature with specified reports on the progress of the hospital licensure efforts.

The department indicates that it has worked closely with the Department of Health Services (DHS) to ensure that resources requested in this proposal will ultimately result in licensing of the four hospitals. We believe, however, it is imperative that the department submit periodic reports to the Legislature so that the Legislature can monitor its progress toward achieving licensing. This is particularly important given both the magnitude of the expenditures proposed by the department for hospital

licensing and the department's previous failure to achieve licensing with the funds appropriated by the Legislature expressly for that purpose.

As part of the department's hospital licensing efforts, representatives of the DHS Licensing and Certification Division will conduct follow-up surveys of the four prison hospitals to monitor progress on correction of deficiencies that it has identified. The Department of Corrections indicates that it will respond to each survey with an updated plan of correction. We recommend that the Legislature adopt the following supplemental report language to ensure that it receives copies of these documents:

"In order for the Legislature to monitor progress on the Department of Corrections' prison hospital licensing efforts, the department shall submit to the Legislature's fiscal committees and the Joint Legislative Budget Committee copies of any follow-up licensing surveys of prison hospitals conducted by the Department of Health Services Licensing and Certification Division. The Department of Corrections shall also submit its plan of corrections in response to these surveys."

Savings in Contracted Medical Services Should Revert to General Fund

We recommend that the Legislature adopt Budget Bill language requiring that funds in excess of those actually needed for contracted inmate medical services revert to the General Fund.

The department expects to spend more than \$11 million in the current year for contracted medical services. The department indicates that even with the upgrading of its four institution hospitals, it will still need to contract for some services. The department is unable to identify the amount of these services at this time. The department indicates that this information will not be available until it begins upgrading the hospitals and developing a medical care master plan. Consequently, the department has proposed no adjustment in the amount requested for medical services to reflect the impact of its hospital licensing proposal.

Our review suggests that upgrading the prison hospitals should reduce the need for contracted medical services, particularly services purchased from private local hospitals. Because the budget does not reflect any savings, we recommend that the Legislature adopt Budget Bill language requiring that any funds budgeted for contracted medical services which are not used for that purpose revert to the General Fund. Specifically, we recommend adoption of the following language in Item 5240-001-001:

"Of the amount appropriated in Schedule (a) of this Item, \$11,667,000 is available for contracted inmate medical services. Funds not used for this specific purpose shall revert to the General Fund."

Financing Legal Services

We recommend that legal services for the Department of Corrections be financed from a direct appropriation to the Department of Justice, in order to conform with current policy. (Reduce Item 5240-001-001 by \$208,000 and increase Item 0820-001-001 by \$110,000.)

The Department of Corrections requests \$208,000 from the General Fund to reimburse the Department of Justice (DOJ) for legal services related to new prison construction. The Department of Justice indicates that it will assign one attorney and 0.7 clerical staff to handle this workload during the budget year.

The Department of Corrections is primarily supported by the General

DEPARTMENT OF CORRECTIONS—Continued

Fund. Traditionally, departments financed from the General Fund have not been required to reimburse the Department of Justice for legal services. Instead, the DOJ receives a direct appropriation to finance legal services provided to such agencies. This avoids the administrative costs incurred when one General Fund agency bills another General Fund agency. State law, however, requires the DOJ to charge agencies and programs supported by *special* funds for the cost of legal services provided to them.

Our analysis indicates that the legal services provided to the Department of Corrections should be budgeted through the Department of Justice's budget, in order to conform to the state's traditional funding policy. Consequently, we recommend deletion of the funds included in the Department of Corrections' budget for legal services, for a General Fund savings of \$208,000.

In our analysis of the Department of Justice's budget, we recommend an augmentation of \$110,000 from the General Fund. This is the amount we estimate the Department of Justice will need to finance legal services for the new prison construction program (please see page 71).

Cost Increases for Felon Supervision Far Exceed Workload Increases

We recommend a General Fund reduction of \$11,503,000 in the felon supervision program because the requested budget increase far exceeds the projected workload increase (Item 5240-001-001).

The budget proposes \$44,930,000 (\$44,827,000 from the General Fund and \$103,000 from reimbursements) for supervision of felons who are released from institutions on parole. This represents an increase of \$19,487,000, or 77 percent, from actual 1983-84 expenditures. Over the same period, the budget indicates that the average daily population of felon parolees will increase by 19 percent—from 20,507 in 1983-84 to an estimated 24,330 in 1985-86.

The department has been unable to explain why expenditures are increasing by 77 percent while workload in the program is growing by only 19 percent. Department of Corrections staff indicate that there have been no significant policy changes in this program in recent years that should cause a major increase in program costs.

While we recognize that an increase in program costs should not necessarily be equivalent to an increase in workload because of such factors as inflation and increases in employee salaries and benefits, the department has provided no justification for so large a disparity. In order for the budget for felon supervision to reflect more accurately the projected increase in workload, we recommend that the amount budgeted for this program be increased from the actual 1983-84 level to provide for a 19 percent increase in workload, as well as for inflation and salary and benefit increases. Using this methodology, the amount needed for felon supervision would total \$33,427,000, which is \$11,503,000 less than the amount requested.

Accordingly, we recommend a General Fund reduction of \$11,503,000. In the event the department provides justification for the disparity between workload increases and budget increases, we will revise this recommendation accordingly.

Correctional Officer Hiring Issues Should Be Addressed

We recommend that the department report to the Legislature prior to budget hearings on specified issues related to hiring and retention of correctional officers.

In the *Supplemental Report of the 1984 Budget Act*, the Legislature directed the State Personnel Board (SPB) to submit by November 15, 1984, a report on the Department of Corrections' ability to obtain sufficient qualified applicants to fill its large and rapidly expanding number of correctional officer positions. The report raised several questions we believe the department should address.

Tremendous Hiring Needs. The Department of Corrections will need to hire large numbers of new officers throughout the remainder of the decade. This is principally because (1) 10 new prisons will be activated during this period and (2) the department typically experiences a high turnover rate among correctional officers. Based on information provided by the department, the SPB report concluded that the department will need 33,152 new officers within the next 10 years. (The department indicates that it currently is reevaluating this data because it believes its hiring needs will not be this great.) Furthermore, past experience indicates that 10 correctional officer applications are needed for every one officer actually hired. If data presented in the SPB report is accurate, the department will require more than 330,000 applications for correctional officer positions through 1994.

The department anticipates that it will need to hire 2,400 new officers in 1984-85 and 3,431 new officers in 1985-86—a significant increase from past years, as shown in Table 5. The department indicates it has been able to meet its immediate hiring needs thus far in the current year, but attributes this primarily to the fact that hiring needs have been lower than initially anticipated, due to delays in activation of new prisons.

Table 5
Department of Corrections
Correctional Officers Hired
1979-80 through 1985-86

	<i>Number of New Officers Hired</i>
1979-80	440
1980-81	365
1981-82	696
1982-83	754
1983-84	1,146
1984-85	2,400 (estimated) ^a
1985-86	3,431 (estimated) ^a

^a These estimates reflect recent Department of Corrections projections. The SPB report estimated that the department's hiring needs would be much greater and would total 2,835 in 1984-85 and 5,428 in 1985-86.

Staff Turnover Problem. Approximately 40 percent of the new officers the department estimates it will need to hire in 1985-86 will be needed to fill positions which will be vacant because of staff turnover. In 1983-84, the department indicates it experienced a turnover rate of approximately 13.7 percent for correctional officers. The rate varied widely among institutions, from a high of 20.9 percent at the California Training Facility (CTF) at Soledad to a low of 6.6 percent at Folsom State Prison.

DEPARTMENT OF CORRECTIONS—Continued

High turnover results in significant costs to the department, including the six-week training course required for each new officer, the necessary on-the-job training, and the loss of experience resulting whenever trained officers are replaced. Department staff indicates that the problem of officer turnover currently is under review.

Training Center Capacity. The SPB report raised serious questions regarding the ability of the department to accommodate the new officers at the correctional officer training center. Specifically, the report indicates that if the training center operated at full capacity in 1985-86, there would still be a shortage of trained officers. The department has begun adding additional beds at the center to accommodate more candidates and indicates that its revised hiring needs for 1985-86 are within the center's training capacity. The department indicates that it is exploring other options for expanding capacity at the center to accommodate future training needs, but no plans for doing so have been completed.

New Background Investigation Requirements. The SPB report indicated that recent legislation on background investigations could slow officer hiring. Background investigations are statutorily required for persons appointed to peace officer positions. Chapter 424, Statutes of 1984 (AB 1904), which became effective January 1, 1985, requires a complete background investigation *before* the applicant can begin correctional officer training. The department traditionally has provided *provisional* clearance to officer cadets based on a review of information submitted by the applicant and criminal identification information. The background investigation was then completed during the officer's nine-month probationary period.

At the time this analysis was prepared, the department had a backlog of more than 2,000 background investigation cases. In order to address a potential bottleneck in the hiring process resulting from the requirements of the new legislation, the department indicates that it plans to shift some routine investigation tasks to its clerical support staff and operate its Background Investigation Unit at full capacity throughout the entire year. Because of limited experience, the department is unable to advise how well the new procedures are working.

Affirmative Action. Finally, the SPB report noted that the department is falling short of its affirmative action goals in reaching labor force parity among various groups, particularly among females, Asians, Filipinos, and the disabled. Although the department indicates it is continuing to focus hiring efforts on specific groups which have representation deficiencies, there is no available evidence that such efforts are succeeding.

Analyst's Recommendation. Because of the questions and uncertainties regarding the department's ability to hire the tremendous number of correctional personnel that will be needed in the next decade, we recommend that the department report to the Legislature, prior to budget hearings, on the following issues:

- its plans to increase hiring efforts to obtain the 34,000 applicants which will be needed in order for the department to hire 3,431 new officers in 1985-86;
- its updated projections of hiring needs through the end of the new prison construction program;
- its efforts to reduce the high turnover among correctional officers and the disparity among institutional turnover rates;

- its plans to accommodate and graduate the increasing number of new officers at the training center;
- the results of its efforts to speed up background investigations to comply with statutory requirements while meeting hiring needs; and
- its progress in increasing recruitment and hiring among underrepresented groups.

Technical Budgeting Issues

We recommend that General Fund appropriation be reduced by \$675,000 to eliminate overbudgeting, as follows:

- The amount budgeted for the consolidated data center services includes \$180,000 for a 5 percent price increase above the current-year level, even though the Department of Finance's price letter indicates that the budget should not provide for an increase.
- The 1984 Budget Act provided \$450,000 for temporary help for the redesign of inmate central files. The same level of funding is proposed for 1985-86, although the project will be completed during the current year. Department of Finance staff indicate that a budget amendment letter will propose deletion of these funds.
- The department's request for nine additional Counselor I positions for reception centers does not reflect \$17,000 in projected salary savings.
- The department's request for 55 Office Assistant II positions for handling of inmate medical records includes \$28,000 for travel, although travel for the positions has not been justified.

No Funding for Planning and Construction Positions

We recommend that the Department of Corrections and the Department of Finance report to the fiscal committees prior to budget hearings on how it intends to finance 54 positions in the planning and construction division without an appropriation for this purpose.

The Governor's Budget indicates that 54 existing positions in the department's planning and construction division will be financed from reimbursements in 1985-86, rather than from the General Fund which supported the positions in the current year. The positions, which are assigned to the state's new prison construction program, will cost \$2,383,000 in the budget year. According to the Departments of Corrections and Finance, the source of the reimbursement funding is the New Prison Construction Bond Fund, which was created by the voters in 1981 when they authorized the sale of \$495 million of bonds for construction of new prisons.

According to the Governor's Budget, \$15,941,000 of the revenues in the New Prison Construction Bond Fund have not been budgeted for expenditure through 1985-86 and thus may be available to finance the planning and construction staff. Our review of the Budget Bill, however, found that there is no item appropriating money from the New Prison Construction Bond Fund to reimburse the Department of Corrections for the costs of the 54 positions.

