

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

Item 5240 from the General
Fund and various funds

Budget p. YAC 1

Requested 1988-89	\$1,665,890,000
Estimated 1987-88	1,456,204,000
Actual 1986-87	1,227,826,000
Requested increase (excluding amount for salary increases) \$209,686,000 (+14.4 percent)	
Total recommended reduction.....	4,708,000
Recommendation pending	161,800,000

1988-89 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5240-001-001—Support	General	\$1,567,189,000
5240-001-036—Support	Special Account for Capital Outlay	13,462,000
5240-001-747—Support	1988 Prison Construction	19,702,000
5240-001-890—Support	Federal Trust	213,000
5240-001-917—Support	Inmate Welfare	20,854,000
5240-101-001—Local assistance	General	31,210,000
Reimbursements		13,260,000
Total		\$1,665,890,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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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. 731
2. Hospital Licensure. Recommend department prepare specified reports on progress of hospital licensure efforts. 732
3. Psychiatric Unit Contracting Proposal. Recommend Departments of Corrections and Mental Health report on unresolved issues in a contract proposal to provide psychiatric services to prison inmates. 733
4. *Contracted Psychiatric Beds. Reduce Item 5240-001-001 by \$1,392,000.* Recommend reduction of 50 contracted psychiatric beds, because the beds are not needed based on current utilization rates. 737
5. *Pharmacy and Dietary Staff. Reduce Item 5240-001-001 by \$369,000.* Recommend deletion of nine positions for pharmacy and dietary staff, because the increase is not justified on a workload or program basis. 738
6. AIDS in Prison. Recommend department report during budget hearings on its plans to manage the AIDS population in the state prisons. 739
7. *Custody Staff at the California Institution for Men. Reduce Item 5240-001-001 by \$682,000.* Recommend deletion of 16 positions, because custody staff have already been bud- 741

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- geted according to existing staffing formulas.
8. *Security Staff at the California Medical Facility—South. Reduce Item 5240-001-001 by \$537,000.* Recommend deletion of 13 positions, because the staff are not needed based on safety and security considerations. 742
 9. *Transportation Unit. Reduce Item 5240-001-001 by \$343,000.* Recommend deletion of funding for three positions and a bus, because the increase is not justified on a workload basis. 744
 10. *Accounting Staff. Reduce Item 5240-001-917 by \$176,000.* Recommend reduction of six positions, because the proposed increase is not justified on a workload basis. 745
 11. *Data Center Support. Reduce Item 5240-001-001 by \$1,209,000.* Recommend reduction of funding for consolidated data center charges, because the budget does not reflect lower billing rates. 746
 12. Preventive Maintenance. Recommend department submit reports on the development of a preventive maintenance program. 746
 13. Prison Activation. Recommend amendment to Budget Bill language to include the Department of Finance in notifying the Legislature of prison activations, because the current arrangement has resulted in communication problems. 748
 14. Revenue Bond Payments. Recommend establishment of a new budget item to track debt service payments for capital construction of two prisons. 749
 15. Funding for Additional Community Beds. Withhold recommendation, pending analysis of updated information on bed activations to be included in the May revision. 750
 16. Plan for Community Bed Program Expansion. Recommend department report prior to budget hearings on goals and objectives for expansion of community bed program. 751
 17. New Approaches to Parole Supervision. Recommend department report at budget hearings on plans to submit required report on alternatives for parole violators. Further, recommend department provide Legislature with specified reports on progress of intensive parole supervision program. 752
 18. Work Credit for Parole Violators in Community Return-to-Custody Facilities. Recommend enactment of legislation providing that parole violators in community correctional facilities earn work credits according to the same formula as parole violators in state prison. 755
 19. Parole Data Processing System. Recommend department report during budget hearings on revised implementation schedule for data processing system, and on how system will be financed. 756

GENERAL PROGRAM STATEMENT

The California Department of Corrections (CDC) 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 their prescribed terms. These responsibilities are administered through three programs.

Institutions Program. The department operates 17 institutions including a medical facility and a treatment center for narcotic addicts under civil commitment. The department also operates 35 conservation camps in cooperation with the California Department of Forestry (30 camps) and Los Angeles County (five camps).

Major programs conducted in the institutions include 27 prison industry programs and six agricultural enterprises which seek to reduce idleness and teach good work habits and job skills. Programs also include vocational training in various occupations, academic instruction ranging from literacy to college courses, and group and individual counseling.

Community Correctional Program. The community correctional program includes parole supervision, operation of community correctional centers, outpatient psychiatric services, and narcotic testing. The program's goals are to provide public protection as well as 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 has 21,155.4 personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes the expenditure of \$1.7 billion from various funding sources for support of the Department of Corrections in 1988-89,

Table 1
Department of Corrections
Budget Summary ^a
1986-87 through 1988-89
(dollars in thousands)

Program	Actual 1986-87	Est. 1987-88	Prop. 1988-89	Percent Change from 1987-88
Institutions	\$1,104,699	\$1,312,766	\$1,465,191	11.6%
Community Corrections	123,127	156,050	200,699	28.6
Administration (distributed)	(98,746)	(106,098)	(126,020)	18.8
Totals, programs	\$1,227,826	\$1,468,816	\$1,665,890	13.4%
Unallocated reduction	—	-12,612	—	— ^b
Total expenditures	\$1,227,826	\$1,456,204	\$1,665,890	14.4%
Funding Sources				
General Fund	\$1,177,024	\$1,397,672	\$1,598,399	14.4%
Special Account for Capital Outlay	14,494	13,288	13,462	1.3
New Prison Construction				
Bond Fund	4,183	—	—	—
1984 Prison Construction Fund	4,701	—	—	—
1986 Prison Construction Fund	—	11,595	—	-100.0
1988 Prison Construction Fund	—	—	19,702	— ^b
Federal Trust Fund	72	208	213	2.4
Inmate Welfare Fund	15,902	19,616	20,854	6.3
Reimbursements	11,450	13,825	13,260	-4.1
Personnel-Years by Program				
Institutions	13,433	18,410	20,086	9.1%
Community Corrections	1,204	1,785	1,893	6.1
Administration	1,027	961	1,104	14.8
Totals, personnel-years	15,664	21,155	23,083	9.1%

^a Detail may not add to totals due to rounding.

^b Not a meaningful figure.

DEPARTMENT OF CORRECTIONS—Continued

as shown in Table 1. This represents an increase of \$209.7 million, or 14.4 percent, above estimated current-year expenditures.

Expenditures shown in Table 1 for the current year include a General Fund deficiency request of \$86.7 million. This amount includes \$28.4 million for a partial restoration of a \$41 million unallocated reduction enacted in the 1987 Budget Act, and \$58.3 million for greater-than-budgeted inmate population, prison activation costs, and other adjustments.

The budget proposes expenditures of \$1.6 billion from the General Fund for support of the department in 1988-89. This is an increase of \$209.7 million, or approximately 14 percent, above estimated current-year expenditures (including the deficiency request).

Table 2
Department of Corrections
Proposed 1988-89 Budget Changes
(dollars in millions) ^a

	<i>General Fund</i>	<i>Inmate Welfare Fund</i>	<i>Special Account for Capital Outlay</i>	<i>1988 Prison Construc- tion Fund</i>	<i>1986 Prison Construc- tion Fund</i>	<i>Federal Funds and Re- imburse- ments</i>	<i>Total</i>
1987-88 Expenditures (revised) ...	\$1,397.7	\$19.6	\$13.3	—	\$11.6	\$14.0	\$1,456.2
Proposed Changes:							
<i>Workload Adjustments</i>							
Inmate population	\$100.5	\$0.3	—	—	—	\$0.2	\$101.0
Parole population	33.1	—	—	—	—	—	33.1
Administration/other	18.2	0.5	—	\$8.5	—\$0.2	0.7	27.7
Subtotals	\$151.8	\$0.8	—	\$8.5	—\$0.2	\$0.9	\$161.8
<i>Cost Adjustments</i>							
Inflation adjustments	\$9.9	\$0.4	\$0.2	\$0.2	—	\$0.2	\$10.9
Benefit adjustments	19.7	0.1	—	0.2	—\$0.1	0.2	20.1
Full-year cost adjustments	40.2	—	—	—	—	—	40.2
Limited-term positions	—9.8	—	—	—0.4	—	—	—10.2
One-time cost reduction	—17.5	—	—	—	—	—	—17.5
Other	—13.3	—0.1	—	—0.1	—	—1.8	—15.3
Subtotals	\$29.2	\$0.4	\$0.2	—\$0.1	—\$0.1	—\$1.4	\$28.2
<i>Program Adjustments</i>							
Senate Bill 16	—\$6.0	—	—	—	—	—	—\$6.0
BPT matrix	8.2	—	—	—	—	—	8.2
Unallocated reduction	26.0	—	—	—	—	—	26.0
AIDS	0.3	—	—	—	—	—	0.3
Fund shifts	—	—	—	\$11.3	—\$11.3	—	—
Other	—8.8	—	—	—	—	—	—\$8.8
Subtotals	\$19.7	—	—	\$11.3	—\$11.3	—	\$19.7
1988-89 Expenditures (proposed) .	\$1,598.4	\$20.8	\$13.5	\$19.7	—	\$13.5	\$1,665.9
Changes from 1987-88:							
Amount	\$200.7	\$1.2	\$0.2	\$19.7	—\$11.6	—\$0.5	\$209.7
Percent	14.4%	6.1%	1.5%	— ^b	—100.0%	—3.6%	14.4%

^a Detail may not add to total due to rounding.

^b Not a meaningful figure.

In addition, the budget includes approximately \$13.5 million from the Special Account for Capital Outlay (SAFCO) for general support of the department, \$19.7 million from the 1988 Prison Construction Fund for support of the department's prison construction and special repair and facility maintenance programs, and \$20.9 million from the Inmate Welfare Fund for special inmate programs. The department expects to receive reimbursements totaling about \$13.3 million and federal funds in the amount of \$213,000.

The budget includes \$161.8 million to provide additional staffing and related operating expenses and equipment to accommodate the projected increase in inmate and parolee populations during 1988-89. As shown in Table 2, the amount consists of \$101 million for housing additional inmates, and \$33.1 million for supervising additional parolees. In addition, the budget includes a net decrease of \$6 million for various adjustments related to Ch 1345/87 (SB 16), which authorizes technical parole violators to earn work credits toward reducing their prison sentence, and an increase of \$8.2 million related to the Board of Prison Terms' guidelines for sentencing parole violators.

Inmate Population Increases. The department projects that California's inmate population will continue to increase during 1988-89, as shown in Table 3. The table shows that the total population is projected to increase almost 13 percent, from 71,860 in the current year to 80,975 in 1988-89.

Table 3
Department of Corrections
Inmate Population
June 1987 through June 1989

	<i>Actual</i> <i>6/30/87</i>	<i>Estimated</i> <i>6/30/88</i>	<i>Projected</i> <i>6/30/89</i>	<i>Percent</i> <i>Increase</i> <i>From</i> <i>6/30/88</i>
Male felon	59,126	65,335	73,690	12.8%
Male civil narcotic addicts and other.....	1,624	1,950	2,195	12.6
Female felon	3,608	4,105	4,600	12.1
Female civil narcotic addicts and other.....	379	470	490	4.3
Totals	64,737	71,860	80,975	12.7%

Parole Population Increases. The department also projects the parole population to increase during the budget year. Table 4 shows that the parole population is expected to increase almost 11 percent, from 47,605 in the current year to 52,760 in 1988-89.

Inmate Housing Plan. Table 5 displays the department's plan for housing the additional inmates in the budget year, as well as the system's budgeted bed capacity for the current and prior years. The table shows that during 1988-89, 5,075 new beds are planned for activation and 4,859 will be added through overcrowding.

DEPARTMENT OF CORRECTIONS—Continued

Table 4
Department of Corrections
Parole and Outpatient Population
Supervised in California
June 1987 through June 1989

	Actual	Estimated	Projected	Percent Increase From
	6/30/87	6/30/88	6/30/89	6/30/88
Male felon	32,704	42,240	46,250	9.5%
Male outpatient	1,000	1,270	1,520	19.7
Female felon	2,783	3,675	4,510	22.7
Female outpatient	360	420	480	14.3
Totals	36,847	47,605	52,760	10.8%

ANALYSIS AND RECOMMENDATIONS

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

- **Medical and Support Staff**—An increase of \$1.4 million for increased medical, psychiatric, and support services, offset by a reduction of \$1.5 million related to the conversion of the Neumiller Hospital at San Quentin State Prison to an infirmary.
- **Clerical and Office Staff**—An increase of \$3 million for inmate case records management, accounting workload growth, construction contract audits, inmate trust workload growth, and personnel records automation.
- **Security**—An increase of \$828,000 to permanently establish a security and investigation squad at Folsom State Prison and to provide security coverage for the Prison Industry Authority program at the California State Prison, Avenal.
- **Telecommunications**—An increase of \$7.4 million to purchase a radio communications system for 14 prison sites (\$7.1 million) and to establish a permanent telecommunications unit within the department (\$320,000).
- **Maintenance and Special Repair Projects**—An increase of \$4.2 million for various maintenance and special repair projects, and inmate day labor activities.
- **Planning and Construction**—An increase of \$636,000 for various staff in the Planning and Construction Division.
- **Mobile Radios for Parole Agents**—An increase of \$700,000 for handheld radios or cellular telephones for case-carrying parole agents.
- **Parole Outpatient Clinic Staff**—An increase of \$606,000 for additional psychiatrists, psychologists, and clerical staff.
- **Parole Violator Processing**—An increase of \$1.8 million for additional parole hearing agents, correctional counselors, clerical, and other staff to handle increased parole violator workload.
- **Parolee Detention**—A reduction of \$4.2 million in local assistance costs because of decreased availability of local jail beds for detaining parolees.

Table 5
Department of Corrections
Inmate Housing Plan
1986-87 through 1988-89

		1987-88				1988-89		
<i>Institution</i>	<i>County</i>	<i>1986-87 Budgeted Capacity ^a</i>	<i>New Beds</i>	<i>Over- Crowding</i>	<i>Budgeted Capacity ^a</i>	<i>New Beds</i>	<i>Over- Crowding</i>	<i>Budgeted Capacity ^a</i>
New Institutions								
California State Prison, Corcoran	Kings	—	1,500	—	1,500	1,416	1,350	4,266
California State Prison, Del Norte	Del Norte	—	—	—	—	1,096	—	1,096
California State Prison, Kings (Avenal)	Kings	1,148	2,064	1,030	4,242	—	—	4,242
California State Prison, Riverside	Riverside	—	—	—	—	2,000	796	2,796
California State Prison, Sacramento	Sacramento	2,136	256	448	2,840	—	76	2,916
Mule Creek State Prison, Ione	Amador	500	1,200	200	1,900	—	1,150	3,050
Northern California Women's Facility (NCWF) ..	San Joaquin	—	400	360	760	—	—	760
Richard J. Donovan Correctional Facility (RJD) ..	San Diego	—	2,200	1,110	3,310	—	700	4,010
Existing Institutions								
California Correctional Center (CCC)	Lassen	3,569	—	-110	3,459	—	—	3,459
California Correctional Institution (CCI)	Kern	3,385	—	-64	3,321	—	-211	3,110
California Institution for Men (CIM)	San Bernardino	6,029	—	-875	5,154	—	80	5,234
California Institution for Women (CIW)	San Bernardino	2,445	—	-566	1,879	—	328	2,207
California Medical Facility (CMF)	Solano	4,545	—	-968	3,577	—	—	3,577
California Medical Facility-South (CMF-S)	Solano	4,009	—	—	4,009	—	—	4,009
California Men's Colony (CMC)	San Luis Obispo	7,055	—	-1,219	5,836	—	283	6,119
California Rehabilitation Center (CRC)	Riverside	4,748	—	-150	4,598	100	50	4,748
California Training Facility (CTF)	Monterey	6,268	—	-855	5,413	—	240	5,653
Deuel Vocational Institution (DVI)	San Joaquin	2,964	125	-250	2,839	—	—	2,839
Folsom State Prison	Sacramento	3,336	—	300	3,636	—	-300	3,336
San Quentin State Prison	Marin	3,052	-10	—	3,042	343	192	3,577
Sierra Conservation Center (SCC)	Tuolumne	3,404	—	-30	3,374	—	250	3,624
Southern Maximum Security Complex (SMSC) ..	Kern	1,824	—	—	1,824	—	-125	1,699
All camps	various	2,946	640	—	3,586	120	—	3,706
Totals		63,363	8,375	-1,639	70,099	5,075	4,859	80,033

^a Capacity at end of fiscal year.

DEPARTMENT OF CORRECTIONS—Continued**Status of Reports**

In the *Supplemental Report of the 1987 Budget Act*, the Legislature directed the Department of Corrections to prepare a number of reports. At the time this analysis was written, four of the required reports had not been submitted to the Legislature. The department advises that these reports are in progress.

Contracted Medical Services. The department was required to report to the Legislature by November 1, 1987 on its use of contracted medical services, including the criteria and guidelines used to determine whether medical services should be provided in-house or on a contractual basis.

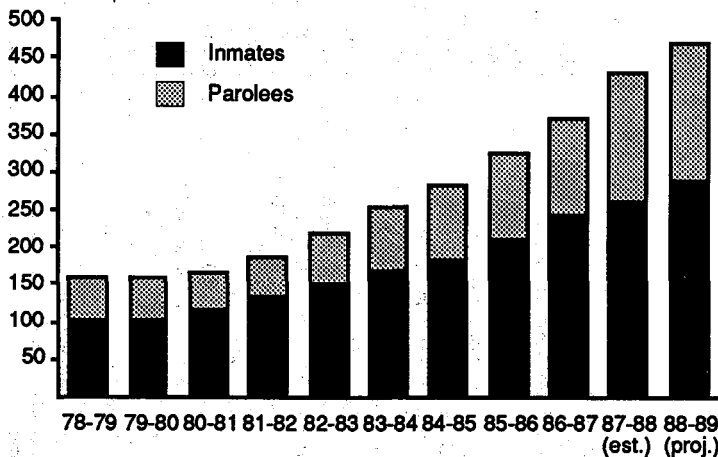
Alternatives for Parole Violators. The department was directed to report to the Legislature by September 1, 1987 on alternative approaches to reduce the growth in the parole violation rate and the number of parole violators housed in prison. The CDC was further directed to provide an analysis of alternatives to parole recommended in the Department of the Youth Authority's report titled *Population Management and Facilities Master Plan*.

Feasibility Study for Fish Hatchery. The supplemental report specifies that it is the intent of the Legislature that the Prison Industry Authority conduct a feasibility study for the development of a striped bass fish hatchery at the California Medical Facility at Vacaville. No due date was specified for completion of the report.

Personal Development and Life Management Training Programs. The department was directed to submit an evaluation of Personal

Chart 1

**Inmate and Parole Population Per 100,000 State Population
1978-79 through 1988-89**



Development and Life Management Training programs operated by Vital Issues. This report was due to the Legislature by January 15, 1988.

Inmate and Parole Population Continue to Increase

Chart 1 displays the state's inmate and parole population per 100,000 state residents. The chart shows that since 1979-80 growth in the inmate and parole population has exceeded the growth in the population of the state. In 1979-80 there were approximately 150 people under the supervision of the Department of Corrections for every 100,000 Californians. By 1988-89 this figure is expected to more than triple to over 450 individuals per 100,000 state residents. For the budget year, the department expects to house approximately 290 inmates per 100,000 state residents, or almost 81,000 inmates. The parole division is expected to supervise almost 53,000 individuals, or 185 parolees per 100,000 state residents.