Although the concept of funding staff related to new prison construction from construction bond monies appears reasonable, we find that the budget proposes no appropriation for this purpose. Accordingly, we recommend that the Departments of Corrections and Finance identify the appropriation that will be used to provide support for these positions in 1985-86, prior to budget hearings on this item.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY

Items 5240-301 and 9860-311
 from the General Fund, Special Account for Capital Outlay and New Prison
 Construction Bond Fund

Budget p. YAC 39

Requested 1985-86	\$21,815,000
Recommended approval	441,000
Recommended reduction	18,757,000
Recommendation pending	2,617,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. **Convert Surgical Suite to Lockup Unit—Sierra Conservation Center, Jamestown. Reduce Item 5240-301-036(12) by \$68,000.** Recommend that preliminary plans and working drawing funds to convert the surgical area to administrative segregation be deleted because this specialized facility will not be needed once new prisons are occupied. 1011
2. **Upgrade Utility Systems to Meet Overcrowding. Reduce by \$4,379,000.** Recommend that funds to upgrade utility systems at four existing institutions be deleted because (1) the department has not provided adequate justification for the proposed improvements and (2) the need for the proposed upgrades is questionable in light of the department's current schedule for occupying new facilities. The requests include: 1012
 - Item 5240-301-036(1), Increase Sewage Plant Storage Capacity, Susanville (\$649,000).
 - Item 5240-301-036(3), Expand Domestic Water System, Soledad (\$581,000).
 - Item 5240-301-036(6), Expand/Rehabilitate Sewage Treatment Plant, Chino (\$2,500,000).
 - Item 5240-301-036(10), Purchase Additional Sewage Plant Capacity, Frontera (\$649,000).
3. **Electrical Power Study—Deuel Vocational Institution, Tracy. Reduce Item 5240-301-036(5) by \$40,000.** Recommend that funds to study the electrical power system be deleted because no information has been provided to substantiate the need for the requested funds, and statewide planning funds should be available to finance any study needed to support a future capital outlay request. 1014
4. **Expansion of Support Facilities. Reduce by \$847,000.** Recommend funds for five projects to expand support facilities at four existing institutions be deleted because (1) the department has not provided adequate justification for the proposed improvements, (2) the need for the proposed upgrades is questionable in light of the department's current schedule for occupying the new facilities, and (3) occupancy of new prison facilities with expanded Prison Industry Authority programs may be able to provide addi- 1014

tional support services. The requests include:

- Item 5240-301-036 (2), Enlarge Visiting Room, Susanville (\$28,000).
 - Item 5240-301-036 (4), Additional Dining Hall, Central Facility, Soledad (\$119,000).
 - Item 5240-301-036 (7), Warehouse, Chino (\$140,000).
 - Item 5240-301-036 (8), Records and Board Room Building, Chino (\$60,000).
 - Item 5240-301-036 (9), Support Warehouse, Frontera (\$500,000).
5. **Minor Capital Outlay—Statewide. Reduce Item 5240-301-036 (11) by \$1,723,000.** Recommend that funds for 17 minor capital outlay projects be deleted because the department has not provided adequate justification for the proposed expenditures. 1016
 6. **Minor Capital Outlay—Statewide.** Withhold recommendation on \$617,000 requested for 10 projects designed to mitigate overcrowding at existing institutions, pending reevaluation of the need for these projects in light of (1) the department's current schedule for occupancy of new facilities and (2) recent reductions in projected inmate population. 1016
 7. **Capital Program Management—Statewide. Reduce Item 5240-301-723 (1) by \$1,500,000.** Recommend funds for technical and professional services be deleted because no information has been provided to the Legislature on the scope of services to be provided by the requested funds. 1018
 8. **General and Advanced Planning/Studies—Statewide. Reduce Item 5240-301-723 (2) by \$200,000.** Recommend funds for general and advanced planning and studies be deleted because the budget already contains funds for this purpose for allocation by the Department of Finance on a statewide basis. 1019
 9. **Northern California Women's Facility—San Joaquin County.** Withhold recommendation on \$2 million requested for equipment for new 400-bed prison, pending receipt of the detailed list of equipment needed to make this new prison operable. 1019
 10. **Augmentations to Bond-funded Projects. Reduce Item 9860-311-036 by \$10 million.** Recommend that funds from the General Fund, Special Account for Capital Outlay, proposed for allocation by the Department of Finance to augment appropriations from the 1981 and 1984 Prison Bond Acts be deleted, because adequate funds remain unappropriated in the bond fund to finance additional amounts needed for inflationary adjustments. 1020
 11. **Overbudgeting of Construction Funds.** Recommend that the amounts approved for construction be reduced by 3 percent to eliminate overbudgeting. 1021

ANALYSIS AND RECOMMENDATIONS

The budget includes \$21,815,000 for the Department of Corrections' (CDC) capital outlay program in 1985-86. This amount consists of (1) \$8,115,000 from the General Fund, Special Account for Capital Outlay

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

(SAFCO), to fund various improvements at existing institutions (Item 5240-301-036), (2) \$3,700,000 from the New Prison Construction Bond Fund (1981 Bond Act) to finance statewide planning, capital program management and equipment for one new prison (Item 5240-301-723) and (3) \$10 million from the SAFCO to augment appropriations for construction projects funded from bond funds (Item 9860-311-036).

Appropriation of the bond funds requested in the budget would leave \$15,941,000 unappropriated from the original \$495 million approved in the 1981 Bond Act. In addition, the Legislature has \$7.3 million available for appropriation from the \$300 million in bond funds authorized by the 1984 Bond Act.

Status of New Prison Capacity Program. The Governor's Budget indicates that construction of 10 new prisons, together with other projects designed to increase capacity at existing institutions and camps, will add 19,420 beds to the prison system by the end of 1987.

The Legislature has fully funded projects that will provide 16,570 beds. Based on the department's current estimates, additional financing of approximately \$200 million will be required to fund the balance of the department's plan. The Governor's Budget proposes that the additional \$200 million be taken from the funds that the state expects to realize as a result of its lawsuits involving Tideland Revenue funds. (This proposal appears on page 50 of the Governor's Budget.) If this funding source is approved by the Legislature, it would mean that construction of the remaining new prisons is dependent upon the timely and successful resolution of the pending litigation.

The department is preparing a new Facilities Master Plan which will (1) provide updated inmate population projections, (2) revise the schedule for occupying the new prisons, and (3) identify any additional capacity needs beyond those that will be met by the department's current program. The new plan should be available prior to budget hearings. We will prepare a supplemental analysis of the plan after we have had an opportunity to review it.

Budget Year Proposal. Most of the projects proposed at existing institutions are intended to remedy problems associated with overcrowding at these prisons. After analyzing the materials submitted to the Legislature in support of these projects, we find that we are not able to recommend funding for any of them. There are two reasons for this:

- First, our analysis reveals that the CDC has not considered how the availability of nearly 20,000 new prison beds will affect the need for these projects. Clearly, projects intended to remedy problems associated with overcrowding should not be funded if overcrowding is only a short-term problem. This is particularly true when the projects would not be completed before the new prison beds are available for occupancy. According to the CDC's schedule, all of the nearly 20,000 new beds will come on line by the end of 1987.
- Second, our review finds that once again, the CDC has not provided the Legislature with sufficient information to permit a meaningful review of the proposed projects. We will have examples of these deficiencies for the fiscal committees to consider at the time of hearings.

If the department determines that occupancy of the new prisons will be delayed significantly beyond the end of 1987, we will reconsider the

proposed projects and, where sufficient information exists to document the need for and cost of the project, recommend approval.

For discussion purposes, we have divided our analysis of projects included in the budget into six categories. Table 1 summarizes the department's requests and the proposed funding source for the projects.

Table 1
Department of Corrections
1985-86 Capital Outlay Program
Summary
(dollars in thousands)

Item/Fund Project Category	Number of Major Projects	Budget Bill Amount	Future Cost
<i>Item 5240-301-036 (SAFCO)</i>			
A. New Capacity	1	\$68	\$748
B. Utility Projects (sewage treatment, domestic water, and electrical)	5	4,419	—
C. Projects to Expand Support Facilities (visiting, dining, warehouse, and administration)	5	847	4,151
D. Minor Projects (under \$200,000)	—	<u>2,781</u>	—
Subtotals	11	8,115	<u>4,899</u>
<i>Item 5240-301-723 (1981 Prison Bond Funds)</i>			
E. New Prisons/Planning and Equipment	3	3,700	—
<i>Item 9860-311-036 (SAFCO)</i>			
F. For Augmentation of Bond Financed Projects	—	<u>10,000</u>	—
Totals	14	\$21,815	\$4,899

A. NEW CAPACITY PROJECTS

The budget includes one project to increase the capacity of the prison system.

Convert Surgical Suite to Lock-Up Unit—Jamestown

We recommend deletion of Item 5240-301-036 (12), \$68,000 for preliminary plans and working drawings to renovate the surgical area to administrative segregation at the Sierra Conservation Center, because this specialized facility will not be needed once new prisons are occupied. Future Savings: \$748,000.

The budget includes \$68,000 for preliminary plans and working drawings to modify a surgery unit to provide additional administrative segregation (lock-up) cells at the Sierra Conservation Center, Jamestown. The department's proposal involves installation of 30 modular cells to provide additional "lock-up" facilities because 300 Level III (medium security) inmates are to be housed at this institution in the current year. The facility was designed to house Level II (low-medium security) prisoners. In addition to the original segregation cell block (individual cells), the institution currently uses a dormitory to supplement administrative segregation housing.

Our analysis indicates that the request for additional lock-up facilities at Jamestown is not justified, because new capacity to be provided through construction of new prison facilities will alleviate the problem that the project seeks to address. Once new Level III and Level IV institutions are occupied, the mix of inmates assigned to the Jamestown facility should return to the historical Level II security level. Occupancy of these new prison facilities is scheduled *before construction* of the proposed lock-up

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

facilities would be completed. We therefore recommend deletion of the funds requested under Item 5240-301-036(12), for a savings of \$68,000. (Future savings: \$748,000).

B. UTILITY PROJECTS

The budget includes \$4,419,000 for five projects to improve utility systems at existing prisons. Table 2 summarizes the five projects and our recommendations.

Table 2
Department of Corrections
1985-86 Capital Outlay Program
Utility Projects—Item 5240-301-036
(dollars in thousands)

Sub Item	Project Title	Location	Phase ^a	Budget Bill Amount	Analyst's Recom- mendation	Estimated Future Cost ^b
(1)	Increase Sewage Plant Storage Capacity	Susanville	pwc	\$649	—	—
(3)	Expand Domestic Water System ..	Soledad	c	581	—	—
(5)	Electrical Power Study	Tracy	s	40	—	unknown
(6)	Expand/Rehabilitate Sewage Treatment Plant	Chino	pwc	2,500	—	—
(10)	Purchase Additional Sewage Plant Capacity	Frontera	a	649	—	—
	Totals			\$4,419	—	unknown

^a Phase symbols indicate: s=studies; a=acquisition; p=preliminary planning; w=working drawings; and c=construction.

^b Department estimate.

Projects to Upgrade Utilities for Overcrowding May Not Be Needed

We recommend deletion of \$4,389,000 requested to upgrade sewage treatment facilities at three institutions and the domestic water system at one institution because (1) the department has not provided adequate justification for the proposed improvements, and (2) the need for the proposed upgrades is questionable in light of the department's current schedule for occupying new facilities.

The budget requests \$4,389,000 for four projects to upgrade sewage treatment plants and improve domestic water systems at four institutions. The projects include:

- *Increase sewage treatment plant capacity, Susanville (\$649,000), Item 5240-301-036(1).* This request is for preliminary planning, working drawing and construction funds, to modify existing sewage storage ponds at the California Correctional Center at Susanville. The proposed modifications would increase the storage capacity from 213 acre feet to 225 acre feet in order to accommodate current overcrowding of the institution.

- *Expand domestic water system, Soledad (\$581,000), Item 5240-301-036(3).* This request is for construction funds to expand the domestic water system at Soledad. The department indicates that the existing water supply system is not reliable, and if one of the existing water wells becomes inoperable, the prison would not have sufficient water capacity to meet its needs. The department indicates that it has utilized approximately

\$44,000 appropriated in Chapter 958, Statutes of 1983, to prepare preliminary plans and working drawings for a new system designed to serve an inmate population of 6,000—a 208 percent occupancy rate.

- **Expand/Rehabilitate sewage treatment plant, Chino (\$2,500,000), Item 5240-301-036(6).** This request is for preliminary planning, working drawing and construction funds to expand and rehabilitate the sewage treatment plant at the California Institution for Men, Chino. The project includes replacement of major equipment items within the plant, new storage ponds, pumps, and ancillary equipment. The 1984 Budget Act appropriated \$813,000 for the "state share" of a \$2.5 million grant-funded project to upgrade this facility in order to meet wastewater discharge requirements. The amount requested in this item, however, would fund 100 percent of the current estimated project cost. The 1984 appropriation is proposed for reversion under Item 5240-495-724(1) of the Budget Bill. No information has been provided to indicate why grant funds cannot be secured to finance part of the project.

- **Purchase additional sewage capacity, Frontera (\$649,000), Item 5240-301-036(10).** This request is for a lump sum payment to the Chino Basin Municipal Water District to purchase additional sewage treatment plant capacity of 118,000 gallons per day. The additional capacity would increase the existing contract with the district from 142,000 gallons per day to 260,000 gallons per day, an increase of 83 percent. The request is based on the additional sewage treatment plant requirements resulting from current overcrowding at this institution. The department requested funds for this project in the 1984-85 Budget Bill, but withdrew the request when it was determined that the metering information used to justify the request included flows generated from nonstate sources. No updated information has been provided in support of the 1985-86 budget request.

Project Justification Lacking. The department is experiencing some problems with the water supply systems and sewage treatment facilities at these four institutions. Nevertheless, it has not submitted adequate information to substantiate the need for or the cost of these projects. The requests are based on initial reviews of the problems conducted by institutional personnel, and no detailed engineering evaluation or cost estimates have been prepared by either the Office of State Architect or other professional consultants to substantiate the requests.

New Prisons Should Reduce Overcrowding of Existing Institutions. In most cases, the overcrowding problems that the proposed expenditure of \$4.4 million would address may be temporary. Based on the Department of Corrections' current plan to occupy 19,420 new beds by the end of 1987, the overcrowding of existing institutions should decline dramatically. Thus, by the time construction of the proposed water supply and sewage plant expansion projects are completed, the population at these institutions would be reduced to a level very close to the design capacity of the *existing* sewage treatment and domestic water systems. If any permanent upgrading of systems are needed, the project scope should be modified to reflect the *long-term* inmate capacity anticipated at these institutions.

On this basis, we recommend deletion of funds requested to upgrade water and sewage systems at Susanville, Soledad, Chino, and Frontera proposed in subitems (1), (3), (6) and (10), for a reduction of \$4,389,000.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

Electrical Power Study—Tracy

We recommend deletion of Item 5240-301-036 (5), \$40,000 for a study of the electrical power system at Tracy, because no information has been provided to substantiate the need for the requested funds and statewide planning funds should be available to finance any study needed to support a future capital outlay request.

The budget includes \$40,000 for a study of the secondary electrical distribution system at the Deuel Vocational Institution, Tracy.

The Legislature has not received any information that would substantiate the need to undertake a study of the electrical system at Tracy or that provides a basis for the requested amount. Consequently, the Legislature has no basis on which to evaluate the requested \$40,000, and we recommend that the funds be deleted. If there are problems with the existing system, statewide planning funds are available in the current year which the department could allocate to fund the proposed study.

C. PROJECTS TO EXPAND SUPPORT FACILITIES

The budget includes \$847,000 for five projects at four institutions to expand support facilities at existing prisons. Table 3 summarizes the request and our recommendations on each project.

Table 3
Department of Corrections
1985-86 Capital Outlay Program
Projects to Expand Support Facilities
Item 5240-301-036
(dollars in thousands)

Sub Item	Project Title	Location	Phase ^a	Budget Bill Amount	Analyst's Recommendation	Estimated Future Cost ^b
(2)	Enlarge Visiting Room	Susanville	pw	\$28	—	\$427
(4)	Additional Dining Hall, Central Facility	Soledad	pw	119	—	1,233
(7)	Warehouse	Chino	pw	140	—	1,984
(8)	Records and Board Room Building	Chino	pw	60	—	507
(9)	Support Warehouse	Frontera	pwc	500	—	—
Totals				\$847	—	\$4,151

^a Phase symbols indicate: p = preliminary planning; w = working drawings; and c = construction.

^b Department estimate.

Projects to Provide Additional Support Facilities for Overcrowding May Not Be Needed

We recommend deletion of \$847,000 proposed for construction of additional support facilities at four institutions, because (1) the department has not provided adequate justification for the proposed improvements, (2) the need for the proposed upgrades is questionable in light of the department's current schedule for occupying new facilities and (3) new prison facilities may be able to provide additional support services through expanded Prison Industry Authority programs. Future Savings: \$3,644,000.

The budget requests \$847,000 for five projects at four institutions to provide additional support service facilities. The projects include:

- **Enlarge Visiting Room, Susanville (\$28,000), Item 5240-301-036(2).** This project would provide preliminary plans and working drawings for a 3,600 square-foot addition to the prison visiting room at the California Correctional Center, Susanville. The existing visiting room would be remodeled to provide additional noncontact visiting and attorney interview rooms. The project is requested to relieve overcrowding of the present visiting area, which was designed to serve 1,200 inmates. The current inmate population served by this area is 1,672 inmates, about 36 percent over the designed inmate capacity. The estimated future cost of the construction of the addition and remodeling is \$427,000.

- **Additional Dining Hall for Central Facility, Soledad (\$119,000), Item 5240-301-036(4).** This request is for preliminary plans and working drawings for a 7,700 square-foot dining hall to seat 600 inmates. The project is intended to relieve pressure caused by overcrowding in the existing two dining halls at the central facility. The estimated future cost for construction of the project is \$1,233,000.

- **Warehouse, Chino (\$140,000), Item 5240-301-036(7).** This request is for preliminary plans and working drawings for a 32,000 square-foot warehouse building. The new facility would provide centralized warehouse functions for the three prisons at Chino. The department indicates existing facilities can no longer accommodate warehouse needs due to overcrowding. The estimated future cost for construction of the new warehouse is \$1,984,000.

- **Records and Board Room Building, Chino (\$60,000), Item 5240-301-036(8).** This request is for preliminary plans and working drawings for a 7,800 square-foot building to house records' functions and Board of Prison Terms' space serving the three prisons at Chino. The CDC indicates that the present facilities are overtaxed, due to the overcrowding at these institutions. The estimated future cost for construction is \$507,000.

- **Support Warehouse, Frontera (\$500,000), Item 5240-301-036(9).** This request is for preliminary planning, working drawings, and construction for a 13,000 square-foot support warehouse to serve the California Institution for Women, Frontera. The CDC indicates that with overcrowding, storage space at this institution is inadequate. The project would (1) provide additional storage space for Prison Industry Authority, inmate canteen, and general storage and (2) relocate warehouse activities to a more secure location.

Project Justification Lacking. We have not received any architectural/engineering details or cost estimates for these five projects that are intended to provide additional support service space at existing prisons. Moreover, *all* of the requested support service facilities are designed to provide additional facilities to alleviate problems caused by overcrowding of existing institutions. When the CDC occupies new prison facilities, overcrowding will be reduced substantially at these prisons and existing support service facilities should once again be adequate to serve the inmate population.

Prison Industry Programs. Two of the projects requested to expand support service facilities included construction of warehouse space. The CDC's proposal for construction of new prisons includes a substantial amount of space for Prison Industry Authority (PIA) programs and related warehouse facilities. One alternative and potentially less costly means of meeting the prisons' warehouse needs, would be to provide centralized warehouse facilities operated by the PIA. Our on-site reviews have revealed that a substantial portion of existing warehouse facilities in the

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

prison system is devoted to long-term storage of federal surplus food products and other items which could be more efficiently warehoused on a regional basis. Consequently, we recommend that the CDC evaluate the alternative of having PIA provide warehouse functions on a regional basis, and incorporate this alternative, to the extent feasible, in its planning of new prison facilities.

In summary, we recommend deletion of the \$847,000 requested in Items 5240-301-036(2), (4), (7), (8), and (9) because (1) the department has not provided adequate justification for the requests, (2) the need for the proposed improvements is questionable in light of new prison construction plans, and (3) PIA may be able to provide needed support services once new prisons are completed.

D. MINOR CAPITAL OUTLAY PROJECTS

The budget includes \$2,781,000 in Item 5240-301-036(11) for minor capital outlay projects (\$200,000 or less per project) for the Department of Corrections. The request would fund 34 projects at various institutions. Table 4 summarizes this program by descriptive category, and shows our recommendations for each category.

Table 4
Department of Corrections
1985-86 Minor Capital Outlay
Item 5240-301-036(11)
(dollars in thousands)

<i>Project Category</i>	<i>Number of Projects</i>	<i>Budget Bill Amount</i>	<i>Analyst's Recom- mendation</i>
1. Alleviate Overcrowding Problems	15	\$1,098	pending
2. Improve Security	7	567	\$225
3. Correct Code Deficiencies	5	397	216
4. Provide New Program/Support Facilities.....	6	521	—
5. Energy Conservation Projects	1	198	—
Totals	34	\$2,781	pending

Minor Capital Outlay Program

We recommend a reduction of \$1,723,000 in Item 5240-301-036(11) to delete 17 minor capital outlay projects which are not justified. We withhold recommendation on \$617,000 requested for 10 projects to mitigate overcrowding at existing institutions, pending a reevaluation of the need for these projects given (1) the department's current schedule for occupying new prisons, and (2) the recent reduction in the projected inmate population.

Projects Recommended for Deletion. Our review of the minor capital outlay program indicates that 17 projects are not justified and should be deleted from the program. These projects include:

- **Five projects to mitigate overcrowding at existing institutions (\$481,000).** The department's request includes 15 projects to make improvements at existing institutions to mitigate overcrowding. The projects range in cost from \$15,000 to add a fifth tower to supervise the yard at Soledad, to \$172,000 to construct an addition to the firehouse at this same institution. Our review of the information provided by CDC indicates that

five projects are not needed regardless of the level of overcrowding anticipated at the institutions. These projects include construction of a saltport at Soledad (\$18,000), construction of an additional well at Frontera (\$115,000), installation of a security fence on the roof at Soledad (\$90,000), installation of additional fire hose connections at Soledad (\$86,000), and construction of an addition to the fire station at Soledad (\$172,000). These proposed improvements have little or no relationship to overcrowding of existing prisons. In some cases, other projects, such as the well at Frontera, have already been approved to address the same problem.

• **Three projects to provide improved level of security (\$342,000).** Our review indicates that five of the seven projects requested for security improvements are not justified. At San Quentin, \$195,000 is requested to convert a portion of the gymnasium to provide a new canteen facility because "lock-up" inmates on their way to dining facilities must pass near the existing canteen. This project should not be needed if the department institutes appropriate control of inmate movement in the area of the existing canteen. Other projects include a new entrance gate building at Susanville (\$67,000) and additional railings on the tiers at Soledad, (\$80,000). Our review of these projects indicates that (1) alternative means are available for achieving the desired level of additional security without construction of permanent modifications or (2) the project, as currently proposed, does not adequately address the problem.

• **Two code related projects (\$181,000).** Projects in this category range from \$29,000 for installation of code-complying sawdust collector systems in carpentry shops to \$158,000 to construct a new hobby shop at Folsom because the State Fire Marshal has declared the existing space unsafe. We recommend deletion of projects for construction of flammable storage at Tehachapi (\$55,000) and installation of brine ponds at San Luis Obispo (\$126,000) because these projects are aimed at rectifying problems caused by the Prison Industry Authority (PIA) operations and therefore should be funded by PIA.

• **Six projects to provide new programs/support facilities (\$521,000).** Our review of projects in this category indicates that none of the projects are justified. Funds for an electrical power survey at Tracy (\$120,000) can and should be financed from statewide planning funds. Construction of a replacement family visiting facility at Tracy (\$98,000) is too expensive and should be reduced in scope. We recommend deletion of a similar proposal at San Quentin that would remodel a dining hall to provide seven visiting apartments (\$190,000), because the department has not provided adequate information to substantiate the need for additional visiting facilities. Construction of a water storage tank at the Green Valley conservation camp (\$63,000) is not needed because less expensive alternatives are available. Recreation facilities at the outside dorm at Tracy (\$16,000) have already been funded as part of the recently constructed facility. Finally, electrical modifications at Folsom (\$34,000) are aimed at improving service to PIA and should be funded by the Authority.

• **One energy conservation project (\$198,000).** One project for \$198,000 would connect the bachelor officer's quarters to a geothermal energy source at Susanville. A previously approved major project converted most of the prison to geothermal heating through an agreement with a private developer. The department has not provided any information to indicate that extending the system would be cost-effective.

Projects on Which We Withhold Recommendation. Of the \$1,098,000 requested for 15 projects to mitigate overcrowding, we have

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

recommended deletion of five projects totaling \$481,000. The remaining 10 projects (\$617,000) in this category include new observation towers, additional shower facilities, additional fencing, additional lighting, new program space and dental facilities which the department indicates would assist in mitigating overcrowding of existing institutions. Based on the department's schedule for occupying new facilities, overcrowding at these existing institutions should be diminished significantly. Accordingly, we believe the department should reevaluate the need for these measures in light of the current occupancy schedule. In addition, the actual population in the prison systems during 1984-85 is less than the projected population used in preparing the 1984-85 budget. If this trend continues in the budget year, the need to overcrowd existing institutions will decline. Consequently the need for these projects should also be reevaluated in light of the latest population projections.

E. NEW PRISON PLANNING AND EQUIPMENT PROJECTS

The budget includes \$3,700,000 for three projects related to planning and equipping new prison projects. The requested funds would come from the 1981 Prison Bond Act. The requested projects and our recommendations are summarized in Table 5.

Table 5
Department of Corrections
1985-86 Capital Outlay Program
Projects to be Financed from Bond Funds
Item 5240-301-723
(dollars in thousands)

Subitem	Project Title	Location	Phase ^a	Budget Bill Amount	Analyst's Recommendation	Estimated Future Cost ^b
(1)	Capital Program Management	Statewide	p	\$1,500	—	—
(2)	General and Advanced Planning Studies	Statewide	s	200	—	—
(3)	Northern California Women's Facility	San Joaquin County	e	2,000	—	—
Total.....				\$3,700	—	—

^a Phase symbols indicate: s = studies; p = preliminary planning; e = equipment.
^b Department estimate.

Capital Program Management—Statewide

We recommend deletion of Item 5240-301-723 (1), \$1,500,000 for technical and professional services provided by a management firm, because no information has been submitted to indicate the scope of services to be provided by the requested funds.

The budget includes \$1,500,000 to purchase services from a capital program management consultant in order to assist the Department of Corrections in implementing the new prison construction program. Presumably, these funds would be used to extend the department's current contract with a management firm.

The Legislature has previously approved funds for program management and technical assistance to aid the department in implementing the prison construction program. The services have been financed through a combination of direct appropriations for planning and allocations within the amounts appropriated for planning and construction of specific prison projects.

It is possible that additional services will be needed beyond those already financed through capital outlay appropriations. At this point, however, the Legislature has no information to indicate what these services are or what they will cost. Consequently, the need for the additional funds cannot be established. On this basis, we recommend deletion of the \$1,500,000 proposed in Item 5240-301-723 (1).

General and Advanced Planning/Studies—Statewide

We recommend deletion of Item 5240-301-723 (2), \$200,000 for general and advanced planning/studies, because funds already are available for this purpose.

The budget includes \$200,000 in bond funds for general and advanced planning/studies for capital outlay projects that are undertaken by the CDC. This same amount was included in the budgets for previous years, when the department anticipated substantial appropriation of funds from the New Prison Construction Fund.

Our analysis indicates that sufficient planning funds will be available in 1985-86 for capital outlay projects throughout the state. Item 9860-301-036 requests \$500,000 in planning funds for allocation by the Department of Finance on a statewide basis. Consequently, there is no apparent need to also provide specific appropriations to individual departments for this same purpose.

We also note that nearly all of the prison bond funds have been appropriated by the Legislature. Hence, it does not make sense to fund advanced planning and studies for the new projects financed from this source. We therefore recommend deletion of Item 5240-301-723 (2), a reduction of \$200,000.

Northern California Women's Facility—San Joaquin County

We withhold recommendation on Item 5240-301-723 (3), \$2,000,000 for equipment for the new Northern California Women's Facility in San Joaquin County, pending receipt of the detailed equipment list and justifications.

The budget includes \$2 million for equipment related to occupancy of the Northern California Women's Facility in San Joaquin County.

Based on the department's current schedule, this prison will be occupied in February 1986, and new equipment will be needed in the budget year to make the facility operable. The CDC, however, has not provided a list of proposed equipment items to substantiate the amount of funds requested. Consequently, at this time the Legislature has no basis on which to judge the adequacy of the amount. A detailed equipment list will have to be prepared for the Department of Finance, if not for the Legislature, because the Government Code requires the department to approve any equipment items costing \$2,000 or more.

We therefore withhold recommendation on Item 5240-301-723 (3), pending receipt of the detailed equipment list as approved by the Department of Finance.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued**F. AUGMENTATIONS FOR PREVIOUSLY APPROVED PROJECTS****Unappropriated Balances in Bond Funds Should be Adequate for Inflation Adjustments**

We recommend deletion of Item 9860-311-036, \$10,000,000 from the General Fund, Special Account for Capital Outlay, because unappropriated balances in the bond funds should be used to finance any additional amounts needed for inflationary adjustments.