Institution and Parole Population Projections Uncertain

We withhold recommendation on \$143.4 million requested to fund inmate and parole population growth, pending analysis of a revised budget proposal, population projections, and construction schedule, to be included in the May revision.

The budget requests an increase of \$161.8 million (\$151.8 million from the General Fund, \$800,000 from the Inmate Welfare Fund, \$8.5 million from the 1988 Prison Construction Fund, and \$900,000 in federal funds and reimbursements) and 2,400 personnel-years to accommodate an additional 9,115 inmates in the state's prisons and to supervise an additional 5,260 parolees. (The requested amount includes \$18.4 million related to community bed activations. We also withhold recommendation on this portion of the request, and discuss it later in this analysis.)

The inmate and parole population projections which form the basis for the Governor's Budget proposal usually change significantly between January and the time that the Legislature approves the Budget Bill. For example, the 1986-87 Governor's Budget, released in January 1986, requested funding to support 58,060 inmates. By the May revision, five months later, the department revised its projection to 64,515, an increase of 6,455 inmates. Similarly, for 1987-88 the Governor's Budget requested support for 72,010 inmates. Five months later the projected institutional population had increased to 74,045.

Parole population projections have also been variable. For example, between its spring and fall 1987 population projections, the department increased its parolee and outpatient population projections for June 30, 1989 by 4,305 parolees. Furthermore, in a subsequent revision to the fall projections, the department *decreased* its projection by 1,015 parolees.

Judging from past experience, we expect that by the time of the May revision to the budget, the department will have made significant changes to its projections of inmate and parole populations and to the amount of funding it requests to house and/or supervise these populations in the budget year.

One factor that will affect the department's funding requirements for 1988-89 is the department's plan to activate 8,375 new beds in the current year and 5,075 beds in 1988-89. To meet the planned activation schedule, the department must manage eight new prison sites. In the past, unforeseen developments have resulted in delays in activating beds in

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new prisons. If the department finds that it cannot complete construction of new facilities as scheduled, staffing requirements will be changed and new housing plans involving more overcrowding will have to be developed. An updated construction and activation schedule will be submitted in conjunction with the department's revised population estimates in May.

Further, as we discuss in our analysis of Item 5440, recent changes in practice by the Board of Prison Terms have resulted in a significant increase in the number of parolees retained on parole for an additional year. Our preliminary review suggests that this new practice could increase the parolee population by as many as 2,400 parolees during the budget year. This increase is not accounted for in the Governor's Budget.

For these reasons, it is likely that the department's budget request will be revised significantly prior to the May revision. Pending receipt and analysis of the revised request, we withhold recommendation on \$143.4 million proposed for management of prison population growth and parolee services.

Status of Hospital Licensure

We recommend the adoption of supplemental report language directing the department to continue to submit specified reports on the progress of the hospital licensure effort.

Since 1981, the department has been working to obtain licensure of its prison hospitals. The CDC has provided periodic reports to the Legislature on the status of its licensure efforts, as required by supplemental report language. In this section, we provide a brief status report on the department's efforts to meet state licensure standards.

Background. In 1985-86 only the Neumiller Hospital at San Quentin State Prison was licensed by the Department of Health Services (DHS) to operate as an acute care medical facility, despite an appropriation of \$1.7 million in 1981-82 to the CDC to meet licensure standards for three state prison hospitals—San Quentin, the California Medical Facility (CMF), and the California Institution for Men (CIM).

In the 1985 and 1986 Budget Acts, the Legislature provided additional funding to increase staffing, upgrade equipment, improve procedures, and address capital outlay deficiencies in order to meet DHS licensing standards for San Quentin, CMF, and CIM and to achieve licensure of a fourth hospital at the California Men's Colony (CMC). These augmentations totaled more than \$10 million on an annual basis.

San Quentin No Longer Licensed. In October 1986 the CDC determined that continued operation of the San Quentin hospital as a licensed medical facility was not feasible. This decision was based on an August 1986 survey by DHS which identified numerous program deficiencies and on findings of CDC staff that the facility suffered from age and limitations imposed by the prison's basic cell construction. The Neumiller Hospital, after several court orders and DHS reviews, now operates as an infirmary, although the facility continues to encounter difficulties in meeting operating requirements imposed by the courts.

Court Establishes Licensing Deadlines for Three Hospitals. In August 1987 the Sacramento County Superior Court ruled that pursuant to *Duggan v. McCarthy* (1984), DHS hospital licensing standards apply to hospitals operated by CDC and ordered the department to obtain

licensure of CIM by December 1, 1987, CMC by January 1, 1988, and CMF by January 1, 1989. According to the order, if licensure is not achieved by the specified dates, the facilities are to cease operating as general acute care hospitals.

The 80-bed facility at CIM was awarded a license as a general acute care hospital on August 20, 1987. In addition, DHS granted approval for the hospital to provide outpatient services, dental services, and standby emergency medical services, and issued a "Special Permit" for an 18-bed psychiatric unit.

At the time this analysis was prepared, licensure of CMC had not yet been obtained. The DHS, however, completed a pre-licensure survey of CMC on November 19, 1987 and issued a statement of deficiencies the following month. The DHS informed the department on December 29, 1987 that pending modifications to the CDC's plan to correct the deficiencies, the facility "is licensable effective January 1, 1988 as a 41-bed, General Acute Care Hospital."

Plans for the Budget Year. The department reports that a primary goal for 1988-89 is to obtain licensure of CMF by the January 1989 deadline established by the court. Toward that end the department indicates that it recently has received fire clearance and is contracting for the purchase and installation of emergency lighting and power for the hospital. In addition, the department proposes to transfer the responsibility for the operation of the 264-bed psychiatric unit to the Department of Mental Health (DMH) at a net cost of \$7.7 million. (This proposal is discussed in more detail elsewhere in this analysis.)

Given the fiscal impact of the licensure process, as well as past legislative oversight of hospital certification, we recommend that the Legislature adopt the following supplemental report language to require the department to continue to submit status reports on hospital licensure efforts in 1988-89:

The department shall submit to the legislative fiscal committees and the Joint Legislative Budget Committee: (1) quarterly reports on progress towards licensure, and (2) copies of any follow-up licensing surveys of prison hospitals conducted by the Department of Health Services, along with the Department of Corrections' plan of corrections in response to these surveys.

The quarterly reports should include: an update of progress made toward licensure since the previous report, a listing of vacant positions in each of the prison hospitals and an explanation as to why the positions are not filled, an updated timetable showing when the department anticipates that each hospital will be licensed, a status report on any legal action taken against the department regarding hospital licensure, an explanation for any change in the department's licensure plans that were submitted to the Legislature previously, and a detailed description of goals for the next quarter.

Department of Mental Health Proposal Needs Clarification

We recommend that prior to budget hearings the Departments of Corrections and Mental Health report to the Legislature on unresolved issues regarding the provision of psychiatric services at the California Medical Facility. The departments should report on (1) the delineation of custodial responsibilities within the psychiatric unit, (2) the criteria by which inmates will be evaluated for psychiatric services, (3) the

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provision of outpatient services, and (4) the provision of psychiatric services to inmates who currently are not accepted for treatment in the state hospitals.

The budget proposes a net increase of \$7.7 million from the General Fund to the Department of Corrections in 1988-89 to secure contract services from the Department of Mental Health (DMH) to operate the psychiatric unit at the California Medical Facility (CMF). This proposal reflects an increase of \$14 million for contract services to be provided by DMH, plus \$1.2 million in CDC staff augmentations and related expenses, offset by a reduction of \$7.5 million and 165 positions currently budgeted for the psychiatric unit at CMF.

In the current year, the Department of Corrections maintains 264 acute care psychiatric beds at the California Medical Facility at Vacaville. This unit is staffed with personnel employed by the CDC. The budget proposes that the CDC no longer operate the institution's psychiatric unit and that responsibility for day-to-day operations be transferred to DMH through an interdepartmental contract. Under the proposal, the DMH would activate 260 beds, including (1) 150 acute care beds at CMF, (2) a psychiatric day treatment service for 60 patients at CMF, and (3) 50 additional acute care beds at Atascadero State Hospital (AHS) commencing in January 1989. The CDC, in turn, would deactivate 264 beds currently maintained by department staff at CMF.

Background. Psychiatric services for CDC inmates currently are provided by CDC directly at CMF (264 beds) and the California Institution for Men (18 beds). In addition, the department maintains a contract with DMH to provide 407 acute care beds at various state hospitals throughout the state.

The CDC currently is under a court order to bring all of its hospital beds up to state licensure standards by January 1, 1989. Of the psychiatric beds maintained by the CDC, only the 18 beds at CIM have been licensed. (In contrast, *all* beds provided under contract by DMH are licensed.) In addition, the CDC recently has been investigated by the U.S. Department of Justice to determine the department's compliance with the Civil Rights of Institutional Persons Act. The federal investigation has raised several significant concerns with the quality of psychiatric care provided at CMF.

In response to these deficiencies, the budget proposes that commencing in 1988-89 the CDC will no longer be responsible for the direct provision of psychiatric services at CMF. Instead the DMH would operate the institution's psychiatric unit under contract to CDC.

Details of the Proposal. The administration's proposal consists of four components:

- Establishment of 150 acute care beds at CMF provided under contract by DMH (an increase of \$11.2 million in consulting and professional services);
- Establishment of a psychiatric day treatment service for 60 patients at CMF provided under contract by DMH (an increase of \$1.4 million in consulting and professional services);
- Expansion of an existing contract between CDC and DMH to provide an additional 50 acute care beds at ASH beginning in January 1989 (an increase of \$1.4 million in consulting and professional services); and

- Deactivation of 264 acute care beds and termination of 164 associated positions funded in CDC's budget (a reduction of \$7.5 million).

The budget also requests an additional \$1.2 million for related staff and equipment which is discussed elsewhere in this analysis.

Both departments assert that the operation of the psychiatric unit at CMF by DMH should improve the quality of care provided to state prison inmates, alleviate a problem of turnover in psychiatric staff, improve efforts to recruit psychiatric staff, and secure state licensure of the medical facility.

Our analysis indicates that the budget proposal has merit. Operation of the psychiatric unit by DMH staff may improve the quality and level of services provided to prison inmates. We note that the proposed DMH staffing standards alone suggest that the quality of care will be higher than is currently provided at CMF as operated by the Department of Corrections. Table 6 shows the actual staffing level for the 264-bed CMF facility and the hypothetical staffing level for a 264-bed facility based on DMH staffing standards.

Table 6
Comparison of Staffing Levels
Department of Corrections (CDC) vs. Department of Mental Health (DMH)
Based on a 264-Bed Psychiatric Program

<i>Position</i>	<i>CDC Actual</i>	<i>DMH^a</i>
Psychiatrist	10	27
Psychologist	2	7
Psychological Social Worker	3	16
Rehabilitation Therapist	4	16
Nurse	<u>116</u>	<u>237</u>
Totals	135	303

^a Hypothetical staffing level for a facility of 264 psychiatric beds based on departmental staffing standards.

Unresolved Issues in Program Implementation. Our review indicates, however, that a number of significant issues have not been resolved.

Which department will be responsible for maintaining the custody/security requirements of the the psychiatric unit and how will security be provided?

The budget proposal eliminates 34 correctional officers from the CDC's budget. These officers currently provide security within the psychiatric unit. The budget proposal, however, does not specify that custodial/security responsibilities will be transferred to the DMH along with the responsibilities for the provision of psychiatric services. Nor does the budget proposal indicate that CDC staff will continue to be responsible for custody and security within the unit. In addition, the budget proposal does not specify how security will be provided (for example, whether there will be a roving team or regularly assigned staff). These issues should be resolved before the contract becomes effective.

Which department will be responsible for making referrals for psychiatric services?

Currently CDC staff provide medical, psychiatric and custodial services at CMF. Referrals for psychiatric evaluations can be initiated by

DEPARTMENT OF CORRECTIONS—Continued

both medical and custodial staff, as well as psychiatric staff. Under the budget proposal, it is unclear whether CDC staff will continue to make referrals for psychological/psychiatric evaluations of inmates who they believe may be in need of these services.

In addition, it is not clear whether CDC's existing criteria and guidelines will be used to determine an individual's treatment needs. If DMH personnel apply criteria other than those currently in use by CDC staff, the number of inmates eligible for treatment may be significantly different than the number currently found eligible. Any significant change in the number of inmates found in need of psychiatric services may have a significant impact on the resources needed to support the contract with DMH.

Is there a long-range plan for the provision of outpatient services at CMF?

Our review indicates that in order to provide effective psychiatric care, inpatient and outpatient services must be coordinated.

The budget proposal identifies a need to provide CDC patients a transition from acute inpatient care to a less intensive program. To meet this need, the budget requests funding for a 60 patient transitional day treatment program. This "step-down" program more fully utilizes limited hospital beds by allowing patients to move to a less restrictive environment as their condition warrants. The hospital beds are reserved for those with the most severe needs.

This same logic should apply to the provision of outpatient care. The contracting proposal, however, is silent on this issue and does not indicate that a planned transition to outpatient care has been considered. It is our understanding that outpatient care will continue to be the responsibility of CDC medical staff. This omission should be resolved prior to implementation of the new service delivery system.

Will the contract require DMH to provide psychiatric services to all inmates in need even though they might be considered incorrigible or not amenable to treatment under current contracting guidelines?

Under the existing contracting arrangements, CDC staff may refer inmates to Atascadero or other state hospitals, if the staff consider them good candidates for programs offered by DMH. The DMH, however, has the authority to reject CDC patients who, according to the DMH criteria, are not amenable to treatment. These inmates may exhibit violent behavior or may become resistant to the DMH programs. In these instances, DMH returns the inmates to the custody of the CDC. According to CDC, during the first six months of the current fiscal year roughly half of the 380 referrals made by CDC to the DMH were rejected.

Under the budget proposal, it is not clear whether DMH will be authorized to refuse to treat a CDC patient on the same grounds that apply to contracted beds provided under current law. Under the existing arrangements, any inmate returned to the custody of the CDC by DMH will be served at CMF. If DMH operates the CMF facility, while at the same time providing psychiatric services to CDC inmates at the state hospitals, the Department of Corrections will not have a psychiatric unit of last resort for those who do not meet DMH treatment criteria (except for 18 beds at CIM).

In order to resolve this issue, it may be that the CDC should continue to operate a limited psychiatric unit at CMF, or the DMH should be prohibited from refusing to serve any prison inmate in need of psychiatric services, regardless of the custody problems the inmate may pose. In our judgment, the departments need to clarify this issue.

These issues have significant programmatic and fiscal implications for provision of psychiatric services to prison inmates. In order to avoid problems in implementing the contracting proposal, we recommend that the Departments of Corrections and Mental Health report prior to budget hearing on their plan for resolving these issues.

Acute Care Beds at Atascadero Not Needed

We recommend deletion of \$1,392,000 proposed for contract services to secure 50 acute care beds at Atascadero State Hospital commencing January 1989, because the current contract provides for a sufficient number of beds, for a General Fund savings of \$1,392,000. (Reduce Item 5240-001-001 by \$1,392,000.)

The budget requests \$1.4 million from the General Fund to expand the current contract with the Department of Mental Health (DMH) to provide an additional 50 acute care beds for CDC inmates at Atascadero State Hospital (ASH) commencing in January 1989. This proposal is presented as part of the department's plan to transfer the responsibility of providing day-to-day psychiatric services at the California Medical Facility (CMF) from the CDC to DMH.

Our review of data on the CDC's historical usage of these beds indicates that the additional acute care beds at ASH are not needed. The current interagency agreement between CDC and DMH provides for a total of 407 acute care beds (excluding 50 beds provided under the Mentally Disordered Sex Offender program). Atascadero State Hospital provides most of the beds (362), while the remainder are provided by other state hospitals, including Metropolitan (20), Napa (10), Patton (10), and Camarillo (5). Data provided by the CDC indicates that for 1986-87 the average number of beds utilized by state prison inmates under the contract was 360, 47 below the maximum available under the terms of the contract. For the first seven months of the current fiscal year, the department has averaged 354 utilized beds, 53 below the maximum of beds available.

We recognize, however, that the contract proposed in the budget specifies that the 50 additional beds are available for one-half of the fiscal year commencing in January 1989. The DMH staff indicate that if the reduction in psychiatric beds provided by CDC in the current year (264) to those provided by DMH in the budget year (210) results in a shortage of beds, the surplus beds discussed above will be utilized. Neither department, however, has identified a need for acute care beds beyond the level which currently is utilized.

In addition, the need for psychiatric services may decline in the budget year and thereafter. The DMH suggests that because its proposed program at CMF will be more staff intensive than the one currently operated by CDC personnel, the level of services will improve and the need for psychiatric beds may decline. This is because patients are expected to show an improvement in their condition sooner and be eligible for outpatient care more quickly than under the current service arrangement.

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On the other hand, we recognize that DMH staff may identify a greater number of inmates needing psychiatric services, and, consequently, there may be a net increase in demand for acute care beds. At this point, however, it is too early to tell how the transfer of responsibility will affect the demand for beds. In our judgment, until the transition is complete and the state has some experience with the new arrangement, it would be premature to contract for the 50 additional beds at ASH, given the CDC's current utilization of these beds.

Pharmacy and Dietary Staff Not Justified

We recommend deletion of nine positions proposed to provide pharmaceutical and dietetic services for the psychiatric unit at the California Medical Facility, because the positions have not been justified on a workload or program basis, for a General Fund savings of \$369,000. (Reduce Item 5240-001-001 by \$369,000).

The budget proposes \$369,000 from the General Fund in 1988-89 to fund four pharmacists, three pharmacy assistants, and two dietitians at the California Medical Facility (CMF). This augmentation is proposed in conjunction with the takeover of the CMF psychiatric unit by the Department of Mental Health.

Pharmacy Staff Proposal. The budget requests \$298,000 for seven additional staff for the pharmacy department at CMF. The budget proposal suggests that an increase in staff is warranted because a new system for distributing medication should be established in the hospital. The proposal cites a 1983 report by a task force of the Department of Mental Health which indicated that a "unit-dose distribution system" of medication would most closely meet state licensing standards. This system is in effect at DMH hospitals and should be incorporated into CMF's day-to-day operations.

Our review indicates that the budget proposal is not justified for several reasons. First, the CMF hospital already employs a unit-dose distribution system to prepare and distribute medication to inmates. The pharmacy both prepares its own medication by this method and purchases unit dosages when economically feasible. The pharmacy, however, does not employ this system for the distribution of liquid medication. Department of Corrections staff inform us that the CMF pharmacy could prepare unit dosages of liquid medication with the purchase of a machine costing approximately \$5,000. Therefore, we conclude that additional staff would not be required.

In addition, the department has provided no data to indicate that the current level of staffing for the pharmacy department at CMF is inadequate. The proposal does not indicate that the current staffing level has resulted in a backlog in the preparation or distribution of medication or that staffing deficiencies have resulted in medication errors. Lacking information to the contrary, we can only conclude that the current level of staffing is adequate.

Dietetic Staff Proposal. The budget also proposes \$71,000 for two dietitians at CMF. At the time this analysis was prepared, the department had not provided any information indicating why dietitians are needed. In the absence of workload justification, we are unable to recommend approval of this request. If additional information is provided to the

Legislature indicating the need for the additional staff, we will reconsider this recommendation and advise the fiscal committees accordingly.