The budget includes \$10 million from the SAFCO to provide funds to augment projects previously financed from the 1981 and 1984 Prison Bond Act programs. Budget Act language indicates that the funds would be allocated by the Department of Finance consistent with Government Code Section 16352 which authorizes allocation of unappropriated funds for capital outlay projects where the estimated cost of construction exceeds the amount appropriated for specific projects.

Currently, there is an unappropriated balance in the 1981 Prison Bond Act fund of \$19.6 million. The Governor's Budget proposes an appropriation of \$3.7 million from this fund. Therefore, if the Legislature approves the budget as submitted, there will be approximately \$15.9 million in the fund which has not been appropriated and thus would be available for allocation to augment projects where estimates or bids exceed the amount budgeted. For the 1984 Bond Act program, \$7.3 million of the original \$300 million approved in the Act remains unappropriated. Thus, there would be a \$23.2 million unappropriated balance in the bond funds if the Governor's Budget is approved as submitted.

The rate of construction cost increases due to inflation has slowed substantially. In fact, we have recommended elsewhere in this *Analysis* that construction amounts included in the 1985-86 budget be reduced by 3 percent to reflect the most recent information on construction cost increases. According to the CDC's construction schedule, the projects approved by the Legislature are to be under construction during 1985-86. Therefore, inflationary increases should be minimal. The available funds represent approximately 5 percent of the construction amounts included in the various appropriations from these funds. This amount is reasonable to finance cost overruns caused by inflation. Government Code Section 16352 allows the State Public Works Board to allocate amounts from these bond funds to augment previously approved projects. We therefore recommend deletion of the additional \$10 million proposed for this purpose from the SAFCO.

Moreover, the department should evaluate means of attaining project savings that can be reallocated to meet any additional funding requirements. In the past, the State Public Works Board has not been aggressive in identifying savings. For example, the department originally proposed construction of a \$1.5 million temporary sewage treatment plant for the new San Diego prison. The Joint Committee on Prison Construction and Operations reviewed the department's proposal and denied the request. Consequently, the \$1.5 million included in the department's estimate could be reverted to the unappropriated surplus of the bond funds for reallocation to meet other funding needs. The Public Works Board however, elected not to revert this savings on the basis that it was "premature." We believe that before the Legislature appropriates additional funds from the SAFCO, the administration should demonstrate that it intends to manage prudently the existing bond funds.

Overbudgeted Construction Funds

We recommend that the amounts approved for construction in Item 5240-301-036 be reduced by 3 percent to eliminate overbudgeting of construction costs.

The Governor's Budget requests \$3,660,000 for the construction phase of capital outlay projects in 1985-86. This amount is based on an anticipated construction cost index for July 1, 1985. At the time the projection of the index for the budget year was made, the projection appeared to be reasonable. Inflation, however, has not increased as anticipated. Using the most recent indices, adjusted by the current expected inflationary increase of about ½ percent per month, construction costs in the budget are overstated by approximately 3 percent. We therefore recommend that any funds approved for construction under this item be reduced by 3 percent to eliminate overbudgeting.

Supplemental Report Language

For purposes of project definition and control, we recommend that the fiscal subcommittees adopt supplemental report language which describes the scope of each of the capital outlay projects approved under this item.

DEPARTMENT OF CORRECTIONS—REVERSIONS

Item 5240-495 to the 1984 Prison
Construction Fund

Budget p. YAC 44

ANALYSIS AND RECOMMENDATIONS**Upgrade Sewage Treatment Plant—Chino**

We recommend approval.

This item proposes reversion of \$813,000 appropriated in the Budget Act of 1984 (Item 5240-301-724(38)) from the 1984 Prison Construction Fund. These funds were appropriated to provide the state's share (32.5 percent) of a proposed grant-funded project to upgrade the wastewater treatment plant at the California Institution for Men, Chino. The reversion is proposed because the Budget Bill includes \$2,500,000 under Item 5240-301-036(6) to provide 100 percent state funding of the project, to be financed from the General Fund, Special Account for Capital Outlay.

In our analysis of Item 5240-301-036, we recommend deletion of the funds requested to pay 100 percent of the cost to upgrade the sewage treatment plant at Chino.

We have not received any information to indicate why the grant-funded project as previously approved by the Legislature has not proceeded. Presumably, the proposed modifications have a low priority on a statewide basis and, consequently, grant funds have not been made available for the proposed upgrade. We therefore see no basis for continuing the availability of the \$813,000 from the 1984 Budget Act for the proposed project, since it is not sufficient to accomplish the desired work by itself, and accordingly recommend approval of the proposed reversion.

BOARD OF CORRECTIONS

Item 5430 from the General
Fund and various special
funds

Budget p. YAC 44

Requested 1985-86	\$135,681,000
Estimated 1984-85.....	85,556,000
Actual 1983-84	8,875,000
Requested increase (excluding amount for salary increases) \$50,125,000 (+58.6 percent)	
Total recommended reduction	None

1985-86 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5430-001-001—Support	General	\$390,000
5430-001-170—Support	Corrections Training	1,276,000
5430-001-725—Support	County Jail Capital Expend- iture	762,000
5430-101-170—Local Assistance	Corrections Training	8,803,000
5430-101-725—Local Assistance	County Jail Capital Expend- iture	124,450,000
Total		\$135,681,000

GENERAL PROGRAM STATEMENT

The principal activities of the Board of Corrections relate to the operations of *local* correctional facilities. Specifically, the board:

1. Inspects county jails in order to monitor their compliance with state standards for county jails, and provides technical assistance to local governments,

2. Awards grants from the County Jail Capital Expenditure Fund to counties for the construction and remodeling of county jail facilities, and

3. Establishes minimum standards for recruiting, selecting, and training local corrections and probation officers, and assists local governments through grants provided from the Corrections Training Fund. Revenues to the fund are derived from penalty assessments on traffic and criminal fines.

The board is authorized 25.6 personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes appropriations totaling approximately \$135.7 million from various state funds to support the Board of Corrections in 1985-86. As shown in Table 1, this is an increase of \$50.1 million, or 59 percent, over estimated current-year expenditures. This increase will grow by the cost of any salary or staff benefit increase approved for the budget year.

The budget does not include any funds for the estimated cost of merit salary increases (\$9,000 in 1985-86) or inflation adjustments for operating expenses and equipment (\$7,000). Presumably, these costs will be financed by diverting funds budgeted for other purposes.

Table 1
Board of Corrections
Budget Summary
1983-84 through 1985-86
(dollars in thousands)

Programs	Actual 1983-84	Estimated 1984-85	Proposed 1985-86	Change From 1984-85 to 1985-86	
				Amount	Percent
1. Standards for Detention Facilities	\$255	\$388	\$406	\$18	4.6%
2. County Jail Construction	504	75,195	125,212	50,017	66.5
Administration.....	(389)	(718)	(762)	(44)	(6.1)
Local Assistance	(115)	(74,477)	(124,450)	(49,973)	(67.1)
3. Standards and Training.....	8,116	9,973	10,079	106	1.1
Administration.....	(872)	(1,276)	(1,276)	—	—
Local Assistance	(7,244)	(8,697)	(8,803)	(106)	(1.2)
Less Unallocated General Fund Reduction	—	—	-16	-16	NMF
Totals.....	\$8,875	\$85,556	\$135,681	\$50,125	58.6%
Funding Sources:					
General Fund.....	\$255	\$388	\$390	\$2	0.5%
Corrections Training Fund.....	8,116	9,973	10,079	106	1.1
County Jail Capital Expenditure Fund, Bond Act of 1981	—	50,563	125,212	74,649	147.6
County Jail Capital Expenditure Fund	504	24,632	—	-24,632	-100.0

NMF: not a meaningful figure

Expenditures shown in Table 1 for the *current* year include two deficiency requests. The board requests a deficiency appropriation of \$195,000 from the County Jail Capital Expenditure Fund so that it can provide staffing and consulting and professional services for the county jail construction program. The board indicates that the 1984 Budget Act appropriation for administration of this program is not sufficient because of increased workload resulting from the County Jail Capital Expenditure Bond Act of 1984. This measure was approved by the voters in June 1984.

The board also requests a deficiency appropriation of \$447,000 from the Corrections Training Fund so that it can provide additional local assistance funds for the training of local probation, juvenile and adult institution personnel. The board advises that the funds are needed because the number of localities participating in the program and the number of officers receiving training are greater than originally anticipated.

ANALYSIS AND RECOMMENDATIONS

Standards for Detention Facilities

We recommend approval.

The board requests \$406,000 to fund the standards for detention facilities program in 1985-86. This is an increase of \$18,000, or 4.6 percent, above estimated current-year expenditures. The purpose of this program, which is financed totally from the General Fund, is to provide technical assistance to jail administrators and conduct regular inspections of jails. The board anticipates devoting a substantial portion of its efforts in the budget year to issuance of its biennial report on jail conditions in California.

BOARD OF CORRECTIONS—Continued**County Jail Construction***We recommend approval.*

The budget proposes expenditure of \$125,212,000 for the county jail construction program in 1985-86. This is an increase of \$50,017,000, or 66 percent, above estimated current-year expenditures. Expenditures for the budget year will be totally financed from the County Jail Capital Expenditure Fund, Bond Act of 1981. Almost all of the increase (\$49,973,000) will be used to provide additional funds for county jail construction and renovation projects. The budget also includes \$222,000 to make permanent two positions established administratively in the current year for support of the jail construction program, and provide consulting services for review of jail plans and specifications, as required by statute.

Revised Allocation Formula for Jail Construction Funds. The Board of Corrections has primary responsibility for the distribution of grants to counties for construction, reconstruction, remodeling, and replacement of jails. The primary funding source for these grants has been the County Jail Capital Expenditure Fund, which was established through the passage of a \$280 million bond act in 1981. Another bond act, the County Jail Capital Expenditure Bond Act of 1984, authorizes an additional \$250 million in bond sales to finance jail projects. The Board of Corrections estimates that given the overcrowded conditions of many jails throughout California, counties will need to spend about \$1.1 billion throughout the next decade to provide sufficient capacity and meet existing correctional standards.

Chapter 444, Statutes of 1984 (AB 3805), as amended by Chapter 1133, Statutes of 1984 (SB 50), appropriated the proceeds from the sale of bonds under both the 1981 and 1984 bond acts, along with interest earned on the proceeds, and directed the board to allocate the funds in accordance with specified criteria. The legislation required that counties pay 25 percent of project costs, and established a list of first and second priority projects. Second priority projects will be funded if additional monies become available. In addition, the legislation required that the board submit to the Legislature requests for additional funding needed to fund project allocations. It also required the board to submit a status report on project funding each March 31.

The board estimates that approximately \$535 million are available for jail projects (\$530 million from the 1981 and 1984 bond acts and approximately \$5 million in interest from a previous General Fund appropriation for jail projects). Interest earned on the bonds will also be used for projects, but because of long term uncertainty regarding the bond market, the amount that will be available from this source is not known.

Chapter 1133 authorized the allocation of approximately \$596.3 million to first-priority projects. Consequently, the board estimates that at some time in the future there could be a shortfall of approximately \$61 million in the amount of revenue needed for first-priority funding allocations. The exact magnitude of the potential shortfall, however, cannot be determined, due to uncertainties about project costs and the amount of interest income that will be earned. The Board of Corrections indicates that it has no plans to seek extra funding for jail projects at this time.

The board indicates that 49 counties are expected to submit bids for funding by the end of the budget year, but only six have done so thus far. Additional information on jail project funding will be available when the board submits its status report on March 31.

Standards and Training

We recommend approval.

The budget requests \$10,079,000 for the standards and training program in 1985-86. The requested amount includes \$48,000 for 1.5 additional positions to implement an automated data base and management information system. In addition, the budget includes \$553,000 to cover anticipated increases in program participation by county correctional and probation departments.

The board indicates that an additional \$447,000 should have been added to the budget to finance projected increases in participation during 1985-86. The Department of Finance indicates that it may submit an amendment letter requesting an augmentation for this program in the amount of \$447,000 from the Corrections Training Fund. We will review the request when it becomes available and report our findings to the Legislature at that time.

**Youth and Adult Correctional Agency
BOARD OF PRISON TERMS**

Item 5440 from the General Fund

Budget p. YAC 50

Requested 1985-86	\$6,737,000
Estimated 1984-85.....	6,751,000
Actual 1983-84	6,050,000
Requested decrease (excluding amount for salary increases) \$14,000 (-0.2 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Board of Prison Terms is composed of nine members appointed by the Governor and confirmed by the Senate for terms of four years. The board:

- considers parole release for persons sentenced to prison under the Indeterminate Sentence Law, or to life imprisonment with the possibility of parole;
- determines whether and for how long a parolee should be returned to prison for a violation of parole;
- reviews sentences of all felons committed to the Department of Corrections to determine whether specific sentences conform to those received by other inmates convicted of similar offenses; and
- advises the Governor on applications for clemency.

The board has 110 authorized personnel-years in the current year.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes a General Fund appropriation of \$6,737,000 for support of the Board of Prison Terms in 1985-86. This is a decrease of \$14,000, or less than 1 percent, below estimated current-year expenditures. This decrease, however, will be offset by the cost of any salary or staff

BOARD OF PRISON TERMS—Continued

benefit increases approved for the budget year.

The budget proposal does not include any funds for the estimated cost of merit salary increases (\$15,000 in 1985-86). Presumably, this cost will be financed by diverting funds budgeted for other purposes.

The proposed reduction in the board's budget results from implementation of Ch 1432/84 (SB 1914), which became operative January 1, 1985. The statute requires the board to meet with prisoners who are sentenced to indeterminate prison terms during their third year of imprisonment to review inmate files, make recommendations, and document activities and conduct. Previously, the board met with such inmates during their first year of imprisonment to review files and make recommendations, and typically met with them again during their third year to document activities and conduct. Consequently, this change will reduce the board's hearing workload. The budget proposes to eliminate one-half of one hearing representative position to reflect this change. Our analysis indicates that the proposed budget reduction is justified on a workload basis, and we recommend that it be approved.

**Youth and Adult Correctional Agency
YOUTHFUL OFFENDER PAROLE BOARD**

Item 5450 from the General

Fund	Budget p. YAC 52
Requested 1985-86	\$2,542,000
Estimated 1984-85	2,536,000
Actual 1983-84	2,376,000
Requested increase (excluding amount for salary increases) \$6,000 (+0.2 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Youthful Offender Parole Board is responsible for paroling persons (wards) committed to the Department of the Youth Authority. In addition, it may:

- Revoke or suspend parole.
- Recommend treatment programs.
- Discharge persons from commitment.
- Return persons to the committing court for an alternative disposition of their cases.
- Return nonresidents committed to the department to their home states.

The board has seven members who are appointed by the Governor and confirmed by the Senate. It has 38.5 authorized positions in the current year.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The budget proposes an appropriation of \$2,542,000 from the General Fund for support of the Youthful Offender Parole Board in 1985-86. This is an increase of \$6,000, or less than one percent, from estimated current-year expenditures. This increase will grow by the cost of any salary or benefit increase that may be approved by the Legislature for the budget year.

The net increase for the budget year reflects (1) an increase of \$20,000 for employee compensation adjustments, and (2) a decrease of \$14,000 in operating expenses due to changes in the methods used in providing telephone services and vehicles for board business. The budget proposal does not include funds for inflation adjustments to operating expenses which are estimated at \$27,000 in 1985-86. Presumably these costs will be financed by diverting funds budgeted for other purposes.

Retirement Costs Grow

The estimated level of current-year expenditures includes an allocation of \$22,000 from the reserve for emergencies or contingencies. These funds will be used to pay increased retirement costs associated with Ch 280/84, which created a new retirement category for peace officers and firefighters, effective July 1, 1984. System members who are in this category will receive more generous retirement benefits. As a result, the board's contribution to the system also must increase. A total of \$23,000 is included in the board's budget request to cover these increased costs in 1985-86.

**Youth and Adult Correctional Agency
DEPARTMENT OF THE YOUTH AUTHORITY**

Item 5460 from the General

Fund	Budget p. YAC 54
Requested 1985-86	\$275,922,000
Estimated 1984-85	271,178,000
Actual 1983-84	242,626,000
Requested increase (excluding amount for salary increases) \$4,744,000 (+1.7 percent)	
Total recommended reduction	1,667,000
Recommendation pending	1,756,000

1985-86 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5460-001-001—Department support	General	\$205,053,000
5460-001-890—Department support	Federal	(963,000)
5460-101-001—Local assistance	General	70,437,000
Chapter 1455, Statutes of 1984—Regional Youth Education Centers	General	432,000
Reimbursements		(11,118,000)
Total, State Funds		\$275,922,000

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS	<i>Analysis page</i>
1. <i>Population Plan. Reduce Item 5460-001-001 by \$770,000.</i> Recommend that the department address the problem of increased population by overcrowding institutional programs, rather than its reception center-clinics.	1032
2. <i>Parole Violator Program.</i> Recommend that prior to the May revision to the budget, the department evaluate its program for parole violators to determine the feasibility of expansion to other areas of the state.	1034
3. <i>Compensatory Education.</i> Recommend that the department report during budget hearings on the effect of the proposed position reduction in federally-funded compensatory education program.	1035
4. <i>Underestimated Reimbursements. Reduce Item 5460-001-001 by \$374,000.</i> Increase reimbursements by \$374,000. Recommend reduction in state support to reflect most recent estimates of reimbursements which will be received from two sources.	1036
5. <i>Detention of Camp Wards.</i> Recommend adoption of Budget Bill language limiting payments for detention of camp wards to the approved rates for a similar program.	1037
6. <i>Information Systems Plan. Reduce Item 5460-001-001 by \$49,000.</i> Withhold recommendation on \$381,000 requested for automation, pending receipt of information on proposed changes to the plan and methods of evaluation. Further, recommend a reduction because the proposal is overbudgeted.	1037
7. <i>Gang Violence Consolidation. Reduce Item 5460-001-001 by \$424,000.</i> Recommend that the state efforts in the area of gang violence reduction be consolidated in the Office of Criminal Justice Planning, for a General Fund savings of \$424,000 and five positions.	1039
8. <i>County Payments for Wards.</i> Recommend the enactment of legislation requiring inflation adjustments to the level of payments made by counties to the state for the support of wards.	1041
9. <i>Ward Privacy. Reduce Item 5460-001-001 by \$50,000.</i> Recommend reduction to eliminate funds which are budgeted on a contingency basis.	1042
10. <i>Youth Service Bureaus.</i> Withhold recommendation on \$1,375,000 from the General Fund requested for support of youth service bureaus, pending receipt and review of evaluation report (Item 5460-101-001).	1044

GENERAL PROGRAM STATEMENT

The Department of the Youth Authority is responsible for protecting society from the consequences of criminal activity on the part of young people. The Welfare and Institutions Code directs the department to operate training and treatment programs which seek to correct and rehabilitate youthful offenders, rather than punish them. This mission is

carried out through four programs: (1) Prevention and Community Corrections, (2) Institutions and Camps, (3) Parole Services, and (4) Administration.

The department's current-year staffing level is estimated at 4,383 personnel-years.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes the expenditure of \$275,922,000 from the General Fund to support the activities of the Youth Authority in 1985-86. This is an increase of \$4,744,000, or 1.7 percent, above estimated current-year expenditures. The department's total expenditure program for the budget year (all funding sources) is \$288,003,000, which is \$4,215,000, or 1.5 percent, more than estimated total expenditures in 1984-85. This increase will grow by the cost of any salary or staff benefit increases approved for the budget year.

Table 1 provides a summary of the department's total expenditures and staffing levels, by program, for the past, current, and budget years.

Table 1
Department of the Youth Authority
Program Summary
1983-84 through 1985-86
(dollars in thousands)

<i>Expenditures</i>	<i>Actual 1983-84</i>	<i>Estimated 1984-85</i>	<i>Proposed 1985-86</i>	<i>Change From 1984-85 to 1985-86</i>	
				<i>Amount</i>	<i>Percent</i>
Prevention and Community Corrections.....	\$68,080	\$70,522	\$72,988	\$2,466	3.5%
Institutions and Camps.....	160,643	184,055	186,925	2,870	1.6
Parole Services.....	24,809	29,042	28,333	-709	-2.4
Administration:					
Undistributed.....	—	169	193	24	14.2
Distributed.....	(10,743)	(12,132)	(11,993)	(-139)	(-1.1)
Unallocated General Fund Reduction for MSA and Operating Expenses.....	—	—	-436	-436	NMF
Totals.....	\$253,532	\$283,788	\$288,003	\$4,215	1.5%
<i>Personnel-Years</i>					
Prevention and Community Corrections.....	60.1	48.9	46.5	-2.4	-4.9%
Institutions and Camps.....	3,535.7	3,723.3	3,663.9	-59.4	-1.6
Parole Services.....	377.1	373.4	362.9	-10.5	-2.8
Administration.....	235.1	237.1	233.0	-4.1	-1.7
Totals.....	4,208.0	4,382.7	4,306.3	-76.4	-1.7%

NMF: not a meaningful figure.

The department's proposed budget changes are summarized in Table 2, by funding source. As shown in the table, the \$4,744,000 increase in General Fund support proposed for the budget year includes \$2,392,000 for state operations and \$2,352,000 for local assistance. In addition, the department anticipates a net decrease of \$529,000 in federal funds and reimbursements in 1985-86.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Table 2
Department of the Youth Authority
Proposed 1985-86 Budget Changes
(dollars in thousands)

	<i>General Fund</i>		<i>Total</i>	<i>Federal Funds and Reimburse- ments</i>	<i>Total</i>
	<i>State Operations</i>	<i>Local Assistance</i>			
1984-85 Expenditures (Revised)	\$202,661	\$68,517	\$271,178	\$12,610	\$283,788
Proposed Changes:					
A. Workload Adjustments					
1. Ward population	1,946	-500	1,446	-31	1,415
2. Pre-employment screening.....	46	—	46	—	46
3. Teacher-student ratios	-362	—	-362	—	-362
4. Case services.....	63	—	63	—	63
5. Maintenance services	35	—	35	—	35
6. Speech therapy	105	—	105	—	105
B. Cost Adjustments					
1. Employee compensation adjustments	308	—	308	—	308
2. Merit salary adjustment.....	797	—	797	—	797
3. Inflation adjustments	2,059	2,564	4,623	—	4,623
4. Reduction for MSA and operating expenses.....	-436	—	-436	—	-436
5. Full-year cost adjustment	192	—	192	—	192
6. Reduction for one-time costs	-1,359	—	-1,359	—	-1,359
7. Reduction to equipment	-253	—	-253	—	-253
8. Miscellaneous adjustments	10	—	10	-94	-84
C. Program Changes					
1. Staffing efficiencies	-1,655	—	-1,655	-404	-2,059
2. Information systems plan	430	—	430	—	430
3. Recurring maintenance.....	328	—	328	—	328
4. Substance abuse	50	—	50	—	50
5. Ward privacy	50	—	50	—	50
6. Jail services for camps.....	38	—	38	—	38
7. Regional Youth Education Centers ..	—	288	288	—	288
8. Ward employment committee ^a	(188)	—	(188)	—	(188)
9. Engineering services ^a	(99)	—	(99)	—	(99)
1985-86 Expenditures (Proposed)	\$205,053	\$70,869	\$275,922	\$12,081	\$288,003
Change from 1984-85					
Amount.....	\$2,392	\$2,352	\$4,744	-\$529	\$4,215
Percent	1.2%	3.4%	1.7%	-4.2%	1.5%

^a Program is funded through redirection of funds budgeted for other departmental functions.

ANALYSIS AND RECOMMENDATIONS**STATE OPERATIONS**

The budget proposes an increase of \$2,392,000, or 1.2 percent, in the department's operating budget for 1985-86. As shown in Table 2, this increase is the net result of cost adjustments, projected increases in ward population, workload and staffing changes, and various program changes.

The budget indicates that an additional \$797,000 will be needed for merit salary adjustments, and an additional \$2,059,000 will be needed for inflation adjustments to operating expenses. The budget, however, does not include \$26,000 of the amount required for merit salary adjustments, or \$410,000 of the amount needed for inflation adjustments. Presumably,

these costs will be financed by diverting funds budgeted for other purposes.

A net increase of \$2,138,000 is requested for population-related changes. This amount includes an adjustment of \$192,000 to pay the full-year cost of the increased ward population phased-in at the Youth Training School during the current year, and an increase of \$1,946,000 for new measures proposed for the budget year. The budget-year proposal includes (1) an increase of \$1,789,000 for higher population levels in the department's institutions and camps, (3) the addition of \$373,000 to fund contracts with county juvenile facilities for 25 beds, and (4) a decrease of \$216,000 due to a declining parole caseload.

Proposed program changes to the department's support budget result in a net decrease of \$759,000. Several of these proposals are discussed later in this analysis. We recommend approval of the following program changes which are not discussed elsewhere:

- An augmentation of \$328,000 to existing maintenance funds to establish a program to address recurring maintenance needs.
- Additional funds in the amount of \$50,000 to expand the number of substance abuse programs in the department's institutions and camps.
- The redirection of \$188,000 to coordinate institutional and parole efforts in order to increase ward employability, and \$99,000 to hire in-house engineering staff in lieu of using retired annuitants on an intermittent basis.

Retirement Costs Increase

The estimated level of current-year expenditures includes an allocation of \$2,793,000 from the reserve for emergencies or contingencies to pay increased retirement costs for certain department employees. Chapter 280, Statutes of 1984, created a new retirement category for peace officers and firefighters, effective July 1, 1984. System members who are in this category will receive higher retirement benefits. As a result, the department's contribution to the system also must increase. The same amount is included in the department's budget request for 1985-86 for this purpose.

Population Grows Faster Than Projected

The department's current-year support budget is based on the assumption that the ward population will increase from 6,030 on July 1, 1984, to 6,203 by June 30, 1985. Ward population, however, has increased at a faster rate than anticipated. By January 1, 1985, the number of wards in the department's institutions and camps already had reached 6,234—a higher level than had been projected for the end of the year. The department's revised population projections now indicate the need to house 6,518 wards by the end of the current year. Moreover, as shown in Table 3, the department projects that ward population will continue to grow in the budget year, creating a need to house 6,668 wards by the end of 1985-86. The increase in institutional population is due largely to a greater number of cases which the courts commit to the Department of Corrections, but order transferred to the Youth Authority.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Table 3
Department of the Youth Authority
Institutions and Camps Program
End-of-Year Population
1983-84 through 1985-86

	<i>Actual</i> 1983-84	<i>Estimated</i> 1984-85	<i>Proposed</i> 1985-86
Reception centers (male and female wards).....	768	734	766
Facilities for male wards.....	5,014	5,518	5,611
Facilities for female wards.....	256	266	266
Subtotals, departmental facilities.....	6,038	6,518	6,643
Contracted county beds.....	—	—	25
Totals, all facilities.....	6,038	6,518	6,668
Change from prior year.....	+198	+480	+150

In order to pay the costs of the higher-than-anticipated population in the current year, the Department of Finance is proposing to allocate to the Youth Authority \$2,085,000 from the reserve for contingencies and emergencies. The department indicates that the funds will be used to handle the increased number of wards by (1) increasing the population at Preston School of Industry (34 wards), Ventura School (68 wards), Youth Training School (60 wards), and three camps (51 wards), (2) placing additional wards in certain dorms which are below physical capacity because they house special programs, and (3) overcrowding the department's reception center-clinics.