AIDS Within the Prison System

We recommend that the Department of Corrections report during budget hearings on its current policies and long-range plans for managing the AIDS population within the prison system, including plans for inmate housing.

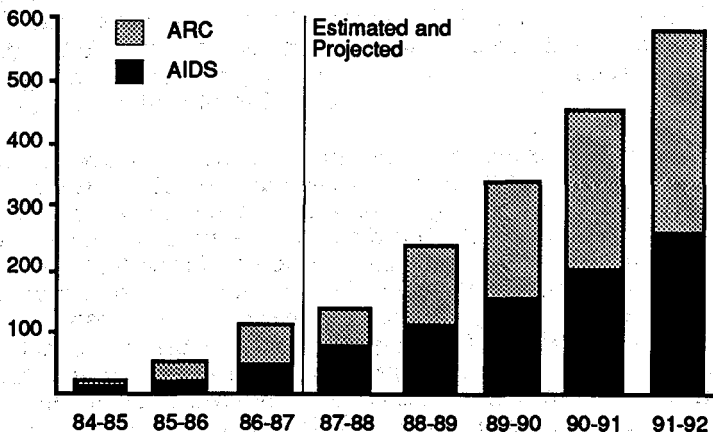
The budget requests \$1.7 million from the General Fund to establish a special housing unit at the California Institution for Men (CIM) for inmates with Acquired Immune Deficiency Syndrome (AIDS). This unit would house up to 180 inmates in an existing facility and would provide medical services, in conjunction with the prison hospital, as well as counseling and other support services.

In addition, the department maintains a 141-bed AIDS housing unit at the California Medical Facility at Vacaville and houses several inmates with AIDS at various prison infirmaries throughout the system.

Background. The Department of Corrections estimates that there may be a total of 183 inmates infected with the AIDS virus in the prison system by the end of the current fiscal year—75 inmates with AIDS, 68 inmates with ARC (Aids Related Complex, generally a milder form of the illness), and 40 inmates testing seropositive for the human immunodeficiency virus (HIV). By 1991-92, the department projects that there may be a total of 585 AIDS/ARC inmates within the state prison system. Chart 2 illustrates the growth of this population as projected by the department. The department has not projected the population of inmates who may test HIV positive.

Chart 2

Cases of Acquired Immune Deficiency Syndrome (AIDS) and AIDS-Related Complex (ARC) In the State's Prisons 1984-85 through 1991-92



DEPARTMENT OF CORRECTIONS—Continued

It is likely that these estimates significantly understate the magnitude of the AIDS problem in the prison system. This is because the department's estimates are based on its experience to date with persons who have either sought treatment for, or exhibited symptoms of, the disease. (Current law prohibits involuntary testing for the AIDS virus.)

The National Institute of Justice reports that mandatory testing in the Federal Bureau of Prisons has identified approximately three percent of the inmate population as infected with the AIDS virus. If California's correctional system were to experience a similar incidence rate, there may be as many as 2,160 inmates infected with the virus in the system in the current year. By 1991-92 this population, assuming the same three percent incidence rate, could be as high as 3,000.

In our view, the department's housing policy for inmates who carry the AIDS virus has significant policy and fiscal implications. We believe that the department should provide the legislative fiscal committees with additional information on this issue in order for the Legislature to exercise a greater role in overseeing the department's handling of these inmates.

Segregated Housing. The department currently segregates inmates diagnosed as being infected with AIDS, ARC, or testing HIV positive from the general population. This housing policy is designed to accomplish several objectives, including:

- Containment and prevention of the spread of the disease to other inmates;
- Provision of medical and counseling services to inmates carrying the virus; and
- Protection of infected inmates from threats and assaults that may occur in the general population.

In the discussion that follows, we point out the extent to which these objectives may be achieved by segregating inmates infected with the AIDS virus from the general inmate population.

Containment of the Disease. Prison officials acknowledge that inmates engage in high risk activities that promote the spread of the virus. These activities include sexual contact and intravenous drug use. To the extent that known carriers of the virus are segregated from the general population, the chance that the virus is spread to other inmates through these contacts is reduced.

There is, however, a drawback to this policy as well. Because it is likely that only a small portion of those inmates actually infected with the virus have been isolated, inmates may have a false sense of security if they believe that all individuals with the disease have been segregated from the general population. Believing that no infected individuals remain in the general population, inmates may ignore warnings to refrain from high risk activities that may promote the spread of the disease.

Even if current law allowed the department to institute a mass testing program for all inmates, such a program would still leave unidentified a portion of those infected. This is because an individual may take up to one year to develop the antibody to the AIDS virus. Thus, testing may identify an individual as free from infection, when he or she actually may be

infected (the test identifies the antibody to the virus, rather than the virus itself).

Provision of Services. In general, housing infected inmates in a single facility may have some advantages to the extent that economies of scale can be achieved and duplication of services at various institutions is kept to a minimum. In addition, medical and counseling programs could be more easily targeted to inmates if they are housed together.

On the other hand, it is important to note that the medical needs of inmates testing positive for the virus may be very different, depending on the individual's general level of health and the progress of the disease. In general, the medical services required by individuals testing HIV positive are considerably less than the medical needs of individuals who have AIDS in its fully developed stage. Therefore, even within a segregated housing unit, the level of medical services provided to the inmates will vary considerably.

Protection of Inmates from Assaults. The department indicates that there have been threats made against inmates infected with the AIDS virus. In addition, some vandalism of these inmates' property has occurred. Segregation of inmates with the virus from the general population could reduce the opportunities for these inmates to be the victims of assaults and other threats.

Fiscal Implications. The department's housing policy for inmates with the AIDS virus, coupled with the projected increase in this population, could have significant fiscal implications. According to the department's budget proposal, the AIDS housing unit at CIM will function as a "prison within a prison." The plan includes additional funding for a separate "on-unit" dining facility; separate grounds for family visitations, including trailers; and additional equipment related to security, including a van, metal detectors, and radios. These features add to the costs of housing the inmates and are unrelated to the additional medical costs for treating inmates with the disease.

These additional expenditures are proposed by the department as necessary elements of the segregated housing policy. If this housing policy is continued for all inmates identified as carriers of the virus, the department may face significant fiscal and logistical problems.

Because this housing policy could have significant fiscal implications, we recommend that the department report during budget hearings on (1) its plan for housing inmates with AIDS, ARC, or testing HIV positive, (2) what problems or constraints in housing the department anticipates as an ever larger population is identified, (3) the cost of housing and providing services to these inmates in separate facilities, and (4) the benefits and costs of alternatives for housing inmates carrying the virus.

Custody Staff Should Be Redirected from Other Institutions

We recommend deletion of 16 custody positions for the proposed AIDS unit at the California Institution for Men, because these positions have been budgeted already according to standard staffing formulas, for a General Fund savings of \$682,000. (Reduce Item 5240-001-001 by \$682,000.)

The budget requests \$1.7 million from the General Fund to renovate and staff a special 180-bed AIDS housing unit for inmates testing seropositive for the human immunodeficiency virus (HIV). The amount requested would fund minor renovations to an existing housing facility, 16

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custody staff, 26 medical staff, and miscellaneous medical and office equipment at the California Institution for Men (CIM).

In accordance with current department policy, inmates who are identified as HIV positive are assigned to a special housing unit at CMF, Vacaville. The department indicates that this unit is operating at its current capacity of 141 beds and that several inmates with AIDS are being housed in various infirmaries throughout the system. Because the CMF housing facility is operating at capacity, the department proposes to open another housing unit at CIM.

In December 1987 the Director of Finance informed the Joint Legislative Budget Committee that he intended to authorize the CDC to incur a deficiency to establish an AIDS housing unit at CIM in the current year. The \$1.2 million proposal would fund structural modifications and renovation of the existing facility. Some staff may be hired if inmates are assigned to the facility toward the end of the current year.

Our review indicates that the requested custody staff—11 correctional officers and five sergeants—for the CIM housing unit are not justified. Inmates who will be housed in this unit will have been redirected from elsewhere within the CDC system. Simply because these inmates are being reassigned to a special housing unit does not justify an augmentation in custody staff for the system as a whole. The department should reassign staff from throughout the system to maintain the security requirements of the proposed CIM housing unit. Approval of our recommendation would not result in a shortage of staff at other institutions, because the full complement of custody and support staff were budgeted for these inmates when they were admitted into the system.

We recognize, however, that the same logic does not apply to the medical personnel requested for the new unit because the department proposes to provide a *higher level* of medical services to these inmates—a level of service that cannot be provided if the inmates are distributed throughout the prison system. It would not be feasible to redirect medical personnel from existing infirmaries and prison hospitals to staff the CIM hospital without adversely affecting the level of care provided at those facilities. Therefore, in order to provide a higher level of medical care to the inmates in the special housing unit at CIM and to maintain the existing level of care provided at the other institutions, a net increase in medical staff is required.

Need for Additional Security Staff Questionable

We recommend deletion of 13 positions requested to provide additional security coverage at the California Medical Facility-South, because the department has not demonstrated that the positions are needed, for a General Fund savings of \$537,000. (Reduce Item 5240-001-001 by \$537,000.)

The budget requests \$537,000 from the General Fund to support 13 correctional officers to provide additional floor coverage and staffing for control booths at the California Medical Facility-South (CMF-South). The new officers would be assigned to three facilities within the prison—Facilities I and II, which house Level III inmates (medium/high security) in cells, and Facility IV, which houses Level II inmates (low/medium security) in a dormitory setting.

The department indicates that these additional positions are needed to improve safety and security in the facilities. Specifically, the proposal asserts that the current staffing level combined with the design of the facilities do not allow correctional officers to effectively supervise the physical area and inmate movement; conduct searches of inmates, property, and dormitories; and complete routine paperwork. The department asserts that the conditions at CMF-South are unique because the facilities were the first to employ the new "270 degree housing design." The budget proposal indicates that in its original configuration, this design contained certain flaws which jeopardized staff security. Through design modifications these flaws have been eliminated at subsequent sites.

The department, however, has not supported its claim that CMF-South is any less safe than other facilities. Staff was not able to present data showing that there have been a greater number of assaults on correctional officers or other inmates at CMF-South than there have been at other facilities with the 270-degree design that house inmates with the same security classification levels.

Custody and Security Deficiencies Not Supported. A report issued by the department entitled "Inmate Incidents in Institutions, 1970 through 1986" presents a picture at odds with the department's assertion that conditions at CMF-South require special attention. The report, dated June 15, 1987, summarizes incidents occurring within the state correctional system over a 17-year period. *Incidents* are defined as "prohibited inmate activities that could be referred for prosecution" and include *assaults* on inmates or staff, possession of a weapon, use and/or possession of *drugs*, sex between inmates or sexual assaults, successful or unsuccessful suicides, and other actions.

The report states that "The California Medical Facility (CMF) had the *lowest rate of incidents in 1986*" (emphasis added). CMF-South, which was activated on August 22, 1984, is one of three facilities within the CMF complex. The data show that in 1986 there were on average 9.41 incidents per 100 inmates statewide. CMF-South reported an incident rate of 5.05, a rate that was almost one-half that of the systemwide average. Of the 18 separate facilities for which statistics are available, 12 had an incident rate that was greater than CMF-South, and of those, six have a rate at least twice that of the rate for CMF-South.

The department's statistics on the number of *assaults* also suggest that CMF-South does not require additional custody staff when its needs are compared to the needs of other institutions. Figures indicate that during 1986, CMF-South averaged 2.10 assaults per 100 average daily institution population (ADP). This rate compares favorably to the systemwide average of 3.5 assaults per 100 ADP. San Quentin, Deuel Vocational Institution, and Folsom registered assault rates of 6.6, 7.0, and 10.2, respectively. Even the Sierra Conservation Center, which generally houses inmates with the lowest custody needs, reported a higher assault rate than CMF-South—2.4 per 100 inmates.

Finally, department figures on use and possession of *drugs* show CMF-South well below the systemwide average. For 1986, statistics indicate that CMF-South reported 0.78 drug incidents per 100 inmates. The systemwide average for that year was 2.68 incidents. In fact, the number of drug incidents at CMF-South was the fifth lowest of the 25 facilities for which statistics were reported.

DEPARTMENT OF CORRECTIONS—Continued

In summary, the department's incident report does not support the claim that correctional officers are needed to address safety and security deficiencies at CMF-South. On the contrary, the data suggest that CMF-South may be one of the safer facilities within the CDC system based on the most recent information on incidents, assaults, and drug use in the state prisons.

Transportation Unit Augmentation Not Needed

We recommend deletion of funds requested to increase staff and purchase a bus for the department's transportation unit, because the proposed augmentation is not justified on a workload basis, for a General Fund savings of \$343,000. (Reduce Item 5240-001-001 by \$343,000.)

The budget requests \$343,000 from the General Fund to increase staffing by one sergeant and two correctional officers (\$130,000), and to purchase a bus for the department's transportation unit (\$213,000). In the current year, the department is authorized a staff of 45 in the transportation unit, including supervisors, support staff and 12 crews, each consisting of a sergeant and two correctional officers. The unit also operates 15 buses for the transportation of inmates throughout the state.

The transportation unit is responsible for transporting an estimated 63,000 inmates in 1987-88. Transportation of an estimated 300 to 400 extraditions, which previously was the responsibility of department staff, is now provided under contract with a private vendor.

Staffing Request. Our review indicates that the proposed staffing augmentation is not justified on a workload basis. Specifically, the department indicates that overtime in the transportation unit averaged 61 hours per staff member in 1986-87, including supervisory and support staff. This overtime, however, has been reduced to between 30 to 35 hours in the current year, primarily as a result of securing a contract with a private vendor for inmate extraditions. The department acknowledges that a certain amount of overtime is inevitable, given the variable nature of the need to transport inmates, and that the current level of overtime is reasonable. Because the department has reduced overtime to a manageable level and acknowledges that the current amount is reasonable, we find no basis for adding staff to the transportation unit for the budget year.

Additional Bus Requested. The budget also proposes to add a 16th bus to the department's existing fleet of 15 buses. Our analysis indicates that this proposal is not justified for several reasons. First, the transportation requirements of the department justify only 12 bus crews. The department, however, currently maintains 15 buses, three more than the number of crews to drive them. The three extra buses provide flexibility to meet unforeseen contingencies, and are available in the event that a bus is out of service for repairs. Our review suggests, however, that a fourth reserve bus would serve no purpose beyond that which is met by the three reserve buses currently. The department has not identified any particular problems with the number of buses in operation and has not indicated that a fourth reserve bus is needed because of greater uncertainty in the department's transportation requirements.

Moreover, the department does not need to replace existing buses because of the age of the fleet. In fact, the existing fleet is reasonably new.

Of the 15 buses, 10 have been purchased since 1982, and a new bus has been purchased each year since 1984-85. We note that according to a study conducted by Booz-Allen, Hamilton Incorporated, completed in January 1987, the life expectancy for a school bus is between 16 years and 25 years, depending upon the model. A school bus, moreover, makes trips of a stop-and-go nature which is generally harder on the vehicle than long highway trips more common to corrections vehicles. Thus, we conclude that there is no need to add another new bus to the CDC's relatively young transportation fleet at this time.

Accounting Staff Exceeds Need

We recommend a reduction of six positions proposed for accounting support for canteen operations, because the amount requested is excessive, for an Inmate Welfare Fund savings of \$176,000. (Reduce Item 5240-001-917 by \$176,000.)

The budget requests an increase of \$381,000 from the Inmate Welfare Fund (IWF) and 13 additional positions to provide accounting support for inmate canteen activities in 1988-89. In the current year, accounting support for canteen operations is provided by 11.5 positions. These positions are employed in 10 of the department's 17 institutions.

The IWF was established in 1945 as a special trust fund for the "benefit, education, and welfare of the inmates." The fund is supported by revenues generated from canteen operations, inmate photo projects, handicraft sales, and interest earned on invested balances. The canteen operation is the major source of revenues to the fund. Revenues from the fund pay for canteen support, movie rentals, entertainment, handicraft materials, equipment, library books, and other items and activities for the inmates.

The department indicates that the 13 proposed new positions are needed to complete accounting reports and monitor revenues and expenditures of the inmate canteens. Our review of the department's request indicates that only 7 of the 13 additional accounting staff are justified on a workload basis. Based on the budget proposal and other information, we estimate that accounting activities for inmate canteens required approximately 20,700 staff hours (equal to 11.5 positions), not including overtime, in 1986-87. Data provided by the CDC indicates that in that year approximately 8,000 hours (equal to 4.4 positions) of overtime were funded from the IWF. It is not possible to determine exactly how many overtime hours should be attributed to accounting activities, however, because the financial statements do not break down the overtime by functional activity.

The budget proposal also indicates that staff supported by the General Fund have been redirected to undertake accounting activities of the canteens. Again, the proposal does not indicate how many hours of redirected staff time have been spent on these duties.

We note, however, that for the 17 prisons that will be in operation in 1988-89, only 10 have authorized accounting positions to oversee inmate canteen activities. The department advises that those institutions without dedicated accounting staff for the inmate canteen redirect staff supported by the General Fund to meet accounting and reporting requirements. We believe that a limited augmentation to the accounting staff financed by the IWF is justified, because all operations related to the fund should be supported by the fund, as intended by the enabling legislation.

DEPARTMENT OF CORRECTIONS—Continued

Recommendation. Based on the information provided to us by the department, we have no *analytical* basis on which to recommend a particular staffing level. We acknowledge, however, that accounting activities related to the inmate canteen must be completed and that the revenues of the fund are available to support these activities. We therefore recommend that a limited staff augmentation be approved.

Accordingly, we recommend approval of seven of the 13 positions requested in the budget for accounting workload related to operations of inmate canteens. The seven positions plus the 11.5 positions provided in the base budget would provide at least one accountant or accountant technician for each institution and would make available an additional 2,700 person-hours of work to be allocated to institutions demonstrating greater-than-average need for accounting staff. On this basis, we recommend deletion of the remaining six positions, for an Inmate Welfare Fund savings of \$176,000.

Technical—Teale Data Center Support Overbudgeted

We recommend a reduction in the amount requested to pay for the department's data processing at the Teale Data Center, because the amount requested does not reflect the fact that data center charges have decreased, for a General Fund savings of \$1,209,000. (Reduce Item 5240-001-001 by \$1,209,000.)

The department requests \$6,032,000 from the General Fund for consolidated data center expenditures in the budget year. This amount reflects a 2.5 percent increase over estimated current-year expenditures of \$5,882,000.

Budget instructions from the Department of Finance released in July 1987 notified all departments of a pending reduction in rates charged by the Teale Data Center in 1987-88. Teale staff indicate that the rate reductions will range from 25 percent to 75 percent, depending upon the type of service. Teale Data Center staff indicate that, on average, charges to the CDC are expected to fall 20 percent. This rate reduction should be reflected as a base reduction in estimated current-year expenditures, which in turn reduces budget-year requirements.

Our review indicates that the CDC's budget has not been adjusted for the lower data center charges. Department staff acknowledge that a reduction to the budget is warranted. Accordingly, we recommend a General Fund reduction of \$1,209,000 to properly reflect the department's expected budget-year expenditures for data processing services from the Teale Data Center.

Special Repairs Projects and Preventive Maintenance

We recommend the adoption of supplemental report language directing the department to prepare annual reports on its progress toward implementing a preventive maintenance program.

The budget requests \$6 million to fund special repair projects in various prisons in 1988-89 (\$2.9 million from the General Fund and \$3.1 million from the 1986 Prison Construction Fund). This is an increase of \$2.9 million, or 91 percent, over the amount available for this purpose in the current year.