The department's budget for 1985-86 includes a \$2,162,000 augmentation to pay the cost of the projected increases in population during the budget year. In addition to continuing the measures being implemented in the current year, the department's population management plan indicates that the anticipated increase of 150 wards in the budget year will be accommodated by (1) providing 93 additional beds at the department's five other institutions, (2) overcrowding by an additional 32 beds at the department's reception center-clinics, and (3) contracting with selected counties which have excess capacity in juvenile facilities to obtain 25 beds.

At the same time that the institutional population has been increasing, the department's parole caseload has been declining. This decrease is due to the lower number of cases which have been committed directly to the Youth Authority in recent years, and to a higher incidence of parole revocations. As a result, the department will realize savings of \$155,000 and three personnel-years in its parole services program during the current year. The department projects that parole caseload will continue to decline, and as a result, reductions of \$371,000 and eight personnel-years have been made to the department's proposed budget for 1985-86.

Proposed Population Plan is Not Cost-Effective

We recommend that the department address the problem of increased population in the budget year by overcrowding its institutional programs rather than its reception center-clinics, for a General Fund savings of \$770,000 (Item 5460-001-001).

Background. When a ward is committed to the Youth Authority, he or she is first sent to one of the department's reception center-clinics. At the clinic, each ward is evaluated through a series of diagnostic tests to determine which of the department's programs will best meet the treatment needs of the ward. The clinics themselves do not offer treatment

programs for the wards because the ward's length of stay at the clinic generally is short. Most of the wards which are sent to the Youth Authority are evaluated at the department's two large clinics, which are located in Sacramento and Norwalk. The department operates a small reception center-clinic for female wards at the Ventura School.

In the past, the two larger clinics have been overcrowded on an intermittent basis to handle fluctuations in ward population. This method of handling increases in population is cost-effective when the fluctuations are relatively small, because the population of the two clinics can be increased by about 40 wards with no additional staffing costs. When the clinics are overcrowded beyond this point, costs rise significantly because counseling and security staff must be added.

Budget Proposal. The department's current-year budget includes funding to handle increased population through a higher level of overcrowding in the clinics. This overcrowding was proposed as a temporary measure, however, until increased capacity could be made available through modifications to other institutions. In the budget year, however, the department proposes to handle part of its anticipated increase in population by overcrowding the clinics at a relatively higher level for the entire year.

We believe this proposal is inappropriate for the following reasons:

1. Increasing the clinic population does not benefit the wards, because programs of education and intensive counseling are not available at these locations.

2. Overcrowding the clinics is relatively more expensive than overcrowding other departmental institutions.

3. The department's population management plan identifies other possible alternatives for dealing with increased population in the budget year.

Clinics Lack Treatment Programs. The clinics are set up to handle diagnostic and testing functions for new wards. Under normal circumstances, a period of about four weeks elapses from the time a ward arrives at the clinic until a decision is made on where the ward should be sent for treatment. Due to the short-term nature of this process, the clinics do not have established programs of education and treatment. Under the department's proposal to the population of the clinics through overcrowding, some wards will spend more time at the clinics than is necessary for evaluation purposes. This extra time will not be spent in programs which are aimed at rehabilitating the youths. Rather, the youths will be "warehoused" until space is available in appropriate programs at the regular institutions.

Clinic Overcrowding is Relatively More Expensive. The department's plan for housing its projected population in the current year includes increasing by 162 the number of beds available at three of its institutions. The additional cost per ward for this expansion, on an annual basis, is approximately \$8,250. On the other hand, the cost of clinic overcrowding in the current year averages about \$14,800 per ward, on an annual basis. Likewise, in the budget year, proposed clinic overcrowding results in a per capita cost of \$14,600, as compared to other institutional expansions which average \$7,950 per ward on an annual basis. Thus, the cost of clinic overcrowding is approximately 80 percent higher than the cost of overcrowding the department's other institutions.

Other Alternatives Are Available. As mentioned earlier, the department proposes to serve its increased population in 1985-86, in part, by providing additional beds at five of its institutions. Under the department's plan, however, the first of the additional institutional beds will not be brought into service until November 1985, with the remainder being

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

phased in through March 1986. Clinic overcrowding, on the other hand, is proposed at a relatively high level for the *entire* year. The department could bring the less expensive institutional beds on-line sooner in the fiscal year, thereby placing the wards in a programmed environment and reducing the need to overcrowd the clinics.

For these reasons, we question the appropriateness of the proposed long-term overcrowding at the department's reception center/clinics. Accelerating the overcrowding at one of its other institutions, the Fred C. Nelles School by seven months, from March 1986 to August 1985, would reduce clinic overcrowding during those months to below the threshold at which additional staff must be hired for the clinics. This approach would result in a net General Fund savings of \$770,000 compared with the department's proposed method of handling its population. Consequently, we recommend that this alternative be adopted, and that the department's General Fund appropriation be reduced by \$770,000.

The recommendation outlined above would reduce clinic overcrowding during the first part of the budget year. It does not address the problem of clinic overcrowding from March through June 1986.

In its plan for managing projected population growth *beyond* the budget year, the department indicates that in 1986-87 it will overcrowd by 80 additional beds certain dorms at six of its institutions. These beds possibly could be brought on-line before 1986-87 in order to reduce clinic overcrowding in the latter part of the budget year.

While we lack the information needed to assess fully the fiscal impact of bringing these beds on-line before 1986-87, we note that this action is similar to measures proposed for 1985-86 which are less expensive than clinic overcrowding. Accordingly, we recommend that the department, in developing its May revision to the budget, consider bringing these beds on-line sooner, in order to reduce clinic overcrowding in the latter part of the budget year.

Expand Parole Violator Program

We recommend that, prior to the May revision of the budget, the department evaluate the results of its parole violator program and report to the legislative fiscal committees and the Joint Legislative Budget Committee on the feasibility of expanding the program to other parts of the state.

The department's 1984-85 budget includes funds to establish a 53-bed parole violator program at the Karl Holton School. The program is targeted at parolees who are returned to the department's institutions for technical violations of the conditions of their parole. The purpose of the program is to make these violators ready for return to the community in a shorter period of time, through an intensive program of counseling, education, community work experience, and parole preparation. The program focuses on the areas in which the individual ward failed on parole, and on the basic life skills which are needed for success on parole.

At the time the department proposed this program, it estimated that the program would result in a savings of 32 beds by reducing the length of institutional stay for certain individuals. The department now is beginning to realize the benefits of the program as the first violators complete the program. Preliminary results indicate that the program has been successful in generating the anticipated bed savings.

Under the present arrangement, the parole violator program is limited primarily to wards from central and northern California because the program is located in Stockton. However, the majority of the department's population and parole violators are from southern California. If the preliminary indications of program success are accurate, a similar program could be established in the southern part of the state so that parole violators from that area could also benefit from the program, and additional bed savings could be realized. Taking into account the cost of the additional staff needed to run the program, we estimate that each new 53-bed parole violator unit could result in General Fund savings of \$150,000 to \$360,000, in addition to reducing the level of overcrowding in the department's institutions.

The department indicates that by the time it develops the May revision to its budget, it should have enough experience with the program to evaluate the program's results. Consequently, we recommend that, prior to the submission of the May revision to its budget, the department evaluate the parole violator program and report to the legislative fiscal committees and the Joint Legislative Budget Committee on the feasibility of opening one or more similar units in other parts of the state.

Proposed Position Reductions May Affect Education Program

We recommend that the department report during budget hearings on how proposed position reductions in a federally-funded education program would affect the level and quality of service offered to wards.

The federal Education Consolidation and Improvement Act (ECIA) provides grant monies to schools to supplement reading, language development, and math remedial services for educationally disadvantaged students. The purpose of the grants is to assist these students in improving their mastery of basic skills to a level where they can participate successfully in the regular high school program.

The Youth Authority receives an allocation of federal funds under provisions of the ECIA program which apply to neglected and delinquent students. The amount of the Youth Authority's grant depends on the number of wards who qualify for the program on the basis of age and academic standing. In the current year, the budget estimates that the department will spend \$3.2 million in federal ECIA funds. The funds are used to pay the costs of direct services to the students, educational materials, staff development, associated travel, and program administration. The department currently has 96 authorized positions which are funded under the program, including 21 teachers, 56 teaching assistants and 19 associated administrative and support personnel.

The department proposes to eliminate 16 positions and \$404,000 in federal reimbursements from the ECIA program in 1985-86, as part of the administration's efforts to limit the number of state employees. Specifically, the department proposes to eliminate 1 administrative position from department headquarters, 12 teaching assistants at various institutions, and 3 clerical support positions. The budget indicates that the proposed reductions are related to operating efficiencies and can be accomplished without adversely affecting the level of service provided by the department.

Our analysis indicates that the proposed reduction appears to reduce educational services to those students which have the greatest need for these services. The elimination of 12 teaching assistants would represent a 22 percent reduction in the total number of teaching assistants funded under the program. The department indicates that the teaching assistants

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

generally work in the classroom with an ECIA teacher and provide specialized tutoring to individual students. Based on this information, it appears that these positions provide direct services to the wards, and in effect decrease the student to teacher ratios in these classes. Consequently, we question the administration's contention that the elimination of these positions will not affect the level service provided by the department.

Just before this analysis was completed, the Youth Authority provided additional information which indicates that the position reduction is necessary due to an anticipated decrease in the amount of federal funds available during 1985-86 under the ECIA program. The anticipated reduction in funds results from a decrease in the amounts of federal funds available from prior year allocations to the Youth Authority.

Our analysis indicates, however, that if current-year expenditure trends continue, ECIA program expenditures will total approximately \$2.6 million in 1984-85, and \$2.7 million would be available in the budget year. Consequently, it is not clear that any ECIA position or program reductions will be needed in 1985-86.

For these reasons, we recommend that the Youth Authority report to the Legislature during budget hearings on (1) how the proposed position reduction would affect the level and quality of service offered to wards, (2) the department's rationale for reducing direct-service positions rather than other activities or expenses funded under the program, and (3) the need to make any program reductions given current-year expenditure trends.

Reimbursements Are Underestimated

We recommend a reduction of \$374,000 in General Fund support and a corresponding increase in reimbursements, to reflect the most recent estimates of funds which the department will receive in the budget year (Item 5460-001-001).

We further recommend that the department reevaluate its current-year spending needs, given that reimbursements are underestimated by \$260,000 for 1984-85, and report to the legislative fiscal committees prior to hearings on the department's requested deficiency appropriation.

The Youth Authority receives reimbursements from various sources which partially offset the cost of running its institutions and camps. Our review indicates that the budget does not reflect the most recent estimate of funds which will be received for two programs in the budget year.

Breakfast Lunch Program. The federal government reimburses the Youth Authority for serving breakfasts and lunches which meet specified nutritional standards to wards who are under 21 years of age. Based on the new reimbursement rates and the most recent estimate of eligible population, reimbursements from this source are *underestimated* by \$419,000 in the budget year.

County Payments for Wards. Existing law requires each county to pay the state \$25 per month for each ward that the juvenile court commits to the Youth Authority from that county. Based on the department's latest estimate of juvenile court population, county payments are *overestimated* by \$45,000 for 1985-86.

In summary, the level of reimbursements which the budget indicates the department will receive in 1985-86 is underestimated by a net total

of \$374,000. When the additional \$374,000 of reimbursements are added to the amount in the budget, the department's General Fund requirements decrease. Accordingly, we recommend a reduction of \$374,000 in General Fund support and a corresponding increase in reimbursements for the budget year.

Further, our review indicates that current-year reimbursements from these two sources are underestimated by a net of \$260,000. Accordingly, we recommend that the department reevaluate its current-year spending needs and report its findings to the legislative fiscal committees prior to hearings on the department's requested deficiency appropriation.

Reimbursement for Ward Detention Should Be Limited to Approved Rates

We recommend the adoption of Budget Bill language limiting payments for detaining camp wards to the rates approved under the parolee detention program.

The department requests an additional \$38,000 for the budget year to reimburse Santa Cruz and Mariposa counties for the costs of providing secure detention for wards from nearby department conservation camps, pending disciplinary proceedings. Local county facilities are used for this purpose because there are no Youth Authority institutions with secure holding facilities within a reasonable distance. At present, the department does not reimburse these two counties for the cost of detaining the camp wards. In the budget year, the department proposes to pay the counties a flat rate of \$50 per day per ward.

The department makes similar payments to counties in order to reimburse them for the costs of detaining Youth Authority parolees who violate conditions of parole. Under this program, the department establishes daily billing rates for various county facilities, based on guidelines which delineate allowable and unallowable charges. The guidelines provide that the rates may be updated once a year.

The department advises that it has approved specific billing rates for both Santa Cruz and Mariposa counties under the parolee detention program. The department's proposal for detaining camp wards, however, is not based on the approved parolee detention rates. In both cases, the current parolee detention rate is less than the proposed \$50 per day.

Our review of the two programs identifies no reason why payments for detaining camp wards should exceed the payments for detaining parolees. Consequently, we recommend that the Legislature adopt the following Budget Bill language under Item 5460-001-001 limiting payments for detaining camp wards to the rates approved under the parolee detention program:

"Payments made to counties for detaining wards from department conservation camps shall not exceed the approved county rates established under Section 1776 of the Welfare and Institutions Code."

We do not recommend a change in the amount budgeted for this purpose because of uncertainties regarding (1) the actual number of detention days which will be required and (2) the approved county detention rates for 1985-86.

Information Systems Plan Incomplete

We withhold recommendation on \$381,000 from the General Fund requested for information processing systems, pending the receipt of additional information on proposed changes and methods of project

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

evaluation. We recommend a General Fund reduction of \$49,000 to eliminate overbudgeted funds which will not be needed, in any case, during the budget year (Item 5460-001-001).