The department has identified more than 90 special repair projects, in priority order, at a total cost of \$12.2 million. The amount proposed in the

budget would finance approximately 46 of these 91 projects.

Department Instructed to Develop Preventive Maintenance Program. The CDC currently maintains 17 prisons housing approximately 67,000 inmates. By June 1989, 22 prison facilities will be in operation, with eight having been built under the new prison construction program. As a result of concerns regarding the need to protect the substantial public investment represented by new and existing prison facilities, the department was instructed by the Legislature in 1986 to implement a statewide maintenance program to provide a systematic, uniform method to budget and carry out maintenance activities.

Specifically, in the *Supplemental Report of the 1986 Budget Act*, the Legislature directed the CDC to develop a preventive maintenance program to schedule repair and maintenance projects at each existing and new institution and to report to the Legislature on the development of the program by October 1, 1986. The CDC submitted the required report on April 17, 1987.

In the report, the department indicated that while it recognizes the need for a preventive maintenance program, its effort to develop the program had been "supplanted by the need to provide adequate housing for a severely overtaxed system." The department further conceded that the preventive maintenance programs at the institutions "have not been systematic nor uniformly applied," again citing overcrowding as the reason for the shortcoming.

The report indicated, however, that "With the completion of the currently funded New Prison Construction Program, the department will be able to reduce inmate population at existing facilities and realize an opportunity to establish policies and procedures for all elements of a workable preventive maintenance program at the new facilities as well as reestablish similar programs at the existing facilities."

The department also indicated that it has placed responsibility for development of the preventive maintenance program with the wardens and superintendents at the existing facilities. The department's Planning and Construction Division is expected to coordinate this effort by developing and promulgating guidelines and functional direction.

Preliminary Efforts. Despite the shortcomings of the department's efforts in developing a preventive maintenance program, the department has taken some preliminary steps. These actions include:

- Establishment of a chief of plant operations position within the central office to develop the guidelines and work plans for the subsequent effort to establish a preventive maintenance program.
- Evaluation of the preventive maintenance programs at the existing institutions to determine their effectiveness.
- Surveying other state agencies to identify the most important elements of effective preventive maintenance plans, to note previously encountered problems in implementing a uniform system, and to evaluate potential monitoring systems.

In a follow-up report to the Joint Legislative Budget Committee dated December 24, 1987 the department again noted that "Full implementation of standard preventive maintenance programs continues to be supplanted by the need to activate additional beds and the completion of special repair and deferred maintenance projects for the overtaxed facilities."

DEPARTMENT OF CORRECTIONS—Continued

The December 1987 report also indicates that the CDC has convened a task force to review current systems in use at existing and new facilities. The task force is expected to make recommendations on standardizing these systems.

In our judgment, the department deserves credit for taking preliminary steps to develop a preventive maintenance program. We note, however, that the Legislature's directive that this project be undertaken was issued almost two years ago. Consequently, the department has lost some valuable time in getting a system in place that has significant fiscal implications for the future.

Lack of Statewide Program Leads to Uncertainty. We also note that because the department has not completed a model preventive maintenance program, several institutions are proceeding with their own programs. At San Quentin, the prison administration has purchased a computer software system known as Mainsaver to assist its maintenance efforts. San Quentin is also in the process of purchasing computer hardware for the system. In addition, the CDC reports that as part of the Del Norte County prison construction project, a preventive maintenance system is being "designed tailored" to meet that institution's unique maintenance needs.

Our analysis indicates that these individual efforts by the institutions run contrary to the Legislature's directive that the CDC develop a *statewide* policy for determining preventive maintenance resource requirements. Such a policy would improve the management of and budget accountability for maintenance and repair projects and would allow for a more rational evaluation of the department's budget request.

Since the new prison construction program began, approximately 14,000 additional beds have been added to the state prison system. The Legislature's concern when it adopted the 1986 supplemental report was that these new facilities not be allowed to deteriorate because of neglect of ongoing maintenance needs. That concern is no less pressing today.

Recommendation. In order to ensure that the department continues its efforts to develop this much needed program and to allow the Legislature to monitor its progress in implementing it, we recommend that the Legislature adopt the following supplemental report language:

The Department of Corrections shall submit to the legislative fiscal committees and the Joint Legislative Budget Committee by November 1 of each year an annual report which discusses the following: (1) the department's progress toward implementing a preventive maintenance program, including a timetable for statewide implementation, (2) the estimated resources needed to implement the program and the estimated savings resulting from the program, (3) the number of department staff assigned to develop the program, and (4) the department's plan to monitor compliance with the program.

Budget Bill Language on Prison Activation Needs Amendment

We recommend a technical amendment to proposed Budget Bill language requiring advanced notification to the Legislature of staffing activations for new prisons and camps (Item 5240-001-001).

The 1988 Budget Bill contains a provision requiring notification to the Legislature of CDC's plans to activate new prisons and camps and to hire associated personnel. This notification is required at least 30 days prior to

the planned hiring date. The Chairperson of the Joint Legislative Budget Committee (JLBC), however, may waive this requirement and authorize the department to fill the authorized positions before the end of the 30-day waiting period.

This language has been included in the last four Budget Acts to ensure that the Legislature is kept informed of the department's personnel requirements and to prevent the department from filling positions in situations where there are substantial delays or changes in construction schedules.

In our judgment, this language generally has been effective in ensuring that staffing activations are linked closely to the department's new prison activation schedule. We have found, however, that at times there have been problems with the notifications provided by the department, and that the information provided to the JLBC sometimes does not correspond to data provided to the JLBC by the Department of Finance concerning the amount of funding and number of authorized positions available in the CDC's budget for prison activation.

We believe that the direct involvement of the Department of Finance in the notification process, as is currently required under Sections 27.00 and 28.00 of the 1987 Budget Act, would be likely to improve notification to the Legislature regarding the CDC's intent to activate new prisons and to hire the associated staff. Accordingly, we recommend adoption of the following amendments to the proposed Budget Bill language in Provision 5 of Item 5420-001-001:

No positions for the new prisons and camps proposed for activation in the 1988-89 fiscal year may be filled prior to 30 days advance notification *by the Director of Finance* to the legislative fiscal committees and the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

Technical Issue—Revenue Bond Payments Should Be Budgeted In Separate Item

We recommend that the \$29.2 million General Fund appropriation for lease-purchase revenue bond payments be transferred from Item 5240-001-001 to a new Budget Bill item in order to make tracking of the payments easier and consistent with other items in the Budget Bill. (Reduce Item 5240-001-001 by \$29,194,000 and transfer the funds to a new item—Item 5240-003-001.)

The budget requests \$29.2 million for debt service payments and bond insurance required for lease purchase agreements for capital construction and equipment purchases for the Southern Maximum Security Complex at Tehachapi and the Mule Creek State Prison in Amador County. These projects were approved by the Legislature in prior legislation for financing by lease-purchase revenue bonds. Last year the Legislature approved payments and insurance for the Tehachapi project totaling \$12.5 million. The 1988-89 budget requests an increase of \$16.7 million for revenue bond payments and insurance for the Mule Creek project.

The Budget Bill specifies the amount available for lease purchase agreements for these construction projects in Provision 3 of Item 5240-001-001, the main support item for the department. We believe, however, that tracking of these payments would be easier if the amount is budgeted in a separate item. Moreover, this change would be consistent

DEPARTMENT OF CORRECTIONS—Continued

with the way other revenue bond payments are displayed in the Budget Bill. Specifically, the Budget Bill includes amounts proposed for this purpose for the University of California (UC) in Item 6440-003-001 and the California State University (CSU) in Item 6610-003-001. Both items are separate from the main support items for UC and CSU.

Accordingly, we recommend that Item 5240-003-001 be established, and that \$29,194,000 be transferred from Item 5240-001-001 to the new item. We further recommend that the Budget Bill language proposed in Provision 3 of Item 5240-001-001 be transferred to the new item as well.

Community Bed Activations Behind Schedule

We withhold recommendation on \$18.4 million requested to contract for 1,221 additional beds in the community bed program, pending analysis of updated information on bed activations to be included in the May revision.

The budget requests an augmentation of \$18.4 million from the General Fund to contract with private providers and counties for an additional 1,221 beds in the CDC's community-based bed program. The community bed program is an adjunct to the prison system that provides housing, supervision, counseling, and other programs for selected inmates to prepare them for re-entry into the community. The program also provides secure facilities for parolees returned to custody because they have violated the conditions of their parole.

The amount proposed in the budget includes funds for 900 additional beds in return-to-custody facilities (RTCs) for parole violators, 52 additional beds for inmate mothers with infants, 169 additional beds for work furloughes, and 100 additional beds for a residential treatment program for substance abusers. Funds are also included for 25 additional correctional and parole staff to supervise these individuals.

Activation Delays a Continuing Problem. The department's track record in bringing contracted community beds into use on schedule has been uneven. In 1983, the department projected that 2,000 beds would be available in the program by the beginning of 1983-84. Four years later, however, the number of community beds on line had only reached 1,224, or 61 percent of the projection, according to the department's June 1987 quarterly report to the Legislature.

Our review suggests that progress on individual contracts has been slow over the past year and a half as well. Based on information provided by the department, our analysis indicates that only about one-third of the 450 RTC beds the department contracted for beginning July 1, 1986 were actually available for occupancy as of December 1, 1987—sixteen months later. Further, even though the department entered into new contracts for an additional 650 RTC beds from July 1 to December 1, 1987, only 15 of these beds were actually available for use at the time this analysis was prepared.

The department advises that these delays generally result from unforeseen problems in constructing or renovating facilities after contracts have been signed. Similar delays have occurred in activation of work furlough beds and substance abuse treatment beds. Delayed activations exacerbate the problem of prison overcrowding.

Unrealistic Activation Schedules Result in Overbudgeting. To the extent that bed activation schedules are unrealistic for the budget year,

the department will receive funds for community beds that will not be needed for that purpose. This is because inmates will remain in prison beds for a longer period than planned, before being transferred into community beds. When funds appropriated for support of inmates in community beds are spent instead on support of inmates in overcrowded prison beds, the department accrues savings, because the prison beds are less costly than community beds.

Under the CDC's current budgeting practices, the department uses the savings accrued from late activations to enter into new contracts for additional beds in the same fiscal year. In the current year, for example, the department has used savings from late activation of RTC beds at three different facilities to finance contracts for two *new* facilities of 200 beds each. The department has thus increased its ongoing contractual commitment for RTC beds from the 875 beds originally contracted in the current year to 1,275 beds. Although the department has not incurred any costs above budgeted levels for these beds in the *current* year because the additional beds are funded through savings, these two contracts commit the state to an ongoing expenditure of over \$5 million in the *budget* year and beyond. The department has used savings to fund contracts for an additional 169 work furlough beds in the same manner.

While we recognize the benefits of expanding the department's community bed program in reducing institutional overcrowding and in providing special opportunities for inmates and parole violators, our review suggests that the department's current practice of using current-year savings to fund new contracts may pose problems. First, the department is entering into significant contractual commitments outside the normal budget process, thereby denying the Legislature the opportunity to review expansion of the program. Second, in view of the department's record of late activations, there is little reason to assume that contracts for new facilities financed with savings from other late activations will not themselves encounter some delays. If a cycle of such delay-financings should develop, the result could be to tie up an ever-increasing amount of funds in contracts that are lagging far behind schedule.

At the time this analysis was prepared, the department advised that it anticipated activation of 900 RTC and substance abuse treatment beds and 154 work furlough beds by March 1, 1988. We withhold recommendation on the budget request pending review of the department's performance in bringing these beds on line prior to the May revision.

Community Bed Program Needs Direction

We recommend that the department report to the fiscal committees prior to budget hearings on its goals and objectives for expansion of the community-based bed program.

The budget proposes to contract for an additional 1,221 beds in the CDC's community correctional facilities. The proposal would significantly expand the number of beds in each of four different programs. In our judgment, the department needs to provide more information on its goals for this program to enable the Legislature to evaluate the budget request.

The department's community bed program involves a diversity of programs of different sizes intended to serve several different types of inmates, ranging from parole violators with substance abuse problems to

DEPARTMENT OF CORRECTIONS—Continued

mothers with small children. The costs of the various programs are correspondingly diverse. Prisoner-mother programs, for example, tend to be more expensive than work furlough programs. This is because prisoner-mother programs pay for the mother's costs as well as a small portion of her child's costs, while work furloughees contribute a share of their earnings toward program costs. However, costs also vary considerably among programs of the same type. Not all of this variation can be explained by economies of scale. As an example, the cost to house parole violators in RTC facilities of identical size ranges from \$33 to \$44 per day.

Plan for Expansion Needed. The CDC's *Five-Year Facilities Master Plan* for 1987-1992 does not include a long-range plan for expansion of the community correctional program. The department's Parole and Community Services Division advises that it currently is in the process of developing such a plan, however. In our judgment, such a plan would be valuable in providing a rationale and a timetable for orderly expansion of the program, given the variation in costs and objectives of the different types of programs, and the limited progress of expansion thus far. This is particularly important from a fiscal perspective since it costs more to house an inmate in a community correctional facility than to house an additional inmate in an overcrowded state prison.

Accordingly, we recommend that the department report prior to budget hearings on its goals and objectives for expansion of the community bed program. Specifically, the department should report on:

- the department's goal for the number of beds on line in each category (RTC, work furlough, substance abuse, mother-infant, and restitution) by 1991;
- the basis for its projection of beds needed in each category;
- the department's methodology for determining acceptable costs for a proposed facility; and
- the department's plans for evaluating the success of its various community-based programs.

Reports Needed on New Approaches to Parole Supervision

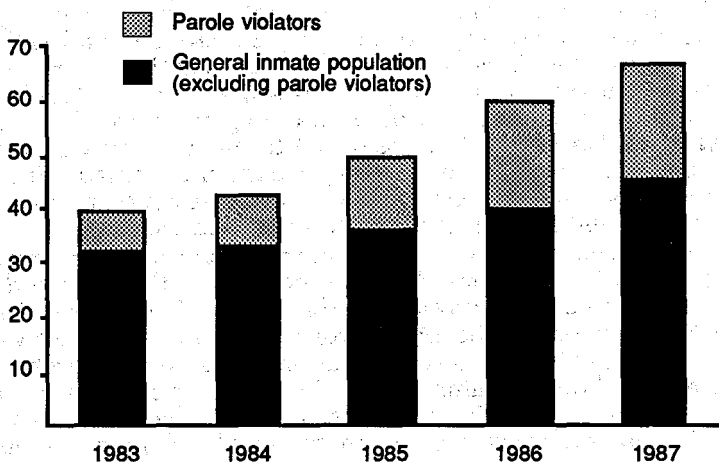
We recommend that the department report during budget hearings on its plans for submitting its report on alternative approaches for parole violators, as required by the Supplemental Report of the 1987 Budget Act.

We further recommend the adoption of supplemental report language directing the department to prepare specified reports on the implementation of its proposed new intensive parole supervision program.

In the *Supplemental Report of the 1987 Budget Act*, the Legislature directed the CDC to report on alternative approaches to reduce the growth in the parole violation rate and the number of parole violators housed in prison. The report was due to the Legislature's fiscal committees and the Joint Legislative Budget Committee by September 1, 1987. At the time this analysis was prepared, the report had not been received.

Background. As illustrated in Chart 3, the increasing number of parole violators returned to custody has been one of the main factors contributing to increasing prison populations. While many parolees are returned to prison because they have been convicted of a new criminal offense, a much larger number are returned to prison by the Board of Prison Terms

for technical violations, such as failing urine tests for drug usage, failing to report to a parole officer as required, or failing to follow the officer's instructions. The rate of returns-to-custody for such technical violations has continued to increase. In the first six months of 1987, approximately 2,000 technical parole violators were returned to prison per month, serving an average term of 3.7 months each.

Chart 3**Department of Corrections Inmate Population^a
1983 through 1987 (in thousands)**

^a Source: Department of Corrections. Data are as of December 31 for each year shown.

In last year's *Analysis*, we discussed several possible approaches to reducing the parole violation rate. These approaches included use of employment specialists to improve parolees' chances for employment, development of an institutional parole violator program focusing on helping the parolee to succeed on parole where he or she failed previously, development of intensive parole re-entry services to provide additional support and surveillance to parolees during the first few months of parole, use of electronic surveillance to monitor parolees' activities and whereabouts, and establishment of a parolee assistance program.

New Intensive Supervision Program Proposed. Even though the department has not provided the required report, the budget nonetheless includes a major new program to address the parole violator problem. The department's proposed Substance Abuse Revocation Diversion (SARD) program provides intensive supervision in the community to substance-abusing parolees who, if not for the program, would be returned to custody in state prison for technical drug violations. The budget includes a net reduction of \$4.4 million for the program, reflecting \$9 million in increased parolee supervision costs, offset by \$13.4 million in

DEPARTMENT OF CORRECTIONS—Continued

savings due to a projected reduction in inmate beds as a result of the program.

The department anticipates that 5,148 parolees with drug- or alcohol-related violations will be diverted from reincarceration annually through the SARD program. At any given time, the department projects that 1,287 parolees will be in the program, thus freeing an equal number of prison beds. According to the department, parolees who meet specified criteria will enter the program at the point where they otherwise would have been referred for a parole revocation proceeding before the Board of Prison Terms.

Parolees placed in the program will remain in the community under intensive supervision for an average of 90 days, beginning with a brief period of electronic surveillance. One parole agent and one parole services associate will be assigned for every 32 parolees, and will make face-to-face contacts with each parolee three to four times *per week*. (In contrast, under current guidelines parolees with high control and service needs must be seen face-to-face by a parole agent in the field at least twice a *month*.) Parolees will be required to maintain or seek employment or training, participate in drug treatment, remain drug and alcohol-free (as verified through frequent urine testing), provide community services, and make restitution to their victims.

Recommendation. The SARD program represents a major new initiative to deal with the problem of parole violators. Although the department deserves credit for developing this proposal, we note that the department has presented the SARD program to the Legislature without providing an analysis of alternative approaches to the problem, as required, and without explaining why the SARD program was chosen over other options. Accordingly, we recommend that the department report during budget hearings on its progress in developing the required report on alternatives for parole violators and on its plan for submitting the report to the Legislature.

We further recommend that the Legislature direct the department to submit reports evaluating the success of the SARD program. Although a recent RAND Corporation study suggests that similar programs have saved money and prison beds in other states, the SARD proposal represents an entirely new program for the CDC, involving new staffing patterns, policies, and objectives. The proposal further involves an exclusive focus on substance abusers that has not been tried, to our knowledge, in other intensive supervision programs. Given the scope of the program and its experimental nature, careful monitoring and evaluation are essential. Accordingly, we recommend that the Legislature adopt the following supplemental report language:

In order for the Legislature to monitor the success of the Department of Corrections' Substance Abuse Revocation Diversion (SARD) program, the department shall submit to the legislative fiscal committees and the Joint Legislative Budget Committee: (1) an interim report on implementation of the SARD program by September 1, 1989, and (2) a final report evaluating outcomes of the program by September 1, 1990.

The reports should specify the department's criteria for evaluation of the program and should also include: data on the number of partici-

pants in the program, the average length-of-stay, the amount of associated savings, the number and types of violations occurring within the program, the number of parolees returned to custody from within the program and the length of revocation sentences assigned, and the outcome of supervision as reflected in parolees' success or failure on parole after release from the SARD program.

Extend Full Work Credit to Parole Violators in Community Return-to-Custody Facilities

We recommend enactment of legislation to enable parole violators housed in community correctional facilities or county jail facilities to earn work credits according to the same formula as parole violators housed in state prison.

Background of Work Credit Legislation. The inmate work/training incentive program, which was established by Ch 1234/82, was designed to provide inmates with valuable work and training experience and to reduce unproductive inmate idleness. The program requires that "every prisoner shall have a reasonable opportunity to participate in a full-time credit-qualifying assignment in a manner consistent with institutional security and available resources." In addition to having a positive effect on inmate behavior, the work/training incentive program reduces incarceration costs by reducing the time many inmates serve in prison.

In 1987 the Legislature expanded this program to include technical parole violators through enactment of Ch 1435/87 (SB 16, Presley). This legislation provided that parole violators serving parole revocation sentences *in state prison* may earn work credits according to the same formula as regularly sentenced inmates. Under that formula, parole violators may reduce their sentence by one month for each month of their participation in a full-time educational or vocational program. Prior to passage of SB 16, parole violators in state prison earned only one month's credit for every two months of participation.

Some Parole Violators Still Excluded. Although most technical parole violators currently serve their revocation sentences in state prison, a small but growing number serve their sentences in community return-to-custody facilities (RTC's) operated by private providers or by county jails under contract with the state. Under current law, however, parole violators housed in these facilities continue to receive no more than one month's sentence reduction for every two months of participation in a credit-qualifying assignment. They thus earn work credits at a *lower* rate than parole violators housed in state prison who are participating in comparable work/training programs.

Exclusion Not Justified. Our analysis indicates that the disparity between the work credits granted to parole violators housed in prison and those housed in community RTC's is not justified by any difference between the two groups of parole violators themselves. On the contrary, while parole violators housed in *county* RTC's are generally no different from parole violators in state prison, *parole violators in privately-run RTC's are likely to be less serious offenders than parole violators housed in state prison.* This is because they must meet a set of selection criteria that eliminates offenders with a history of violent crime, sex offenses, poor institutional adjustment, or other disciplinary problems. Under current law governing work credits, however, these parole violators may nonetheless remain incarcerated longer than they would have been if housed in state prison.

DEPARTMENT OF CORRECTIONS—Continued

Credit-Qualifying Programs Available. The CDC advises that at the time SB 16 became law, county jails and private providers operating RTC facilities were not required to provide full-time work/training opportunities for parole violators, although many parole violators in these facilities did have work assignments or were participating in training programs. However, the CDC advises that it is currently standardizing its programming requirements for RTC's, so that all county or private RTC's now entering into contracts with the state will be required to offer educational or vocational programs that meet the work/training incentive program criteria. Furthermore, our analysis indicates that even where work/training opportunities are not currently available for *all* inmates housed in RTC facilities, the CDC's Parole and Community Services Division tabulates the participation of those parole violators who are involved in work or training, and thus is able to calculate the work credits earned.

The Legislature has expressed its intent to extend the work/training incentive program to parole violators, as well as inmates. Given this general policy, and given that an increasing number of inmates in community RTC's will be participating in credit-qualifying work/training programs, we recommend that parole violators housed in community RTC's be granted work credits by the same formula as those housed in state prison.

Fiscal Impact of Extending Full Work Credit to Parole Violators in Community Return-to-Custody Facilities. The CDC plans a significant expansion in the number of parole violators housed in community RTC facilities over the coming fiscal year. The recommended legislation would add the population of parole violators housed in these facilities to the number of parole violators eligible to earn full work credits under current law. By earning work credits at a faster rate, these additional parole violators would be released earlier, thereby saving beds and generating General Fund savings for the department. At the time this analysis was prepared, the CDC had not estimated these savings, but our review suggests that savings would increase with the department's expansion of the community RTC program.

How Will Proposed Parole Data Processing System Be Funded?

We recommend that the department report during budget hearings on its revised implementation timetable for installation of a distributed data processing system in the Parole and Community Services Division, and on how it plans to finance this system under the proposed budget.

The budget includes a net *reduction* of \$448,000 related to the installation of a distributed data processing system in the Parole and Community Services Division's (P&CSD) regional and unit offices. This reduction reflects costs of \$1.9 million for data processing staff and equipment, offset by an expected savings of 66 personnel-years and \$2.3 million from reduced staffing ratios.

Proposed System. The department's proposed automated system is intended to enable the P&CSD to perform integrated word processing, office automation, electronic mail, and data base management of all parole data in each region and unit office. The system will be compatible with the department's existing data processing system to allow transfer of

information between the P&CSD and institutions. Implementation of the system has been planned to proceed in stages, with equipment to be installed by region, one region per year, over five years.

Currently, the P&CSD uses a manual data collection and reporting system.

Start-Up Originally Proposed for the Current Year through Deficiency Process. The department initially hoped to begin implementation of this program in the current year, and requested \$1.7 million for this purpose in its December 1987 deficiency letter to the Legislature. No savings were anticipated in the current year. The department's budget request for 1988-89 was based on the assumption that the deficiency request would be approved, and that by July 1988 implementation of the system would be underway, thus enabling the department to accrue \$448,000 in net savings in the budget year. In every year thereafter, savings were projected to exceed costs, by up to \$854,000 in 1992-93, the final year of implementation.

The Chairman of the Joint Legislative Budget Committee (JLBC), however, recommended that the Director of Finance not approve deficiency funding for the proposal, because the department was unable to identify an urgent need to begin this program in the current year. In the absence of such a need, the JLBC found no justification for augmenting the CDC's budget midyear and bypassing the normal legislative review process in budget hearings throughout the spring.

Savings Projection Unrealistic. Furthermore, since the department's deficiency request was submitted, the CDC has advised that it will not be able to meet the implementation timelines on which its deficiency and budget-year requests were based. The department is currently trying to establish more realistic timelines.

Based on information provided by the department, our analysis indicates that it is likely to be at least a year from the time the automation system project is initiated before any personnel-year savings can be achieved. Department staff suggest that (1) as much as six months may elapse between the time the data processing equipment is purchased and the time it is actually received, and (2) installation of that equipment will proceed only gradually over the remaining six months. In addition, individuals using the equipment will have to be thoroughly trained before any efficiencies can be realized. For these reasons, it is unlikely that the department will be in a position to significantly reduce its staffing ratios in any of the regions before 1989-90, at the earliest. Accordingly, we question whether the department will be able to achieve any savings in the budget year to offset the costs of the project.

Our review indicates that the department's proposal to install a distributed data processing system in the Parole Division's regional and unit offices has merit. However, in light of the project delays and the likelihood that few, if any, savings from the automation project will be realized in the budget year, we recommend that the department report during budget hearings on (1) its revised implementation timetable, and (2) its plans for financing the proposed automation system given the budgeted reduction of \$448,000.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY

Item 5240-301 from the 1988
Prison Construction Fund

Budget p. YAC 31

Requested 1988-89.....	\$25,856,000
Recommended approval	23,391,000
Recommended reduction.....	1,149,000
Recommendation pending	1,316,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Facilities Master Plan and Needs for New Prison Facilities in 1988-89. Recommend that, prior to budget hearings, the department report to the Legislature on appropriation needs for 1988-89 for new prisons, based on its Facilities Master Plan. 760
2. Bond Fund Condition Statements. Recommend that, prior to budget hearings, the Department of Finance provide the Legislature with detailed fund condition statements for prison bond funds. 762
3. Excess Fund Balances, Corcoran Prison Project. Recommend adoption of new Control Section (a) directing that revenue bond monies not needed for capital outlay project costs at the Corcoran prison project (an estimated \$38.7 million) be reserved in order to offset General Fund payments needed to pay bond debt service and (b) requiring notification of designated legislative committees of any expenditures of these funds for capital outlay purposes at the Corcoran project. (Potential future General Fund savings: \$38.7 million.) 762
4. Capital Outlay Scope Change Policy. Recommend that, prior to budget hearings, the Department of Corrections and the Department of Finance report to the Legislature on the criteria each department uses in determining whether to notify the Legislature of capital outlay scope changes pursuant to the Government Code. 764
5. Primary/Secondary Electrical Upgrade—Soledad. Withhold recommendation on \$117,000 requested for preliminary plans and working drawings, pending receipt of information substantiating the need for additional funds for preliminary plans and construction. 768
6. Projects to Attain Hospital Licensure. Recommend adoption of Budget Bill language requiring certification of working drawings and construction change orders by the Department of Health Services to assure compliance with hospital licensing requirements. 769
7. *Hospital Licensure Projects—Vacaville and Chino. Reduce Item 5240-301-747 by \$864,000.* Recommend deleting \$600,000 requested in subitem (18) for the hospital licensure project at Vacaville to eliminate excessive allowance for construction contractor overhead. Recommend deleting 769

- \$264,000 requested in subitem (16) for the hospital licensure project at Chino to eliminate excessive allowances for contractor overhead and construction contingency.
8. ***Segregated Housing Unit Yard Gun Posts—Tehachapi.*** 771
Reduce Item 5240-301-747 by \$49,000. Recommend deletion of subitem (4) and \$49,000 requested for preliminary plans and working drawings for yard gun posts at Southern Maximum Security Complex (Tehachapi) because the department still has not justified the project, which was deleted from the 1987 Budget Bill by the Legislature. (Future savings: \$635,000.)
 9. ***Replace Cell Doors/Locks, North Facility—Soledad.*** 771
 Withhold recommendation on \$71,000 requested for working drawings, pending review of a value engineering analysis funded by the Legislature which is more than a year overdue.
 10. ***Security Processing Facilities—Folsom.*** 772
 Withhold recommendation on \$1,128,000 requested for construction of security processing facilities, pending receipt of (a) value engineering analysis, (b) preliminary plans and (c) cost estimate.
 11. ***Visitor Reception/Processing Center and Remodel Gatehouse—Chino.*** 772
Reduce Item 5240-301-747(17) by \$36,000. Recommend deleting (a) gatehouse remodeling and (b) excess project administration costs resulting in a reduced cost for preliminary plans and working drawings. (Future savings: \$163,000.)
 12. ***General and Advance Planning/Studies.*** 773
Reduce Item 5240-301-747(1) by \$200,000. Recommend deleting funds for general and advance planning and studies because the department has not specified (a) how it will spend the funds, (b) the basis for the amount requested and (c) how it will spend \$6.3 million already available to it for planning and studies.

OVERVIEW OF THE BUDGET REQUEST

Perhaps the most notable thing about the Department of Corrections' proposed capital outlay budget for 1988-89 is what it does *not* request. The department is in the midst of a \$2.3 billion capital outlay program to bring on new prison facilities and has issued a five-year capital outlay plan that calls for *up to \$652.5 million in additional funding in 1988-89* for new facilities. The budget, however, does not propose any appropriations for new prison facilities. Instead, the budget request is limited to renovations and modifications at existing facilities, totaling \$25.9 million.

Another notable point about the department's capital outlay request is that the budget proposes funding all of these existing facility projects from the 1988 Prison Construction (Bond) Fund. The establishment of this fund depends on the enactment of legislation creating it and approval by the voters of a general obligation bond issue. At the time this analysis was written, the Legislature was considering SB 468, that would place an \$850 million bond program on the June ballot. Assuming that the Bond Act is approved by the voters in June 1988, work on these projects will not start until loans are arranged from the Pooled Money Investment Account. We estimate that this will not occur until August 1988 at the

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

earliest. Thus, work on the department's 1988-89 program will not begin until at least the end of the first quarter of the budget year.

The Legislature already has appropriated \$294 million for new prison facilities from the 1988 Prison Construction Fund, in anticipation of its establishment. The sum of the amounts (1) already appropriated from the 1988 Prison Construction Fund, (2) proposed in the budget and (3) proposed in the department's five-year capital outlay plan imply a near-term funding need for youth and adult correctional facilities of *more than \$1 billion*.

ANALYSIS AND RECOMMENDATIONS**New Prison Construction Plan**

We recommend that, prior to budget hearings, the department report to the Legislature on appropriation needs for its new prison construction program in 1988-89.

The Legislature Needs to Receive Information on a Timely Basis. Over the last few years the Department of Corrections has not presented its plans and funding requests for new prison construction in the Budget Bill. Instead, it has presented its funding request for new facilities in separate legislation, generally late in the legislative session. For example, in 1987 the department's request for \$225 million for a women's prison in Madera County was presented to the Legislature in July as amendments to AB 911. The department was unable to provide the Legislature with a meaningful basis for the requested amount (which was proposed to cover all project phases from site acquisition to completion of construction) since it had not selected a site for acquisition nor prepared a master plan for the proposed facility. The department presented its request for an additional \$6.3 million for unspecified new facilities in August 26 amendments to AB 911.

This process has placed the Legislature in a very difficult position. On the one hand, inmate population is growing at a rapid rate and new prisons are needed. On the other hand, the Legislature is not given sufficient information upon which to evaluate the department's new prison requests in the context of an overall approach to the state's youth and adult correctional facilities needs. We believe that with proper planning on the department's part, there is no reason why it cannot include its capital outlay plan and funding request in the annual Governor's Budget, so that the Legislature has the opportunity to fully evaluate them in concert with the department's programmatic and staffing proposals. Legislative oversight of the department's activities is hampered when it is unable to review both components (capital outlay and state operations) at the same time because of the interrelationship between new facilities and the increased staff and related costs to operate them.

Five-year Facilities Master Plan. When the legislative fiscal committees were considering the 1987-88 Budget they did not have meaningful information regarding the department's plans for new prison construction because the department had not prepared its five-year facility master plan for 1987-1992. In response to this situation, the committees adopted language in the *Supplemental Report of the 1987 Budget Act* directing the department to submit its annual facilities master plan by December of each year, in order for the plan to be considered by the

Legislature as part of the budget process. On December 31, 1987, the department provided our office a draft copy of its Facilities Master Plan for 1988-1993. The final plan was received February 5, 1988.

The plan proposes a total of 17,500 new prison beds at an estimated cost for planning, acquisition and construction of \$1.4 billion over the five-year period. Of this estimated amount, the plan identifies \$652.5 million for four "Stage 1" projects for which the plan says "funding will need to be available by mid-1988." It is not clear from this statement whether the department believes that the entire \$652.5 million needs to be appropriated for these projects by mid-1988. It is evident, however, that the department believes that some appropriations will be needed in the near future for each "Stage 1" project.

Despite the plan's statement that funding will need to be available for four new projects by mid-1988, the budget does not propose any appropriations for new prison projects. Moreover, the Facilities Master Plan does not identify (1) *where* the department proposes to build the four facilities for which it believes funding is needed by the start of the budget year, (2) a *time frame* for authorization, planning, and construction of new facilities, or (3) an *assessment* of what projects and/or actions would be needed in the event underlying assumptions, such as projected population, change over time. Department staff advise that the four facilities for which funding is needed by mid-1988 are planned for the following locations:

- A 2,200-bed prison in northern Los Angeles County, at the "Mira Loma" site, west of the City of Lancaster, designated by the Legislature in Ch 165/87,
- a 2,200-bed prison somewhere in Imperial County (Ch 1056/87 directed the department to prepare suitability studies and an EIR for a site in Imperial County),
- a 2,450-bed reception center/prison in the vicinity of Wasco, Kern County (Ch 1056/87 directed the department to prepare suitability studies and an EIR for a site in western Kern County), and
- a 2,450-bed reception center/prison in the vicinity of Delano, Kern County.

When the fiscal committees adopted the supplemental report language calling for submittal of the facilities master plan as part of the budget process, they were concerned about reviewing the department's new facility needs in the context of the annual budget. The lack of information in the department's 1988-1993 plan and the absence of new prison facility proposals in the budget run counter to the expressed intent and hamper legislative oversight of the prison construction program. In view of the above, we recommend that, prior to budget hearings, the department report to the fiscal committees on its 1988-89 appropriation needs for new prison facilities, including a schedule of the estimated amounts needed to complete the facilities and schedules for completion of the various phases of development. The report should include the type of information that normally is provided to the Legislature for capital outlay projects such as feasibility studies, environmental impact reports, acquisition appraisals, and detailed cost estimates.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued**Bond Fund Condition Statements**

We recommend that, prior to budget hearings, the Department of Finance provide the Legislature with detailed fund condition statements for prison bond funds.

The Governor's Budget document normally includes formal statements of the fund condition for all funds. For each fund, the statements display actual expenditures for 1986-87, estimated expenditures for the current year and proposed expenditures for the budget year. The budget does not include these statements for prison bond funds. In order for the Legislature to have complete information regarding the status of these bond funds, we recommend that, prior to budget hearings, the Department of Finance provide the Legislature with the information.

Reservation of Unneeded Fund Balances, Corcoran Prison Project

We recommend that the Legislature adopt Budget Bill language (1) directing that \$38.7 million of revenue bond proceeds be reserved for the purpose of offsetting General Fund payments needed to retire revenue bond debt for the Corcoran prison and (2) requiring notification of designated legislative committees prior to expenditures of these funds for capital outlay purposes at the Corcoran project. (Potential General Fund savings of \$34.8 million in 1989-90 and \$3.9 million in 1990-91).

Funding Availability for the Corcoran Prison Project. The Legislature has made three separate appropriations totaling \$371.1 million for acquisition, planning and construction of a 2,916-bed prison at Corcoran in Kings County. These appropriations consist of \$5.0 million from the Special Account for Capital Outlay, \$21.0 million from the 1984 Prison Construction Fund (bonds) and \$345.1 million in revenue bonds.

Table 1
Department of Corrections
Capital Outlay
Available Funding and Estimated Project Costs
Corcoran Prison Project
December 31, 1987
(dollars in thousands)

Available Funding:	
Special Account for Capital Outlay.....	\$5,000
1984 Prison Construction (Bond) Fund.....	21,000
Revenue bonds, Construction Fund.....	234,138
Revenue bonds, interest earnings.....	24,700
Total, available funding.....	\$284,838
Estimated Project Costs^a:	
Awarded construction contracts.....	\$171,463
Acquisition, project administration, equipment.....	54,798
PIA ^b construction and equipment.....	18,600
Infirmary.....	1,253
Total, project costs.....	\$246,114
Available funding.....	\$284,838
Estimated project costs.....	246,114
Excess funds.....	\$38,724

^a Department estimates.

^b PIA = Prison Industry Authority.

Chapter 932, Statutes of 1985, authorized the State Public Works Board (PWB) to issue revenue bonds for the Corcoran prison and continuously appropriated the bond proceeds. In 1986 the PWB issued \$345.1 million of bonds for Corcoran. Of this amount, \$234.1 million was allocated for the estimated costs of planning and constructing the prison. The balance of the issue—\$111.0 million—was set aside in reserve accounts required for debt service purposes and for bond issuance and underwriting costs. In addition, the department estimates that the bond proceeds allocated for planning and construction costs will generate *\$24.7 million of interest earnings* which also would be available for project purposes. Thus, a total of \$284.8 million is available for capital outlay expenditures at Corcoran, as summarized in Table 1.

Revenue Bond Provisions. Under the revenue bond provisions, the PWB borrows funds from financial markets to build prisons. Upon completion of construction the PWB takes title to the facility and leases it to the department. The department makes lease payments to the PWB, using General Fund appropriations that are included in its support budget, which the PWB then uses to pay off the bonds. Beginning in 1989-90, the department's lease payments for the Corcoran facility will be approximately \$34.8 million annually, continuing until September 1, 2005.