The Youth Authority requests \$430,000 from the General Fund in 1985-86 to develop and enhance information processing systems within the department. The budget year proposal is part of a comprehensive multi-year plan which was developed in response to a review of the department's data processing needs and the capabilities of its existing systems. Based on that review, the department proposes the following changes:

- **Ward Tracking.** Expand the existing Offender Based Institutional Tracking System (OBITS) to include information on parole actions, track administrative and disciplinary proceedings on individual wards, and make the system accessible to parole staff.
- **Materials Management.** Provide better inventory control and accountability at the department's institutions and camps through an automated materials management information system.
- **Personnel Support.** Improve personnel recordkeeping by automating manual timekeeping and leave balance systems, and by updating personnel and position rosters in a timely manner.
- **Local Program Tracking.** Enhance the department's ability to monitor local juvenile facilities and delinquency prevention projects by replacing obsolete equipment at headquarters and regional offices.
- **Community Resources Information.** Expand the local program tracking system to include information on projects and services which are available at the local level to help young offenders.
- **Word Processing Support.** Complete implementation of the department's word processing system which was deferred in recent years due to budgeting constraints.

The projected total cost of the three-year implementation plan is \$2,245,000. Because, the department proposes to utilize existing data processing staff and resources totaling \$465,000 on the project, however, the net General Fund cost of developing the proposed systems is \$1,780,000.

The department identifies \$2,021,000 in potential offsetting benefits or savings from the systems over the same three-year period. Thus, to the extent that these savings are realized, they could more than offset the costs of the new automated systems.

We have two major concerns with the department's proposal.

Evaluation Plan Not Complete. The information systems plan indicates that each of the individual projects, with the exception of the completion of the word processing system, will be tested on a pilot basis, with the pilot results being evaluated prior to full implementation. The department's proposal, however, does not indicate what measures will be used to determine the success of the pilot projects. Departmental staff indicates, however, that evaluation methodologies will be developed in the near future and should be available for review prior to hearings on the Budget Bill.

The results of the pilot project evaluations will help to determine the appropriateness of continuing with full-scale implementation of the systems, as well as the level of funding which will be required in future years. Consequently, it is important that the evaluation results be made available in time to allow adequate review by the Legislature prior to considering requests for funding during 1986-87. Therefore, we recommend that, in

reporting on its proposed evaluation methodologies, the department also indicate how its time frame for evaluating the projects will meet the Legislature's information needs for evaluating future funding requests.

Plans for Personnel Support System Are Changing. Concurrent with the development of this proposal, the department has been exploring the feasibility of meeting its personnel information needs through the State Controller's existing Personnel Information Management System (PIMS). Under this alternative, departmental personnel would input information on personnel transactions directly into the PIMS from various decentralized locations. This function currently is handled by the Controller's office on a centralized basis.

The department indicates that a decision was made in late January 1985, to integrate its system with the PIMS, rather than to proceed with an independent system. This will result in substantial cost savings to the department over the personnel support system proposed in the budget. However, at the time this analysis was prepared, details on the alternative proposal and consequent cost implications were not available for our review. The department indicates that this information will be available prior to budget hearings.

For these reasons, we are unable to recommend approval of the department's information systems proposal at this time. Consequently, we withhold recommendation on the proposed augmentation to the department's budget, pending the receipt of information on methods and timing of project evaluation, and the revised proposal for the personnel support system.

Based on information provided by the department, the amount included in the budget to implement the various systems exceeds by \$49,000 the amount which is needed for this purpose. We recommend that these funds be eliminated from the budget because they will not be needed, in any case, in 1985-86.

Gang Violence Reduction Efforts Should Be Consolidated

We recommend consolidating the state's gang violence suppression efforts in the Office of Criminal Justice Planning, and eliminating the department's Gang Violence Reduction Project, for a reduction of five positions and \$424,000 in General Fund support (Item 5460-001-001).

Presently, both the Office of Criminal Justice Planning (OCJP) and the Department of the Youth Authority operate programs for the purpose of reducing the incidence of gang-related violence. The OCJP program, known as the Gang Violence Suppression Program, is the more extensive of the two. It will cost a total of \$1 million in state and federal funds for local assistance during the current year, and an increase to \$2 million is proposed for the program in 1985-86. The Youth Authority's Gang Violence Reduction Project is projected to cost \$424,000 in the budget year.

Gang Violence Suppression Program. The OCJP program provides financial and technical assistance to district attorneys' offices, local law enforcement agencies, county probation departments, and community-based organizations which focus on the suppression of gang violence. Through a request-for-proposal process, the OCJP selects locally-run projects which (1) enhance prosecutorial efforts on gang-related crimes, (2) improve coordination among local justice agencies, schools, and community organizations involved in the reduction of gang violence, (3) protect cooperating witnesses from intimidation and retribution, and (4) promote efficient statewide data collection on gang-related crimes. The

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

OCJP currently funds 12 different local projects under the program.

The program was funded during its first year with an allocation of \$1 million from federal juvenile justice and delinquency prevention monies. General Fund support in the amount of \$750,000 was first provided in 1983-84 with the requirement that \$250,000 in federal funds be made available for the program. The budget proposes to double the level of funding for local assistance to \$1.5 million from the General Fund and requires a twenty-five percent contribution, or \$500,000, from federal funds for the budget year.

Gang Violence Reduction Project. The parole services branch of the Youth Authority currently operates one gang violence reduction project in the East Los Angeles area. This project originally was established in 1976, and continued for four years, through a grant of federal funds from the OCJP. General Fund support has been provided for the project in the Youth Authority's budget since 1980-81. A total of \$424,000 and 5 positions is included in the department's budget to continue the project in 1985-86.

Under the project, the department hires consultants from among the membership of six gangs in the unincorporated area of East Los Angeles. These consultants work with departmental staff and serve as liaisons between the project and their respective gangs. The consultants' responsibilities include (1) representing their gangs at project meetings, (2) negotiating incidents and feuds between the gangs, (3) planning intra- and inter-gang activities, and (4) assisting gang members with employment, legal, and medical problems.

In order to streamline gang violence reduction efforts and eliminate program duplication between the OCJP and the Youth Authority, we recommend that state-level responsibility for gang violence reduction projects be consolidated in the OCJP. The OCJP is the more appropriate agency to conduct a program of this type for the following reasons:

1. **Statutory Responsibility for Gang-Violence Suppression.** The Legislature has assigned through statute clear responsibility for gang violence suppression to the OCJP. Chapter 1030, Statutes of 1981, first established the program within OCJP to assist district attorneys in their efforts to suppress gang violence. The program was broadened by Ch 1093/82 to include local law enforcement agencies, probation departments, and community-based organizations. The Youth Authority's involvement in gang-related issues stems from its general mandates to protect society from the consequences of criminal activity, and to exercise a leadership role in crime and delinquency prevention.

2. **Competitive Bidding Process.** The OCJP employs a competitive request-for-proposal process to solicit applications for funding. Criteria for selecting projects are developed in consultation with an advisory committee of knowledgeable criminal justice experts. The Youth Authority, on the other hand, continues to finance the same project year after year. In our judgment, OCJP's project selection process is more likely to ensure that the most deserving projects are funded, and both state and federal funds are used in a more efficient manner.

3. **Comprehensive Criminal Justice Planning.** The OCJP is responsible for comprehensive criminal justice planning. Consolidating gang violence activities in OCJP would help to ensure that funded projects are coordinated with each other and with other state and federal programs related to criminal justice and delinquency prevention.

4. *Evaluation Reports.* Existing law requires the OCJP to report annually to the Legislature on the operation of the statewide gang violence program and the results of the individual local projects. (The report on this program, which was due November 1, 1984, had not yet been submitted to the Legislature at the time this analysis was prepared.) The Youth Authority, however, is not required to prepare an evaluation of its program. Furthermore, it has not conducted any evaluation of the effectiveness of the project since federal funding lapsed in 1979-80. In our judgment, the evaluation requirements encourage accountability for the effective use of state resources, as well as provide the Legislature with the information it needs to make basic programmatic and budgetary decisions.

5. *Local Determination of Needs.* The gang violence program which is operated by the OCJP solicits proposals from local public and private agencies which identify local problems and needs. This approach is consistent with the general statewide policy of addressing delinquency prevention needs through grants to local entities rather than through state-run projects. The Youth Authority's project, on the other hand, employs five state staff to operate one project in East Los Angeles. This gang violence reduction project is the *only* delinquency prevention project which is operated directly by the department or the OCJP.

For these reasons, we recommend that the OCJP be given sole responsibility for gang violence reduction activities. Accordingly, and without prejudice to the department's gang violence reduction project, we recommend the Youth Authority budget be reduced by \$424,000 and five positions. The current project, if sponsored by a local entity, would be able to compete for funding under the OCJP program, based on its merits relative to those of other proposed projects.

In our discussion of the OCJP's budget, we recommend approval of the proposed increase in funding for the office's Gang Violence Suppression Program for 1985-86 (please see Item 8100).

Inflation Adjustment is Overdue

We recommend the enactment of legislation adjusting the level of payments made by counties for support of wards committed to the Youth Authority to compensate for the effects of inflation.

Existing law requires each county to pay the state \$25 per month for each ward that the juvenile court commits from that county to the Youth Authority. Counties make payments for each month that a youth is under the care of and supported by the Youth Authority, whether placed in a state institution, foster home, or other public or private facility. The requirement for these payments predates the establishment of the Youth Authority in 1943. Prior to 1943, payments were made to each of the three independent state schools which later came under the control of the department.

The payments originally were set so as to cover the cost of a ward's support and maintenance, subject to certain dollar limits. Over time the payments have become a county contribution toward the Youth Authority's cost of care, rather than an attempt to cover full cost. The rate was increased periodically until 1947 when it was established in legislation at the present level of \$25 per month per ward, or \$300 per year.

In 1947, the annual per capita cost of providing care for wards in the department's facilities was \$1,909. Thus, the county payments covered approximately 15.7 percent of the total cost of care. The Youth Authority's

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

per capita costs have increased substantially since 1947 due to program, as well as inflationary, changes. In 1985-86, the payment of \$300 annually per ward will cover only 1.2 percent of the department's annual per capita cost of \$25,900.

We recommend that the level of county payments be adjusted to reflect the fact that the Youth Authority's costs for providing services to wards which are committed by the counties have increased substantially. Our review of indices which measure the cost of providing state and local government services, found that inflation has caused an increase in costs of approximately 700 percent from 1947-48 to present. If current county charges were adjusted for the effects of this level of inflation, the county charge would total \$200 per month in 1985-86.

Adjusting the counties' payment to reflect the effects of inflation would be consistent with the state's policy of adjusting payments which the Youth Authority makes to the counties. Specifically, the department reimburses counties for costs incurred in transporting wards and in detaining department parolees who have violated conditions of parole. These payments are adjusted periodically to reflect increased costs to counties due to the effects of inflation. In our judgment, the payments made by counties to the state should be adjusted in a similar fashion.

We recommend the enactment of legislation increasing the county charges to reflect the fact that the Youth Authority's costs for providing services to wards have risen over time due to inflation. Based on the current level of juvenile court commitments to the Youth Authority, each increase of \$25 per ward per month would result in a state General Fund savings of approximately \$1.3 million.

Contingency Budgeting Uncovered

We recommend the deletion of \$50,000 from the General Fund request for the purchase of bathrobes for wards and associated Budget Bill language, because the proposal represents contingency budgeting (Item 5460-001-001).

The budget includes \$50,000 to purchase bathrobes for wards for use in the sleeping areas of the department's open dormitories. The proposal results from a suit filed against the department in 1980 by two male wards, alleging that the presence of female staff on the living units abridged their right to privacy. The San Joaquin Superior Court originally decided the case in favor of the wards, and effectively directed the department to remove female staff from the living units. The appellate court, however, directed the superior court to reconsider its decision in view of the fact that the Youth Authority could take other measures, such as the installation of modesty panels, to accommodate ward privacy while retaining female staff. The superior court has not yet made a determination as to what measures of ensuring privacy would be appropriate in this case. The two wards have since been discharged from the department.

The department's budget includes \$50,000 to purchase bathrobes, as part of the department's proposal to the court for ensuring ward privacy. The Budget Bill includes language making the funds available for expenditure only upon court approval of the department's proposal. The department's capital outlay budget also includes \$430,000 to install modesty shields, with similar Budget Bill language restrictions.

We recommend that the funds and associated language be deleted from

the Budget Bill because they are included in anticipation of a court decision which has not yet been made, and hence, represent contingency budgeting. Moreover, in a similar case several years ago, the court ultimately ruled the case moot because the ward who filed the suit was no longer in a Youth Authority institution. Should the court, at some future date, determine that the provision of bathrobes, the installation of modesty panels, or some other measures are necessary to ensure ward privacy, the department could request an allocation from the reserve for contingencies and emergencies, which is established for these types of situations.

In our analysis of the department's capital outlay budget, we recommend deletion of the \$430,000 requested for modesty shields, for the same reasons (please see page 1048).

LOCAL ASSISTANCE

The budget provides a total of \$70,869,000 for the Youth Authority's local assistance programs in 1985-86. This is an increase of \$2,352,000, or 3.4 percent, above estimated current-year expenditures. Table 4 provides a summary of local assistance funding, by program, for the past, current, and budget years.

Table 4
Department of the Youth Authority
Local Assistance Program
1983-84 through 1985-86
(dollars in thousands)

	Actual 1983-84	Estimated 1984-85	Proposed 1985-86	Change From 1984-85 to 1985-86	
				Amount	Percent
County justice system subvention	\$62,811	\$64,068	\$66,632	\$2,564	4.0%
Delinquency prevention projects.....	1,656	2,196	2,196	—	—
Transportation of wards	88	95	95	—	—
Detention of parolees	414	2,014	1,514	-500	-24.8
Regional youth education centers	—	144	432	288	200.0
Totals	\$64,969	\$68,517	\$70,869	\$2,352	3.4%

As shown in the table, the change in expenditures from the current to the budget year arises from three sources:

1. The budget proposes a \$2,564,000, or 4 percent, increase in the amount of money appropriated for block grants under the County Justice System Subvention program.

2. Chapter 1455, Statutes of 1984, provides for the establishment of pilot regional youth educational facilities to provide short-term intensive educational programs as a sentencing alternative for juvenile court wards. The measure appropriated \$1 million for the programs, to be matched with an equal amount of funds or other resources by participating counties. The department anticipates spending \$432,000 of the appropriated funds in the budget year—\$288,000 more than estimated current-year expenditures.