Estimated Project Costs. To date, all construction bid packages have been awarded for legislatively approved work at Corcoran, with the exception of a bid package for construction of an infirmary. Based on those bid awards, and allowing for the estimated costs for (1) the infirmary and (2) other project costs such as acquisition, project administration, and construction and equipping of Prison Industry Authority facilities, the department estimates a total project cost of \$246.1 million.

Table 1 shows that the amount available for capital outlay expenditures at Corcoran exceeds the estimated cost of the Corcoran construction project by approximately \$38.7 million. Of this amount, \$12.8 million of revenue bonds is set aside in a "project augmentation reserve." An additional \$25.9 million are bid savings—the amount by which the department's pre-bid estimates of construction contract costs exceeded the amounts actually awarded for the contracts. Under a policy adopted by the PWB in 1985, the Department of Finance may allocate up to \$1.7 million of these bid savings to pay construction change orders, contractor claims and other cost overruns *without further review by the PWB*. More importantly, *the entire \$38.7 million in excess funds for this project could be spent on cost overruns without prior notification to the Legislature.*

Our analysis indicates that the \$38.7 million is *not* needed to complete the Corcoran project. The amount already awarded for construction contracts includes a standard 5 percent contingency allowance which should be adequate to address any unforeseeable circumstances that arise during the remainder of the construction period. The Legislature, however, *could* use the \$38.7 million to address other state priorities. For example, the Legislature could specify that \$38.7 million of revenue bond monies be used to offset General Fund expenditures that otherwise will have to be made in 1989-90 and 1990-91 to pay principal and interest on the revenue bond debt. (Under the schedule specified in the revenue bond issue for Corcoran, the first debt service payments from the General Fund are due in 1989-90.)

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

Alternatively, the Legislature could revert the remaining unencumbered balance of 1984 prison bond funds—\$17.6 million— so that it would be available for appropriation by the Legislature for other prison projects. In that case, the remaining balance of excess project funds (\$21.1 million) would be revenue bond monies available to offset General Fund debt service payments. (Some flexibility in available funding sources exists because the department has not yet encumbered all funds that it estimates will be needed to complete the project.)

In order to maximize the Legislature's flexibility in addressing state-wide fiscal needs, we recommend the option which has the effect of freeing up the most General Fund monies. Accordingly, we recommend that the Legislature adopt the following Budget Bill language in a new Control Section to specify that excess revenue bond monies be used to offset General Fund debt service payments on the revenue bonds:

Neither the Department of Corrections nor the Department of Finance may take any actions which result in the cumulative encumbrance of an amount exceeding \$220,114,000 of the proceeds of lease-purchase (revenue) bonds issued for construction of the state prison at Corcoran which are deposited in the Construction Fund, including any interest earnings thereon, unless not less than 30 days prior to the action or actions, the Director of Finance notifies the Chairpersons of the Joint Legislative Committee on Prison Construction and Operation and the fiscal committees of the Senate and Assembly of the need to encumber additional amounts.

It is the intent of the Legislature that the unencumbered balance of bond proceeds deposited in the Construction Fund for the Corcoran prison, including all interest earnings thereon, shall be reserved for the sole purpose of repaying principal and interest due on the lease-purchase bonds during 1989-90 and 1990-91, in order to offset General Fund payments that otherwise would be necessary.

This language would require, prior to expenditure of additional funds for capital outlay purposes at Corcoran, notification to the same committees designated under Penal Code Section 7003 to review preliminary plans for new prison projects. Also, the amount available to offset General Fund debt service payments may be reduced prior to budget hearings by \$8.6 million if the Joint Prison Committee approves a pending request by the department to add a 50-bed acute care hospital to the project scope.

Our preliminary analysis of cost status information for other prison construction projects indicates that additional fund balances in excess of estimated project costs may exist. If further analysis confirms this, we will advise the Legislature through a supplemental analysis prior to budget hearings.

Capital Outlay Project Scope Change Policy

We recommend that the Department of Corrections and the Department of Finance report, prior to budget hearings, on their criteria for determining when changes in capital outlay project scope should be reported to the Legislature pursuant to the Government Code.

Capital Outlay Project Scope Changes Under Existing Law. When the Legislature appropriates funds for construction projects, it concurrently approves a project scope that delineates the nature and extent of

facilities to be constructed. Generally, following appropriations for construction projects, the PWB must approve preliminary plans for projects prior to release of funds to prepare working drawings. Existing law also requires the Department of Finance, prior to PWB consideration of plans, to certify to the Legislature that preliminary plans are consistent with legislatively approved scope and cost. Following PWB approval of preliminary plans, Government Code Section 13332.11(b) requires that "No substantial change shall be made from the preliminary plans or working drawings as approved by the State Public Works Board and the Department of Finance without written approval from the Department of Finance." Subdivision (f) of the section adds that "If, pursuant to other provisions of this section, the Department of Finance approves changes to the approved scope or cost [of a capital outlay project], or both, the department shall report the changes and associated cost implications [to the Chair of the Joint Legislative Budget Committee]".

Significant Changes in Project Scope Are Not Being Reported—Corcoran Prison Project. In June 1986 the department sent the Legislature preliminary plans for an infirmary for the new prison under construction at Corcoran which was similar to health care facilities at other new prisons. The infirmary preliminary plans were approved by the Legislature through the reporting requirements of Penal Code Section 7003 and subsequently by the PWB. Subsequently, the department prepared preliminary plans for a *50-bed acute care hospital*, at a cost of \$267,000. The future cost for working drawings and construction is estimated to be \$8.6 million. Moreover, the annual cost of staffing the hospital will be approximately \$4.0 million more than staffing the infirmary.

When the decision was made to change the approved scope and cost of the health care facilities at Corcoran, the Department of Finance did not notify the Legislature. In November 1987, 16 months after the Legislature had approved the infirmary plans, the Department of Corrections sought approval of the completed preliminary plans for the hospital from the Joint Committee on Prison Construction and Operations pursuant to Penal Code Section 7003. At a hearing on December 21, 1987, the committee requested that the department resubmit the hospital proposal after the department submits an overdue systemwide health care services plan. At the time this analysis was written, the plan had not been submitted.

According to the department, the preparation of preliminary plans for an acute care hospital did not constitute a substantial change to the approved preliminary plans for an infirmary because "the hospital is in addition to the original infirmary." We do not agree with the department. The department's revised project represents such a significant change, that the prior preliminary plans for the infirmary (approved by the PWB) were discarded and the project was redesigned to be both an infirmary and an acute care hospital. Changes of this magnitude by other departments have resulted in the revised proposal being resubmitted to the Legislature.

Folsom State Prison. Another example of the department making a substantial change in project scope and contending that notification of the Legislature was not required relates to Folsom State Prison. In May 1986, the PWB approved preliminary plans for \$5.2 million of court-mandated modifications to the kitchen at the old state prison at Folsom,

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

pursuant to an appropriation for that purpose in Ch 1314/86. Subsequently, the department revised the plans to include expanding the "cook/chill" kitchen at the *new* Folsom prison (California State Prison—Sacramento County) and converting the old prison kitchen into a *satellite* of the "cook/chill" kitchen. In September 1987, we asked for additional information on the revised plans, including under what authority the department was proceeding in substantially changing the project.

The department replied in early January 1988, stating that, "Since the kitchen renovation redesign continues to fulfill the intent of legislation and PWB, as well as the court mandates, we do not feel the redesign is a scope change." We are not able to determine if the redesign fulfills legislative intent because the department has not provided (1) an explanation of how this revised proposal meets the court mandated improvements, or (2) capital and support cost comparisons of the two projects.

Summary. Legislative oversight of capital outlay appropriations requires that the Legislature be notified of approved changes in scope and cost. Absent such notification, the Legislature has no way to monitor whether funds are being expended in the intended manner. The foregoing examples suggest that the workability of the existing system is breaking down and may require more definitive criteria in order to ensure legislative notification of such changes. Consequently, we recommend that, prior to budget hearings, the Department of Corrections and the Department of Finance report to the Legislature on the criteria they use to determine when to notify the Legislature of scope changes pursuant to Government Code Section 13332.11.

PROJECTS REQUESTED IN THE 1988-89 BUDGET

For discussion purposes, we have divided our analysis of the capital outlay projects included in the budget for the Department of Corrections into seven descriptive categories. For each category, Table 2 shows the amounts requested in the Budget Bill and the department's estimate of future project costs.

Table 2
Department of Corrections
1988-89 Capital Outlay Program
Item 5240-301-747
(dollars in thousands)

<i>Project Category</i>	<i>Number of Major Projects</i>	<i>Budget Bill Amount</i>	<i>Estimated Future Cost^a</i>
A. Emergency electrical system improvements.....	12	\$11,217	—
B. Other utility improvements	3	765	\$2,798
C. Projects to attain hospital licensure	3	8,819	—
D. Security improvements	6	2,227	6,613
E. Other major projects	2	396	1,384
F. Planning and studies	NA	255	—
G. Minor capital outlay	NA	2,177	—
Totals	26	\$25,856	\$10,795

^a Department estimates.

A. Emergency Electrical System Improvements—Statewide*We recommend approval.*

The department's 1988-89 budget includes \$11.2 million for the construction phase of emergency electrical system improvements at twelve correctional facilities as summarized in Table 3. The Legislature has appropriated \$1.1 million for preliminary plans and working drawings for these projects. Preliminary plans have been completed for each of the twelve projects. The department expects to complete the construction phase of improvements on all projects during the budget year. Our review indicates that the projects are consistent with the scope approved by the Legislature and are within the overall amounts recognized by the Legislature in supplemental report language. According to the department, there are no future costs associated with these projects.

Table 3
Department of Corrections
1988-89 Capital Outlay Program
Emergency Electrical Projects
Item 5240-301-747
(dollars in thousands)

Sub-Item	Location	Budget Bill Amount	Analyst's Recommendation
(2)	Susanville	\$376	\$376
(3)	Tehachapi	377	377
(5)	Soledad	2,381	2,381
(10)	Tracy	867	867
(12)	Folsom	818	818
(15)	Chino	2,714	2,714
(19)	Vacaville	776	776
(20)	San Luis Obispo	800	800
(23)	San Quentin	577	577
(24)	Frontera	312	312
(26)	Norco	712	712
(28)	Jamestown	507	507
Total		\$11,217	\$11,217

B. Other Utility Improvements

The budget includes \$765,000 in Item 5240-301-747 for three utility improvement projects as summarized in Table 4.

Table 4
Department of Corrections
1988-89 Capital Outlay Program
Other Utility Improvement Projects
Item 5240-301-747
(dollars in thousands)

Sub-Item	Project Title	Location	Phase ^a	Budget Bill Amount	Analyst's Recommendation	Estimated Future Cost ^a
(6)	Upgrade primary/secondary electrical	Soledad	pw	\$117	pending	\$1,963
(8)	Rehabilitate sewage treatment plant, phase II	Tracy	c	585	\$585	—
(11)	Upgrade primary/secondary electrical	Tracy	pw	63	63	835
Totals, other utility improvement projects				\$765	\$648	\$2,798

^a Department estimates.

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

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued**Primary/Secondary Electrical Upgrade, Soledad**

We withhold recommendation on \$117,000 requested in Item 5240-301-747(6) for preliminary plans and working drawings for upgrading the primary/secondary electrical distribution system at Soledad pending receipt of information substantiating the need for additional funds for preliminary plans and construction.

The Legislature appropriated \$31,000 in the 1985 Budget Act for preliminary plans for upgrading the primary/secondary electrical distribution system at the Correctional Training Facility (Soledad). The Legislature, in the *Supplemental Report of the 1985 Budget Act*, directed the department to "expedite completion of preliminary plans" for this project. The department now estimates that preliminary plans will be completed in November 1988. The 1988-89 request includes an additional \$26,000 to complete preliminary plans. The department has not explained why the amount appropriated by the Legislature in the 1985 Budget Act is insufficient to complete preliminary plans.

According to the *Supplemental Report of the 1985 Budget Act*, the department's estimated cost for the construction phase of the improvements was \$1,385,000. Adjusting for inflation would indicate a current estimate of approximately \$1,435,000 for the construction phase. The department, however, now estimates that construction costs will be \$1,963,000. This is \$528,000, or 37 percent, more than the original estimate adjusted for inflation. The department has not substantiated this increase.

In view of the above, we withhold recommendation on the amount requested in Item 5240-301-747(6), pending receipt of information substantiating the need for additional funds for preliminary plans and construction.

Phase II Rehabilitation of Sewage Treatment Plant, Tracy

We recommend approval.

The budget includes \$585,000 in Item 5240-301-747(8) for construction of Phase II improvements to the sewage treatment plant at the Duel Vocational Institution (Tracy). The Legislature appropriated \$62,000 in the 1987 Budget Act for preliminary plans and working drawings for this project. Our review indicates that the budget request is consistent with the scope and cost previously approved by the Legislature.

Primary/Secondary Electrical Upgrade, Tracy

We recommend approval.

The budget includes \$63,000 in Item 5240-301-747(11) for preliminary plans and working drawings for upgrading the primary/secondary electrical distribution system at Tracy. The department estimates future construction costs of \$835,000. The project scope and cost are based on the recommendations of a study funded by the Legislature in the 1985 Budget Act.

C. Projects to Attain Hospital Licensure

The department's 1988-89 budget includes \$8.8 million for the construction phase of three projects to attain hospital licensure, as summarized in

Table 5. The 1986 Budget Act appropriated \$413,000 for program planning, preliminary plans and working drawings for these projects. According to the department, there are no future costs associated with these projects.

Table 5
Department of Corrections
1988-89 Capital Outlay Program
Hospital Licensure Projects
Item 5240-301-747
(dollars in thousands)

<i>Sub-Item</i>	<i>Location</i>	<i>Budget Bill Amount</i>	<i>Analyst's Recommendation</i>
(16)	Chino.....	\$1,752	\$1,488
(18)	Vacaville.....	5,116	4,516
(21)	San Luis Obispo.....	1,951	1,951
	Totals.....	\$8,819	\$7,955

Compliance With Hospital Licensing Requirements

We recommend that the Legislature adopt Budget Bill language requiring certification by the Department of Health Services of working drawings and construction change orders to assure compliance with hospital licensing requirements.

The Supplemental Report of the 1986 Budget Act directed the Department of Corrections to notify the Legislature of the completion of preliminary plans for the hospital licensure projects and to include in that notification a written statement from the appropriate licensing agency certifying that the facility improvements as indicated in the preliminary plans comply with hospital licensing requirements. The department's October 1987 notification to the Legislature of the completion of preliminary plans included the required statement from the Department of Health Services. In order to assure that the working drawings for these projects carry out the legislative intent that the facility improvements result in licensed hospitals, we recommend that the Legislature adopt the following Budget Bill language:

Upon the completion of working drawings for each of the hospital licensure projects funded by this item, and prior to proceeding to bid on each project, the Director of the Department of Corrections shall secure written statements from the Department of Health Services certifying that upon completion of the work as indicated in the working drawings, the physical facilities at the respective hospitals would meet the most recent licensing requirements. Prior to approving construction contract change orders for any of the hospital licensure projects funded by this item, which, in the estimation of the Department of Corrections, may affect the licensing requirements of a facility, the Department of Corrections shall secure a statement from the Department of Health Services certifying that, upon completion of the work, as indicated by the change order, the physical facilities at the respective hospitals would meet the most recent licensing requirements.

Hospital Licensure Projects, Vacaville and Chino

We recommend that the Legislature reduce Items 5240-301-747(16) and 5240-301-747(18) for hospital licensure improvements at Chino and

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

Vacaville by \$264,000 and \$600,000, respectively, to eliminate an excessive construction overhead attributable to phasing of construction and for excessive construction contingency.

The Budget Bill amounts for hospital licensure improvements at the California Institution for Men at Chino (\$1,752,000) and the California Medical Facility at Vacaville (\$5,116,000) include lump sum allowances of \$211,000 and \$814,000, respectively, for additional construction contractor overhead costs. These additional costs arise from the need to phase construction in order to minimize disruption of existing hospital operations. The proposed added cost, however, is more than double the amounts that otherwise would be provided for contractor overhead on each project.

The department's hospital licensure project at San Luis Obispo (proposed in the budget) and its infirmary remodeling project at San Quentin (funded in the 1987 Budget Act) also include allowances for additional overhead associated with phasing. In these cases, the added cost is not unreasonable because the amounts reflect a considerably smaller percentage of normal overhead costs—31 percent and 45 percent, respectively. The department has not provided any analytical basis for providing a higher allowance at Chino and Vacaville. We therefore recommend that allowances for additional overhead at Chino and Vacaville be limited to 45 percent of the normal overhead amounts. This would result in a reduction of \$152,000 for the Chino project and \$600,000 for the Vacaville project.

The Chino request also includes \$112,000 more for construction contingency than is generally provided for a remodel project (7 percent of estimated construction costs). This project is similar to the other hospital licensing remodel projects and there is no apparent need for additional construction contingency.

Thus, we recommend that Item 5240-301-747(16) for Chino be reduced by \$264,000 and approved in the reduced amount of \$1,488,000. We recommend that Item 5240-301-747(18) for Vacaville be reduced by \$600,000 and approved in the reduced amount of \$4,516,000.

Hospital Licensure Project, San Luis Obispo

We recommend approval.

The budget includes \$1,951,000 in Item 5240-301-747(21) for facility improvements to attain licensure of the hospital at the California Men's Colony in San Luis Obispo. Our review indicates that the proposed scope and cost are consistent with prior legislative approvals for this project.

D. Security Improvements

The budget includes \$2.2 million for security improvements at six correctional facilities. These projects are summarized in Table 6. We recommend approval of three projects totaling \$979,000 as outlined in Table 6. The work and associated costs for these projects are reasonable and we therefore recommend approval. A discussion of the other projects and our recommendation for each follows.

Table 6
Department of Corrections
1988-89 Capital Outlay Program
Security Improvements
Item 5240-301-747
(dollars in thousands)

Sub-Item	Project	Location	Phase ^a	Budget Bill Amount	Analyst's Recommendation	Estimated Future Cost ^b
(4)	Segregated housing unit yard gun posts.....	Tehachapi	pw	\$49	—	\$635
(7)	Replace cell doors/locks - North Facility.....	Soledad	w	71	pending	2,643
(9)	Replace locking system, East and West Halls.....	Tracy	pw	95	\$95	1,649
(13)	Security processing facilities.....	Folsom	c	1,128	pending	—
(14)	Renovate locking devices, Birch Hall.....	Chino	wc	806	806	—
(29)	Security locks/doors - Calaveras Unit.....	Jamestown	pw	78	78	1,686
	Totals.....			\$2,227	\$979	\$6,613

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

^b Department's estimates.

Segregated Housing Unit Yard Gun Posts, Tehachapi

We recommend deletion of \$49,000 requested in Item 5240-301-747(4) for preliminary plans and working drawings for yard gun posts at the Southern Maximum Security Complex (Tehachapi) because the department still has not justified this project, which the Legislature deleted from the 1987 Budget Bill. (Future savings: \$635,000).

The budget includes \$49,000 in Item 5240-301-747(4) for preliminary plans and working drawings to construct eight guard posts overlooking the recreation yards at the segregated housing units at the Southern Maximum Security Complex. The department estimates that the construction phase of the project will cost \$635,000.

According to the department, the design of the control rooms and exercise yards at the recently constructed Southern Maximum Security Complex in Tehachapi result in "blind spots" in the yards that cannot be seen from the guard control rooms. The department's proposed solution is to build eight gun posts atop the walls surrounding the yards, each gun post overlooking two neighboring yards. This is the same proposal that the Legislature rejected during last year's budget hearings because the department could not substantiate that the proposal was the best way of addressing the problem. The department has not provided any additional information to justify the project. We therefore recommend that the Legislature delete the \$49,000 requested in Item 5240-301-747(4). (Future savings: \$635,000).