3. A decrease of \$500,000 is proposed in reimbursements to counties for the costs of detaining Youth Authority parolees for violating conditions of parole. The apparent decrease arises because the estimated amount of expenditures in the current year includes sufficient funds to pay higher than anticipated current-year claims, as well as claims which have been carried over from prior years. The amount proposed for the budget year provides sufficient funds to pay only the projected costs of new claims for 1985-86.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Youth Service Bureau Report Not Submitted

We withhold recommendation on \$1,375,000 from the General Fund requested for support of 16 youth service bueraus, pending receipt and review of the department's report evaluating the performance of the bu-reaus (Item 5460-101-001).

The budget includes \$1,375,000 from the General Fund for the Youth Authority's contribution to the support of 16 youth service bureaus (YSBs) in 1985-86. The Youth Authority is authorized to provide funds to local YSBs which are designed to (1) divert young people from the justice system, (2) prevent delinquent behavior by young people, and (3) provide opportunities for young people to function as responsible members of their communities.

From 1979-80 through 1982-83, the state provided General Fund support for the operation of eight YSBs. The 1983 and 1984 Budget Acts each included funds to increase the number of YSBs by four, so that a total of 16 bureaus currently receive state support.

In approving the program expansion in 1983-84, the Legislature also adopted supplemental report language directing the Youth Authority to evaluate the performance of youth service bureaus and report to the Legislature by January 1, 1985. The department was directed to address the effectiveness of YSBs in reducing the severity and frequency of problems for which young people are referred to the bureaus.

At the time this analysis was prepared, the department had not submitted the required report to the Legislature. For this reasons, we cannot recommend approval of the funds included for YSBs at this time. Consequently, we withhold recommendation on the \$1,375,000 requested for continued support of the bureaus in 1985-86, pending receipt and review of the evaluation report.

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY

Item 5460-301 from the General Fund, Special Account for Capital Outlay

Budget p. YAC 66

Requested 1985-86	\$4,901,000
Recommended approval	901,000
Recommended reduction	1,345,000
Recommendation pending	2,655,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. We withhold recommendation on the following projects pending receipt of additional information:
 - Item 5460-301-036(1), New Maintenance Building—Paso Robles School (\$1,752,000).
 - Item 5460-301-036(2), Youth Conservation Camp—Paso Robles School (\$247,000).

- Item 5460-301-036 (4), Replace Barracks—Fenner Canyon Camp (\$171,000).
 - Item 5460-301-036 (5), Phase II Modifications—Oak Glen Camp (\$485,000).
2. *New Visitor's Building—Ventura School. Reduce Item 5460-301-036 (3) by \$60,000.* Recommend deletion because the department's proposal is too costly and other alternatives should be considered. 1046
 3. Adjustment Center—Fred C. Nelles School. Recommend that prior to budget hearings, the department report to the Legislature on when it proposes to complete this project. 1047
 4. *Minor Projects. Reduce Item 5460-301-036 (6) by \$1,285,000.* Recommend deletion of 28 minor projects which have not been justified. 1047
 5. Construction Funds. Recommend that the amount approved for construction in Item 5460-301-036 be reduced by 3 percent to eliminate overbudgeting of construction costs. 1048

ANALYSIS AND RECOMMENDATIONS

The budget includes \$4,901,000 from the General Fund, Special Account for Capital Outlay, for five major capital outlay projects and 58 minor projects for the Department of the Youth Authority. These projects and our recommendations are summarized below.

A. PROJECTS FOR WHICH RECOMMENDATION IS WITHHELD

We withhold recommendation on Items 5460-301-036 (1), (2), (4), and (5) pending receipt of preliminary plans and/or an Office of State Architect cost estimate.

We withhold recommendation on \$2,655,000 requested for four projects at one institution and two camps. These projects, and our reasons for withholding recommendation, are listed in Table 1.

Table 1
Department of the Youth Authority
1985-86 Major Capital Outlay
Projects for Which the Legislative Analyst is Withholding Recommendation
Item 5460-301-036
(dollars in thousands)

Subitem	Project Title	Location	Phase ^a	Budget Bill Amount	Estimated Future Cost ^b	Reason for Withholding Recommendation
(1)	New Maintenance Building ..	Paso Robles School	c	\$1,752	—	Pending receipt of preliminary plans and a revised cost estimate.
(2)	Youth Conservation Camp	Paso Robles School	pw	247	\$3,455	Pending receipt of an OSA cost estimate.
(4)	Replace Barracks	Fenner Canyon Camp	pw	171	853	Pending receipt of an OSA cost estimate.
(5)	Phase II Modifications	Oak Glen Camp	pwc	485	—	Pending receipt of an OSA cost estimate.
Totals				\$2,655	\$4,308	

^a Phase symbols indicate: p = preliminary planning; w = working drawings; c = construction.

^b Department estimate.

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

As Table 1 indicates, we are withholding recommendation on these projects because we have not received preliminary plans or a cost estimate from the Office of the State Architect (OSA). We urge the department to work with the OSA to expedite completion of these estimates.

B. RECOMMENDED REDUCTIONS/DELETIONS**New Visitor's Building—Ventura School**

We recommend deletion of Item 5460-301-036 (3), preliminary plans and working drawings for a new visitor's building at Ventura, because the department's proposal is too costly, and other alternatives should be considered, for a savings of \$60,000.

The budget proposes \$60,000 for preliminary plans and working drawings to construct a new visitor's building at the Ventura School in Camarillo. Although the budget indicates that the visiting room is to be enlarged, the department proposes to construct a new 4,870 square foot visiting facility in order to alleviate crowded conditions in the existing visitors area. The building would contain 3,070 square feet of visiting area and 1,800 square feet of support area including restrooms, security check, entry space and a mechanical room. The information submitted by the department does not indicate how the existing visitor's facility would be used. Nor is there an Office of State Architect (OSA) cost estimate available for this project.

The need for additional visiting space at the Ventura School appears justified, given the size (1,340 square feet) and use of the existing visitor's area. The department's proposal, however, is too costly and fails to take into consideration other alternatives for providing additional visiting space.

Based upon the department's construction estimate, the cost of the proposed visitor's facility is approximately *\$123 per square foot*. This amount is excessive, particularly when the department received funding in the 1984 Budget Act under minor capital outlay to construct a 3,750 square-foot visitor's building at the Northern Reception Center-Clinic at a cost of *\$40 per square foot*. The department has not explained why its estimated cost of the visitor's building at the Ventura School is three times as expensive.

Moreover, before proceeding with the construction of a new visitor's building, the department should consider the possibility of securing the additional space it needs by constructing an addition to the existing visitor's facility. This could be done by either building onto the exterior of the existing facility or remodeling space within the building. These alternatives might cost less than \$200,000, in which case they could be accomplished through the minor capital outlay program. These alternatives would provide the needed additional visitor's space at significantly less cost.

Consequently, because (1) the department's current proposal is too costly, and (2) other less-expensive alternatives for meeting the identified needs are available, we recommend that this item be deleted, for a reduction of \$60,000. The department should reevaluate this project and submit a new proposal for additional visitor's space which takes these issues into consideration.

Adjustment Center at Fred C. Nelles School Has Been Deferred

We recommend that prior to budget hearings the department report to the Legislature on when it proposes to complete the Adjustment Center at the Fred C. Nelles School.

The 1984 Budget Act included \$134,000 for development of preliminary plans and working drawings for a 30-bed adjustment center at the Fred C. Nelles School in Whittier. An adjustment center is a facility which provides security space for wards requiring temporary lock-up or detention. When this project was being considered by the Legislature, the department stated that the project was critical and had a high priority.

According to supplemental report language adopted for this project, preliminary plans were to be completed in December 1984 and working drawings were to begin in February 1985. It was the Legislature's understanding that this would enable the department to submit a request for construction funds in the 1985-86 budget. According to the most recent OSA project schedule, preliminary plans are 94 percent complete, and working drawings are scheduled to begin in April. The budget, however, does not include a request to fund construction of the adjustment center.

Given (1) the department's claim that the need for additional lock-up space is critical, (2) the increasing population of the Youth Authority system, and (3) the Legislature's approval of this project, it is unclear why the department is not proposing to construct this project in the budget year. We recommend that prior to budget hearings, the department provide an explanation to the Legislature as to when it plans to complete the project.

C. MINOR CAPITAL OUTLAY

We recommend that Item 5460-301-036(6) be reduced by \$1,285,000 to eliminate 28 minor projects which have not been justified.

The budget proposes \$2,186,000 under Item 5460-301-036(6) for 58 minor capital outlay projects for the Department of the Youth Authority. These projects are summarized by category in Table 2.

Table 2
Department of the Youth Authority
1984-85 Minor Capital Outlay Projects
(dollars in thousands)

Category	Budget Bill		Analyst's Recommendation	
	Number of Projects	Amount	Number of Projects	Amount
Improve Institution and Camp Security	15	\$445	8	\$160
Projects to Eliminate Program Deficiencies	10	727	8	427
Site and Structural Improvements	18	531	10	261
Install Modesty Shields	11	430	—	—
Population Management Plan	4	53	4	53
Totals	58	\$2,186	30	\$901

We recommend approval of \$901,000 for 30 minor projects. These projects range from \$4,000 to remodel an education office storage complex at the Ventura School to \$190,000 to convert the maintenance building at the Paso Robles School to an industrial arts/pre-vocational center.

We recommend deletion of 28 projects costing a total of \$1,300,000. A discussion of these projects and our reasons for recommending deletion of

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

the funds requested for them follows.

Modesty Shields—Statewide. The department is proposing to spend \$430,000 to install stainless steel modesty shields in all ward shower and toilet areas at 11 Youth Authority institutions and camps. This request stems from a 1980 lawsuit involving the Karl Holton School in Stockton. The case is pending in the Superior Court of San Joaquin County. The Budget Bill includes language specifying that the \$429,800 included under this item for installation of the modesty shields shall not be available for expenditure unless required by court order.

This proposal represents contingency budgeting and should not be approved as part of the department's capital outlay program. If such modifications are ordered by the court, the department has several alternatives. First, it can request the Legislature to appropriate the funds necessary to address the specific court order. Second, it may be able to justify the use of funds specifically appropriated for contingencies and emergencies. Third, the department could use minor capital outlay funds.

In any case, it generally has been the Legislature's policy not to appropriate funds on a contingency basis as proposed under this item. We recommend, therefore, that these funds be deleted, for a reduction of \$430,000.

We recommend deletion of \$285,000 to remove funds for seven projects that are intended to improve institution and camp security. These projects range in cost from \$13,000 to install a perimeter fence and gate at the Ventura School, to \$80,000 to install a security fence alarm at the Fred C. Nelles School.

We recommend deletion of \$300,000 to remove funding for two projects designed to eliminate program deficiencies. One project would modify the visiting center at the Southern Reception Center Clinic, (\$150,000) and the other project would construct a new visiting and board hearing facility at the Ben Lomond Camp (\$150,000).

We recommend deletion of \$270,000 to remove funding for eight projects that involve site and structural improvements. These projects range in cost from \$5,000 to construct a laundry ramp at the Northern California Youth Center, to \$110,000 to install emergency generators for the main kitchen and boiler plant at the Youth Training School.

We have recommended deletion of funds for the 17 projects discussed above for one or more of the following reasons:

- The project is too costly and/or overdesigned and can be accomplished in a less-expensive manner.
- The department has not documented the existence of any security problems.
- The project has already been funded.
- The department has submitted inadequate information to describe either the work to be done or the deficiencies to be corrected.

Overbudgeted Construction Funds

We recommend that the amounts approved for construction in Item 5460-301-036 be reduced by three percent to eliminate overbudgeting of construction costs.

The Governor's Budget requests \$2,154,000 for the construction phase of capital outlay projects in 1985-86. This amount is based on what the construction cost index is expected to be on July 1, 1985. At the time the

projection of the index was made, for the budget year, it appeared to be reasonable. Inflation, however, has not increased as anticipated. Using the most recent indices, adjusted by the currently expected rate of inflation—about ½ percent per month—construction costs in the budget are overstated by approximately 3 percent. We therefore recommend that any funds approved for construction under this item be reduced by 3 percent to eliminate overbudgeting.

Supplemental Report Language

For purposes of project definition and control, we recommend that the fiscal subcommittees adopt supplemental report language which describes the scope of each of the capital outlay projects approved under this item.

DEPARTMENT OF EDUCATION

Item 6100 from the General
Fund and various funds

Budget p. E 1

Requested 1985-86.....	\$11,447,676,000
Estimated 1984-85	10,499,398,000
Actual 1983-84	9,496,071,000
Requested increase (excluding amount for salary increases) \$948,278,000 (+9.0 percent)	
Total recommended reduction	59,837,000
Recommendation pending	586,156,000

1985-86 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
6100-001-001—Main support	General	\$30,075,000
6100-001-140—Environmental education administration	Environmental License	123,000
6100-001-178—School bus driver instruction	Driver Training Penalty Assessment	500,000
6100-001-305—Private postsecondary education	Private Postsecondary Administration	892,000
6100-001-344—School facilities planning	State School Building Lease-Purchase	647,000
6100-001-687—Donated food distribution	Donated Food Revolving	26,844,000
6100-001-890—Federal support	Federal Trust	42,584,000
6100-006-001—Special schools	General	35,097,000
6100-007-001—Special schools student transportation	General	544,000
6100-011-001—Library support	General	8,668,000
6100-011-890—Library federal support	Federal Trust	1,495,000
6100-015-001—Instructional materials warehousing and shipping	General	271,000
6100-021-001—Child nutrition administration	General	580,000
6100-101-001—School apportionments	General	6,743,111,000
6100-101-890—Federal block grant	Federal Trust	35,718,000
6100-102-001—Regional Occupational Centers/Programs	General	187,697,000