Replace Cell Door/Locks, North Facility, Soledad

We withhold recommendation on the \$71,000 requested in Item 5240-301-747(7) for working drawings to replace cell doors and locks at Soledad, pending review of a value engineering analysis previously funded by the Legislature.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

The budget includes \$71,000 in Item 5240-301-747(7) for working drawings to replace cell doors and locks at the North Facility at Soledad. The department estimates future construction phase costs of \$2.6 million. The Legislature appropriated \$52,000 in the 1986 Budget Act for preliminary plans and a value engineering analysis which would examine the most cost-effective designs for new cell doors and locks at North Facility. The *Supplemental Report of the 1986 Budget Act* stated that the preliminary plans and value engineering analysis were to be completed in time for review as part of the 1987-88 Budget. At the time this analysis was written, neither the preliminary plans nor the value engineering analysis were completed. According to the department, these documents will be ready in late February or early March. Pending review of these documents, we withhold recommendation on the amount requested in Item 5240-301-747(7).

Security Processing Facilities, Folsom

We withhold recommendation on the \$1,128,000 requested in Item 5240-301-747(13) for construction of security processing facilities at Folsom State Prison pending receipt of (1) the value engineering analysis, (2) preliminary plans and (3) detailed cost estimate.

The budget includes \$1,128,000 for construction of two facilities for security processing of inmates returning to the prison from vocational areas. In the 1987 Budget Act, the Legislature appropriated \$104,000 for preliminary plans, working drawings and a value engineering analysis for this project. According to the *Supplemental Report of the 1987 Budget Act*, the engineering analysis and preliminary plans were to be completed in December 1987 so that they could be reviewed as part of the 1988-89 budget process. The department now estimates that preliminary plans will be completed in late February 1988 and the value engineering analysis will be completed in March. Pending our review of these documents and a detailed cost estimate, we withhold recommendation on the \$1,128,000 requested for the security processing facilities at Folsom.

E. Other Major Projects

Item 5240-301-747 includes two major capital outlay projects which cannot readily be grouped into a distinct descriptive category: a visitor reception/processing center at Chino and replacement of inmate housing in the Ranch Dorm area at San Quentin.

Visitor Reception/Processing Center and Remodel Gatehouse, Chino

We recommend a reduction of \$36,000 in Item 5240-301-747(17) for preliminary plans and working drawings to reflect deletion of (1) Gatehouse remodeling work and (2) excessive project administration costs. (Future savings: \$163,000.)

The budget includes \$121,000 in Item 5240-301-747(17) for preliminary plans and working drawings for (1) a visitor reception/processing center and (2) conversion of a gatehouse into an armory/command center at the California Institution for Men (Chino). The department estimates future costs of \$1.4 million for construction.

Currently, 12,000 visitors to Chino each month are processed for security purposes through a small entrance gatehouse (1,280 square feet). Primarily because of the limitations imposed by the small building,

visitors typically wait between 30 and 60 minutes to be processed. According to the department, the visitor parking area also is inadequate. The proposed visitor reception/processing project includes (1) construction of a 4,600 square foot building for reception/processing of visitors, and (2) a 500-vehicle visitor parking area. Upon completion of the new building, the department would convert the existing visitor processing facility (the gatehouse) into an armory/command center for the institution's Special Emergency Response Team (SERT).

Our review indicates that a new visitor reception/processing center is needed. The department, however, has not justified the need to spend an estimated \$136,000 to convert the gatehouse into an armory/command center for the SERT. An armory already exists at CIM for use by the SERT. According to the department, the gatehouse is needed to provide meeting space for the SERT. The information provided by the department indicates that the SERT meets twice a month for regular exercises, quarterly for disturbance control exercises and once each year for major incidents training. We see no reason why these occasional meetings cannot be accommodated either elsewhere at the institution (current practice) or in the gatehouse without remodeling that building.

Finally, costs for project administration/contingency for the proposed project equal 23 percent of the estimated construction contract amount, which exceeds the 18 percent level specified in the State Administrative Manual (SAM) by \$63,000.

In view of the above, we recommend (1) deleting the gatehouse remodeling for a savings of \$136,000 and (2) reducing project administration/contingency by \$63,000 to conform with the SAM. This results in project savings totaling \$199,000 of which \$36,000 would occur in the budget year. Thus, we recommend that the Legislature reduce Item 5240-301-747 (17) by \$36,000 and approve preliminary plans and working drawings in the reduced amount of \$85,000. We recommend that the Legislature recognize future savings of \$163,000 in supplemental report language describing the scope and cost elements of this project.

Replace Inmate Housing, Ranch Dorm Area, San Quentin

We recommend approval.

The budget includes \$275,000 in Item 5240-301-747 (22) for construction of a concrete block structure to replace a 40-year old wood frame modular building at San Quentin which houses 40 inmates. The Legislature already has appropriated funds to (1) rebuild two neighboring inmate dormitories and (2) prepare preliminary plans and working drawings for this project. Replacement of the third dormitory is needed and the proposal is consistent with scope and cost previously approved by the Legislature.

F. Planning and Studies

Primary/Secondary Electrical Distribution System Study, Norco

We recommend approval.

The budget includes \$55,000 in Item 5240-301-747 (27) for a study of needs for upgrading the primary/secondary electrical distribution system at the California Rehabilitation Center at Norco (Riverside County).

General and Advance Planning

We recommend deletion of the \$200,000 requested for general and advance planning because the department has not specified the pur-

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

poses for which planning funds would be spent nor the basis for the amount requested.

The Budget Bill includes \$200,000 in Item 5240-301-747 (1) for "general and advance planning—Planning/Studies." Department staff indicates that these funds will be used for the new prison construction program but could not identify the specific purposes for which the planning/studies will be done or the basis of the amount requested. Moreover, the department has not specified how it will spend funds that already are available to it for planning and studies. Chapter 1056, Statutes of 1987, appropriated \$6.3 million from the 1986 Prison Construction (Bond) Fund to the department for "site studies and suitability reports, environmental studies, master planning, architectural programming, and schematics for new correctional facilities." Until the department defines its expenditure plans for the 1987 appropriation, the budget request is premature. We therefore recommend deletion of the \$200,000 requested for general and advance planning.

G. Minor Capital Outlay

We recommend approval.

The budget includes \$2.2 million in Item 5240-301-747 (25) for 21 minor capital outlay projects (\$200,000 or less per project). The department's proposed minor projects range in cost from \$17,000 for a chlorination system at the California Correctional Center in Susanville to \$196,000 to construct a parking area at the California Rehabilitation Center in Norco.

Supplemental Report Language

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

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

Item 5430 from the General
Fund and various special
funds

Budget p. YAC 38

Requested 1988-89	\$179,998,000
Estimated 1987-88	194,881,000
Actual 1986-87	155,608,000
Requested decrease (excluding amount for salary increases) \$14,883,000 (−7.6 percent)	
Total recommended reduction.....	None

1988-89 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5430-001-001—Support	General	\$501,000
5430-001-170—Support	Corrections Training	1,768,000
5430-001-711—Support	County Jail Capital Expenditure, Bond Act of 1986	1,438,000
5430-001-725—Support	County Correctional Facility Capital Expenditure, Bond Act of 1981	113,000
5430-011-178—Transfer from Driver Training Penalty Assessment Fund	Corrections Training	(2,783,000)
5430-101-170—Local assistance	Corrections Training	12,774,000
Total, Budget Bill Appropriations		(\$16,594,000)
Continuous Appropriation—Local assistance	County Jail Capital Expenditure, Bond Act of 1981	40,000,000
Continuous Appropriation—Local assistance	County Jail Capital Expenditure, Bond Act of 1984	20,000,000
Continuous Appropriation—Local assistance	County Correctional Facility Capital Expenditure, Bond Act of 1986	103,404,000
Total, State Funds		\$179,998,000

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 bond revenues 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 has 38 personnel-years in the current year.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes appropriations totaling approximately \$180 million from various state funds to support the Board of Corrections in 1988-89. Of this amount, only \$17 million is proposed from appropriations in the Budget Bill. The remaining \$163 million consists of bond fund revenues that are proposed for expenditure from continuous statutory appropriations.

The total budget request represents a decrease of \$14.9 million, or 7.6 percent, below estimated current-year expenditures. The entire decrease is in expenditures of bond proceeds for the County Jail Construction program. These expenditures fluctuate from year to year depending on the cash flow needs of counties for their construction activities. The projected decrease for the budget year reflects, in part, a slowing of expenditures by several large counties that are now completing major construction projects.

BOARD OF CORRECTIONS—Continued

Table 1 summarizes the board's expenditures by funding source for the past, current, and budget years.

Table 1
Board of Corrections
Budget Summary
1986-87 through 1988-89
(dollars in thousands)

	<i>Actual</i>	<i>Est.</i>	<i>Prop.</i>	<i>Percent Change From</i>
<i>Program</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1987-88</i>
Standards for detention facilities	\$475	\$491	\$501	2.0%
Standards and training	11,651	12,873	14,542	13.0
Administration	(1,573)	(1,599)	(1,768)	10.6
Local assistance	(10,078)	(11,274)	(12,774)	13.3
Jail construction finance	143,482	181,517	164,955	-9.1
Administration	(1,123)	(1,517)	(1,551)	2.2
Local assistance	(142,359)	(180,000)	(163,404)	-9.2
Totals, Expenditures	\$155,608	\$194,881	\$179,998	-7.6%
Funding Sources				
General Fund	\$453	\$491	\$501	2.0%
Corrections Training Fund	11,651	12,873	14,542	13.0
County Jail Capital Expenditure Fund, Bond Act of 1981	24,125	40,882	40,113	-1.9
County Jail Capital Expenditure Fund, Bond Act of 1984	119,032	105,000	20,000	-81.0
County Correctional Facility Capital Expendi- ture Fund, Bond Act of 1986	325	35,635	104,842	294.2
Federal Trust Fund	22	—	—	—
Personnel-Years	30.2	38.0	40.9	7.6%

The board requests several augmentations to address workload increases in 1988-89, including:

- An increase of \$1.5 million from the Corrections Training Fund for local assistance under the Standards and Training for Local Officers Program, resulting from an increased number of participants eligible for training.
- An increase of \$132,000 from the Corrections Training Fund to fund 2.0 positions to meet increased standards implementation and training workload.

County Jails Still Overcrowded Despite State Aid

Despite a major infusion of state assistance to counties for construction of additional jail beds, county jails around the state continue to be overcrowded. Since the county jail construction financing program began in 1981, the state has provided more than \$1 billion to counties from three bond measures and a General Fund appropriation for jail design and construction. Nonetheless, continued overcrowding has led to lawsuits and court orders in both urban and rural counties around the state. Currently, the board advises that 28 counties are under lawsuits relating to jail conditions, and 18 counties are operating under court-ordered jail population ceilings.

Even though the board projects that existing bond measures, in combination with additional county financing, will provide 37,000 new

and replacement county jail beds once all funds have been expended in 1990, the board also projects a 10,500-bed statewide shortage in that year. While this represents an improvement in statewide overcrowding from the 1986 level of 28 percent to an estimated 16 percent, the board advises that overcrowding will still be at an unacceptably high level in many counties.

Youth and Adult Correctional Agency BOARD OF PRISON TERMS

Item 5440 from the General
Fund

Budget p. YAC 44

Requested 1988-89	\$10,243,000
Estimated 1987-88	9,170,000
Actual 1986-87	8,210,000
Requested increase (excluding amount for salary increases) \$1,073,000 (+11.7 percent)	
Total recommended reduction.....	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Retention of Parolees Under Supervision. Recommend board report during budget hearings on its retention policy. Further recommend Department of Finance estimate the costs of related new procedures and explain how they will be financed in the current and budget years. 778

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 123.1 personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes an appropriation of \$10.2 million from the General Fund for support of the Board of Prison Terms in 1988-89. As shown in Table 1, this is an increase of \$1.1 million, or 11.7 percent, over estimated current-year expenditures. The proposed augmentation reflects increased parole and parole revocation hearing workload, as well as various other workload and cost increases.

BOARD OF PRISON TERMS—Continued

Table 1
Board of Prison Terms
Budget Summary
1986-87 through 1988-89
(dollars in thousands)

	<i>Actual</i> 1986-87	<i>Est.</i> 1987-88	<i>Prop.</i> 1988-89	<i>Change</i> From 1987-88 Percent
Expenditures	\$8,210	\$9,170	\$10,243	11.7%
Personnel-years	110.7	123.1	135.2	9.8

Expenditures shown in Table 1 for the current year include a deficiency request of \$331,000 from the General Fund to meet an expanded workload resulting from an increase in parole revocation hearings. This augmentation is comprised of (1) \$171,000 to support 4.1 additional hearing officer and clerical support staff; and (2) \$160,000 to pay increased costs related to attorney fees, witness fees, subpoena services, and interpreter services.

ANALYSIS AND RECOMMENDATIONS

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

- An increase of \$706,000 for 11.7 additional personnel-years to handle the increased workload for parole revocation hearings.
- An increase of \$292,000 for increased attorney, witness, interpreter, and subpoena costs.
- An increase of \$219,000 for 2.5 additional personnel-years to handle parole hearings workload resulting from granting parole violators work credits (Ch 1435/87).

New Procedure Increases Parole Supervision Costs

We recommend that the board report during budget hearings on the types of parolees it is retaining on parole for an additional year and the benefits it expects to result from retaining them. We further recommend that the Department of Finance prepare an estimate of the costs of additional parolee discharge reviews to the board and the costs of additional parolee retentions to the Department of Corrections, and that it identify how these costs will be financed in the current and budget years.

In response to a recent court decision (*In re Welch*), the Board of Prison Terms (BPT) recently has begun taking action to either discharge or retain any parolee eligible for discharge from parole. As a result of the board's decisions in each case, large numbers of parolees are now being retained on parole supervision for a second year who previously would have been released from supervision after one year.

Our review suggests that this practice will be costly, and that the Governor's Budget does not provide funding for the additional costs that will be incurred by the BPT and the Department of Corrections (CDC) as a result of this practice. Our analysis also indicates that while the *Welch* decision dictates that the BPT must act on every parolee discharge case, it does not specify the manner in which the board must act. We found

that the increase in the number of parolees retained results from the *way* in which the BPT has chosen to implement its response to the court case. Our specific findings follow.

Procedure for Parolee Discharge. Under current law, all persons released from prison who were sentenced under the determinate sentence law must remain under parole supervision in the community for up to three years. After 12 continuous months on parole, however, they become eligible for release, and must be discharged by the BPT within an additional 30 days unless the BPT finds good cause to retain them on parole for a second year. Currently, the Parole Division of the CDC evaluates all parolees eligible for discharge and determines whether they should be discharged or recommended for retention on parole for an additional year. If the Parole Division believes the parolee should be *retained* on parole, the case is referred to the BPT for a discharge review, because only the BPT has authority to extend the period of parole beyond the initial 12 months. Until recently, however, in cases where the Parole Division felt the parolee should be *discharged*, he or she was released *without* BPT review, on the theory that the parole period would automatically lapse after 13 months unless extended by the BPT. Thus the majority of cases were never reviewed by the board, because the Parole Division generally recommended that more parolees be released than it recommended be retained.

Court Case Increases Scope of BPT Review. In a decision handed down earlier this year (*In re Welch*), an appellate court ruled that, contrary to practice, parolees could not be considered to be automatically discharged from parole after 13 months simply because the board had not acted to retain them. Rather, the court held that an individual remains on parole until formally discharged by the board. Pursuant to this ruling, the Attorney General has advised the board that it must now make an active decision to retain or discharge each parolee after the minimum 12-month supervision period has elapsed. Consequently, since September 1987 the BPT has been reviewing the cases of *all* parolees eligible for release after they have been evaluated by the Parole Division, irrespective of the Parole Division's recommendation.

While the court made clear in its decision on *Welch* that the BPT must affirmatively act either to discharge or to retain each parolee, the court made no determination as to *how* the BPT must reach its discharge decisions. The Attorney General's Office advises that the requirements of *Welch* do not preclude the BPT from instituting a policy of formally accepting the Parole Division's recommendation in each case, and discharging or retaining parolees accordingly. However, in recent months the BPT's independent review has resulted in numerous decisions that diverge from the Parole Division's recommendation.

Many More Parolees Retained. Thus far, the board's widened review has resulted in a large net increase in the number of parolees being retained on parole for an additional year. While the BPT has only reversed a few of the Parole Division's recommendations to *retain* parolees, it has disagreed with and overturned 632 of the Parole Division's recommendations to *discharge* parolees in the first three months of the new process. From September through November 1987, the BPT advises that 3,006 parolees became eligible for release. Of these, the Parole Division recommended that 2,055 be discharged. The board disagreed with the discharge recommendation in 31 percent of these cases, and

BOARD OF PRISON TERMS—Continued

acted to retain an additional 632 parolees who would have been released under the prior policies. Given that the two agencies use similar guidelines in reaching their decisions, these results suggest a disparity in the views of the BPT and the Parole Division that needs to be explained.

At the time this analysis was prepared, neither the BPT nor the Parole Division had yet developed any data on the types of parolees now being retained by the board. Consequently, it is not possible to identify precisely the areas in which the release judgments of the board and the Parole Division are at variance.

The BPT advises that it is attempting to coordinate its actions with the Parole Division and is currently developing a procedure to reconsider its decisions on those cases where the Parole Division requests a second review. This process, while a commendable effort to resolve issues between the two agencies, seems likely to become quite cumbersome, since the Parole Division advises that it may turn back to the BPT a significant percentage of the cases in which the agencies disagree.

BPT Retentions Will Be Costly. The BPT's retention of more parolees under supervision for an additional year is likely to create major costs for the CDC, as well as additional workload for the BPT.

Our preliminary review suggests that if the board's retention rates remain unchanged from the rates of the first three months, as many as 2,400 parolees could be added to the CDC's supervision caseload in the first year. Using the department's estimate of \$3,049 as the annual cost of felon supervision in 1988-89, we estimate that the addition of these parolees could increase the CDC's ongoing costs for parole supervision by over \$7 million annually. Based on the CDC's second-year follow-up data for parolees, it is also likely that a small percentage of these parolees would be returned to custody for technical violations at some point during the second year, thus increasing the CDC's incarceration costs as well. Moreover, because the BPT will use the same review process to determine discharge at the end of the second year, it is possible that some parolees will be retained for a third year, thus adding further costs. (The CDC has not included funds in its 1988-89 budget request to deal with these additional parolee or incarceration costs. Please see Item 5240 for our analysis of the department's budget.)

The BPT also faces increased workload as a result of the *Welch* decision. Based on the BPT's estimate that it takes approximately six minutes of deputy commissioner time per discharge review, our review suggests that one more deputy commissioner would be needed to handle the additional workload. The board contends that it will be able to absorb this increased deputy commissioner workload. In our judgment, the review process is likely to become considerably more time-consuming and expensive if, as proposed, the BPT reviews its retention decisions a second time when the Parole Division requests it to do so.

Analyst's Recommendation. Our review suggests that the BPT's recent change in its discharge review practices as a result of the *Welch* decision is likely to cause a significant increase in the number of parolees under supervision for a second year. This increase in turn is likely to generate major costs for the CDC, as well as additional costs for the board.

Currently, no data are available on the types of parolees being retained by the board. Given the magnitude of the increase in retentions, and

given that the Governor's Budget does not include funds to deal with the associated costs, we recommend that the board develop these data and report during budget hearings on its actions and its rationale for its discharge decisions. Specifically, the board should provide the following information: (1) the types of parolees being retained by the board for a second year on parole, over the Parole Division's discharge recommendation; (2) the specific benefits the board expects to result from retaining each type of parolee under supervision for an additional year; and (3) the board's plans to coordinate its review process with the Parole Division.

We further recommend that the Department of Finance prepare an estimate of the costs of the new procedures to the BPT and the CDC and identify how these costs will be financed in the current and budget years.

Required Report on Revocation Sentencing Guidelines Overdue

In the *Supplemental Report of the 1987 Budget Act* the Legislature adopted language requiring the BPT to present interim and final reports to the Legislature on the impact of its revocation sentencing guidelines. The board's interim report was due on November 1, 1987, but had not yet been received at the time this analysis was prepared. The final report is due May 1, 1988.

Background. Parole revocation is one of the primary responsibilities of the BPT. When a parolee is charged with a violation of parole, a panel of board members hears the case and determines whether the person's parole status should be revoked and the individual sent back to state prison. The panel then determines a parole revocation sentence based on the severity of the violation, as well as other circumstances that may be deemed relevant.

New Guidelines Proposed. In our *Analysis of the 1987-88 Budget Bill* we indicated that the board was in the process of developing guidelines for its sentencing of parole violators. According to the board, these guidelines were being developed for specified categories of violations, and would clarify board policy for parolees and the public. In addition, our review suggested that implementation of the guidelines would promote equity and uniformity in revocation sentencing.

Importance of Guidelines. Because parole violators serving revocation sentences currently constitute roughly 33 percent of the state prison population, BPT policies related to revocation sentencing have a significant impact on prison populations and costs. The Legislature directed the board to include in its report an analysis of the new guidelines' impact on the average length of confinement of parole violators, the number of prison beds required to house them, the consistency of revocation sentencing, and the efficiency of the hearing process. The board was also to report on the guidelines' fiscal impact on the board and the CDC.

What Happened to Estimated Savings? The 1987-88 Governor's Budget estimated that implementation of the proposed guidelines would result in a savings of 1,000 prison beds because parole violators would be returned to custody for a shorter period. The board subsequently increased this estimate to 1,400 beds, and the Legislature reduced the CDC's budget by \$8.2 million on the assumption that these savings would be achieved. Since then, however, *the board has advised that it has modified its sentencing guidelines proposal in such a way that implementation will not generate any net bed savings.* The Department of Finance accordingly has restored the \$8.2 million reduction to the CDC's budget through the deficiency process.

BOARD OF PRISON TERMS—Continued

The board's required report was to have clarified its revocation sentencing practices and their fiscal and policy implications. The board's failure to submit this report limits the ability of the Legislature to evaluate the impact of BPT policy on the state's prison population.

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

Item 5450 from the General
Fund

Budget p. YAC 47

Requested 1988-89.....	\$3,073,000
Estimated 1987-88	2,792,000
Actual 1986-87	2,764,000
Requested increase (excluding amount for salary increases) \$281,000 (+10.1 percent)	
Total recommended reduction.....	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Recommend that the Youthful Offender Parole Board report to the fiscal committees prior to budget hearings regarding its parole policies and the reasons it exceeds its own guidelines.

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GENERAL PROGRAM STATEMENT

The Youthful Offender Parole Board (YOPB) 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 wards from commitment.
- Return wards 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 37.5 personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes an appropriation of \$3 million from the General Fund for support of the YOPB in 1988-89. This is \$281,000, or 10.1 percent, above estimated expenditures in the current year.

This increase reflects an increase of \$218,000 in personal services primarily for two additional staff to handle increased workload, and \$63,000 for increased operating expenses and equipment associated with these additional positions.

ANALYSIS AND RECOMMENDATIONS

Legislature Should Be Informed of the Board's Parole Policy

We recommend that the Youthful Offender Parole Board report to the fiscal committees prior to budget hearings regarding its parole policies and the reasons it exceeds its own guidelines.

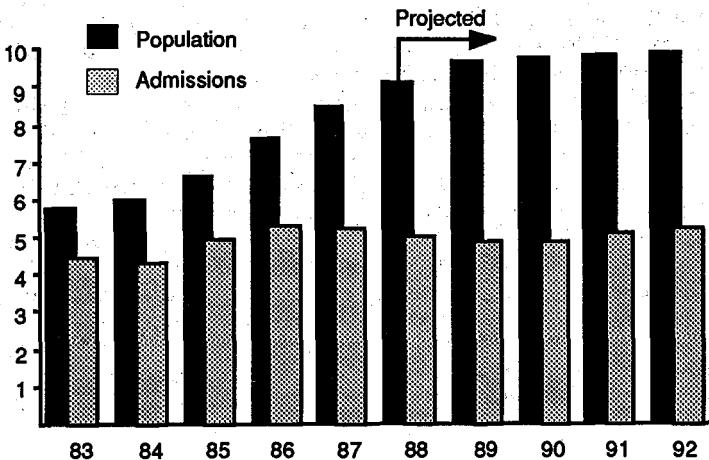
The YOPB is responsible for paroling wards from the Youth Authority. The board's parole release decision-making system is based on "parole consideration dates" (PCD) which represent the interval of time that the board believes the ward should stay in a Youth Authority institution before he or she is ready to be released to the community. This system of parole consideration dates is set forth in regulations issued pursuant to the Welfare and Institutions Code.

Ward Population on the Rise. The institutional population of the Youth Authority has been steadily increasing in recent years. As shown by Chart 1 the ward population has increased since 1982-83, although the number of admissions to Youth Authority facilities has remained relatively stable. This is because the increase in population is due to increases in wards' average length-of-stay in the institutions. The Youth Authority estimates that the average length-of-stay will be 23.7 months by 1988-89 and will increase to almost 27 months by 1991-92.

Table 1 shows the actual and estimated average length-of-stay since 1982-83. Over the 10-year period, the average number of months a ward spends in a Youth Authority facility is projected to increase by 82 percent. According to the Youth Authority, a one month increase in the department's average length-of-stay generally results in a need for approximately 400 additional beds, at an annual support cost of \$9.8 million.

Chart 1

California Youth Authority Population and Admissions 1982-83 through 1991-92 (In thousands)*



* Data are for Fiscal Years ending in year shown.

YOUTHFUL OFFENDER PAROLE BOARD—Continued

Table 1
 Youthful Offender Parole Board
 Average Length-of-Stay
 Youth Authority Institutions
 1982-83 through 1991-92

	<i>Length-of-Stay Actual</i>
1982-83	14.8 months
1983-84	15.4
1984-85	16.4
1985-86	17.4
1986-87	18.2
	<i>Projected</i>
1987-88	20.9 months
1988-89	23.7
1989-90	24.8
1990-91	25.9
1991-92	26.9

Two Factors Affect Length-of-Stay. The length-of-stay is the result of two factors: (1) the PCDs established by the YOPB at the time of the ward's initial hearing, and (2) the net impact of any "time cuts" granted for good behavior and "time adds" imposed for lack of progress or discipline problems within the institution.

Board Decisions on Parole Consideration Dates Exceed Board's Own Guidelines. The board's decisions on PCDs given at initial appearances are governed by guidelines that are promulgated and adopted by the board. Our analysis indicates that the board's decision on the length of a ward's commitment often exceeds the board's established guidelines. During the nine-month period from October 1986 through June 1987, *the average PCD exceeded the board's own guidelines by about three months per ward.*

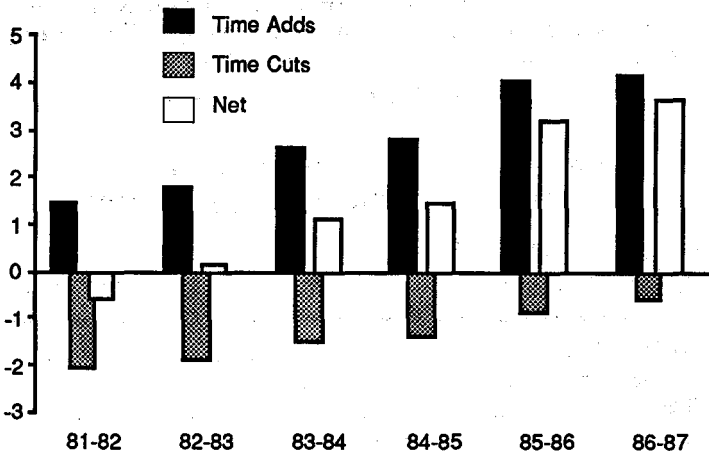
These actions have major fiscal consequences. If the recent trend continues, the excess time assigned by the board over its own guidelines could result in the need for an additional 1,200 to 1,500 beds annually. This, in turn, could result in additional support costs to the Youth Authority of more than \$29 million annually.

"Time Adds" and "Time Cuts". Chart 2 shows the average time adds and time cuts per ward per year from 1981-82 through 1986-87. Actions resulting in time adds or cuts are taken when a ward is brought before the board for an annual case review or a disciplinary action. At that time any recommendation from Youth Authority staff regarding time to be added or reduced is presented. The board then has the prerogative of accepting, denying, or modifying the staff recommendation.

According to the results of a survey conducted by the Youth Authority in 1986, the board accepted the staff recommendations in a majority of cases surveyed. When the board modified staff recommendations, however, it tended to increase rather than reduce the length-of-stays in Youth Authority facilities. During the survey period, the board's action *exceeded*

Chart 2

Average Time Adds and Cuts Per Ward Per Year 1981-82 through 1986-87 (In months)



staff recommendations for time adds in 33 percent of the cases. This resulted in a total increase of 485 months over the staff recommendations. Time cut and parole recommendations were *denied* in about 20 percent of the cases adding another 194 months to the length-of-stay. On average, the net increase in each ward's length-of-stay was 3.7 months in 1986-87.

As the chart shows, the net change in 1986-87 continues a trend whereby board actions on time adds and cuts have increased the average length-of-stay and, in turn, the institutional population. The administration asserts that the length-of-stay has increased because the number of "serious offenders" committed to the Youth Authority has increased in recent years. The data that we reviewed, however, indicate that this is not an accurate assessment. The percent of wards committed to the Youth Authority for violent offenses has actually *declined* since 1980. For example, those wards committed for violent offenses comprised 50 percent of all first commitments in 1980. This number steadily declined to 38 percent in 1986. In contrast, the percent of those committed for property offenses has stayed relatively stable. It ranged from 44 percent in 1980 to 53 percent in 1984, dropping back to 44 percent in 1986.

Analyst's Recommendation. Recent data indicate that the board often grants PCDs that exceed its own guidelines. In addition, the net effect of the board's actions on time adds and time cuts is to exceed the recommendations of the Youth Authority staff. Based on past trends, we estimate that the board's actions could result in additional costs of more than \$29 million annually. Because the YOPB is the ultimate authority regarding parole and length-of-stay, its decisions affect the Youth Authority's budget as well as its own. Given these considerations, we believe that

YOUTHFUL OFFENDER PAROLE BOARD—Continued

the board should report to the fiscal committees regarding its policies for parole and its reasons for exceeding its own established guidelines.

We would note that in the past two years the Legislature has attempted, through Budget Act language and legislation (AB 683, Vasconcellos), to gain some oversight over those board actions that have an impact on state finances. Both of these attempts, however, were vetoed by the Governor, who noted in veto messages the prerogatives of the executive in the administration of this program.

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

Item 5460 from the General
Fund and various other funds

Budget p. YAC 49

Requested 1988-89.....	\$385,690,000
Estimated 1987-88	364,825,000
Actual 1986-87	340,974,000
Requested increase (excluding amount for salary increases) \$20,865,000 (+5.7 percent)	
Total recommended reduction.....	480,000
Recommendation pending	12,645,000

1988-89 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5460-001-001—Support	General	\$282,304,000
5460-001-746—Support	New Prison Construction Bond	200,000
5460-001-814—Support	California State Lottery Education	534,000
5460-001-890—Support	Federal	796,000
Continuous Appropriation—Support	County Correctional Facility Capital Expenditure Bond	25,000
5460-101-001—Local Assistance	General	74,705,000
Continuous Appropriation Local Assistance	County Correctional Facility Capital Expenditure Bond	10,800,000
Reimbursements		16,326,000
Total		\$385,690,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Ward Population Growth. Withhold recommendation on \$12.4 million requested from the General Fund to accommodate projected ward population increase, pending receipt and analysis of the population proposal contained in the May revision, and further review of the Population Management and Facilities Master Plan.

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2. *Camp Construction Delays. Reduce Item 5460-001-001 by \$389,000.* Recommend reduction of funds to adjust for delayed implementation of several camp programs. 792
3. *TV Surveillance Cameras.* Withhold recommendation on \$245,000 requested to install surveillance cameras in all open dormitories. 793
4. *Laundry Service Proposal.* Recommend that the department report to the fiscal committees, prior to budget hearings, on various aspects of its plan to contract with the Prison Industry Authority for laundry services at five of its institutions. 794
5. *Minor Capital Outlay Request. Reduce Item 5460-001-001 by \$91,000.* Recommend reduction of \$91,000, without prejudice to the project, for a minor capital outlay request that is budgeted inappropriately in the support budget. 795

GENERAL PROGRAM STATEMENT

The Department of the Youth Authority is responsible for the protection of society from the criminal and delinquent behavior 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—Institutions and Camps, Parole Services, Prevention and Community Corrections, and Administration. The department has 4,906.5 personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes expenditure of \$385.7 million from the General Fund, various special funds, and reimbursements to support the activities of the Youth Authority in 1988-89. This is an increase of \$20.9 million, or 5.7 percent, above estimated current-year expenditures. Table 1 provides a summary of the department's total expenditures and staffing levels, by program, for the past, current, and budget years.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Table 1
Department of the Youth Authority
Program Summary
1986-87 through 1988-89
(dollars in thousands)

	<i>Actual</i>	<i>Est.</i>	<i>Prop.</i>	<i>Percent</i>
	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>Change</i>
<i>Expenditures</i>				<i>from</i>
				<i>1987-88</i>
Prevention and Community Corrections	\$74,232	\$82,587	\$84,939	2.8%
Institutions and Camps	236,071	251,105	268,954	7.1
Parole Services	30,394	30,871	31,635	2.5
Administration:				
Undistributed	277	262	162	-38.2
Distributed	(14,213)	(14,827)	(15,092)	1.8
Totals	\$340,974	\$364,825	\$385,690	5.7%
<i>Funding Sources</i>				
General Fund	\$325,486	\$338,672	\$357,009	5.4%
Special Account for Capital Outlay	1,100	—	—	—
County Correctional Facility Capital Expenditure Bond Fund	—	8,167	10,825	32.5
New Prison Construction Bond Fund	—	200	200	—
California State Lottery Education Fund	—	551	534	-3.1
Federal Trust	785	816	796	-2.5
Reimbursements	13,603	16,419	16,326	-0.6
<i>Personnel-Years</i>				
Prevention and Community Corrections	51.0	46.2	46.2	—
Institutions and Camps	4,078.6	4,335.3	4,493.7	3.7%
Parole Services	310.1	267.8	278.6	4.0
Administration	247.5	257.2	261.6	1.7
Totals	4,687.2	4,906.5	5,080.1	3.5%

The department's proposed budget changes are summarized in Table 2, by funding source. The changes include an \$18.3 million increase in state operations and an increase of \$2.6 million in local assistance. The increase in state operations is primarily due to the rising ward population. The local assistance increase is due to expenditures from the County Correctional Facility Capital Expenditure Bond Fund for new construction of county juvenile facilities.

Table 2
Department of the Youth Authority
Proposed 1988-89 Budget Changes
(dollars in thousands)

	<i>General Fund</i>		<i>Co. Bond Fund^a</i>		New Prison Construc- tion Bond Fund	Lottery Education Fund	Federal Funds and Reimburse- ments	Total
	State Operations	Local Assistance	State Operations	Local Assistance				
1987-88 Expenditures (Revised)	\$263,717	\$74,955	\$167	\$8,000	\$200	\$551	\$17,235	\$364,825
Proposed Changes:								
<i>Workload Adjustments</i>								
Ward population	10,864	—	—	—	—	—	—	10,864
Other adjustments	22	—	—	—	—	—	—113	—91
Subtotals, Workload Adjustments	(\$10,886)	(—)	(—)	(—)	(—)	(—)	(—\$113)	(\$10,773)
<i>Cost Adjustments</i>								
Employee compensation	\$4,648	—	—	—	—	—	—	\$4,648
Full-year cost adjustment	1,312	—	—	—	—	—	—	1,312
Reduction of one-time costs	—1,075	—	—	—	—	—	—	—1,075
Price increase	1,687	—	—	—	—	—	—	1,687
Subtotals, Cost Adjustments	(\$6,572)	(—)	(—)	(—)	(—)	(—)	(—)	(\$6,572)
<i>Program Changes</i>								
Equipment	\$200	—	—	—	—	—	—	\$200
Gang information coordinators	145	—	—	—	—	—	—	145
Psychological services	227	—	—	—	—	—	—	227
TV camera surveillance	245	—	—	—	—	—	—	245
Intractable ward program	334	—	—	—	—	—	—	334
Training officers	83	—	—	—	—	—	—	83
Job placement bed savings	—263	—	—	—	—	—	—	—263
Various program adjustments	158	—	—	—	—	—17	—	141
Construction of local juvenile facilities	—	—	—142	2,800	—	—	—	2,658
Small county loan for construction of juvenile facilities (Ch 1337/87)	—	—250	—	—	—	—	—	—250
Subtotals, Program Changes	(\$1,129)	(—\$250)	(—\$142)	(\$2,800)	(—)	(—\$17)	—	(\$3,520)
1988-89 Expenditures (Proposed)	\$282,304	\$74,705	\$25	\$10,800	\$200	\$534	\$17,122	\$385,690
Change from 1987-88:								
Amount	\$18,587	—250	—\$142	\$2,800	—	—\$17	—\$113	\$20,865
Percent	7.0%	—0.3	—85.0%	35.0%	—	—3.1%	—0.7%	5.7%

^a County Correctional Facility Capital Expenditure Bond Fund

DEPARTMENT OF THE YOUTH AUTHORITY—Continued
ANALYSIS AND RECOMMENDATIONS

The budget proposes an increase of \$18.6 million, or 7 percent, in the department's General Fund operating budget for 1988-89. This increase is the net result of cost adjustments, projected increases in ward population, workload and staffing changes, and various other program changes.

A net increase of \$10.9 million is requested for population-related changes. In addition, cost adjustments total \$6.6 million. Proposed program changes in the department's support budget result in a net increase of \$1.1 million. Several of these proposals are discussed later in this analysis. We recommend approval of the following significant program changes which are not discussed elsewhere:

- An increase of \$455,000 to provide specified training and gang information coordination to institution staff, and psychological, vocational, and educational services to wards.
- An increase of \$249,000 for various equipment purchases, including additional electronic surveillance devices for parolees.

Population Estimates Uncertain

We withhold recommendation on \$12.4 million requested from the General Fund to accommodate the projected ward population increase, pending receipt and analysis of a revised budget proposal, population projections, and construction schedules to be contained in the May revision, as well as further review of the department's Population Management and Facilities Master Plan.

The budget proposes a net increase of \$12.4 million from the General Fund and 200.5 positions to accommodate ward population growth in the budget year. The increased General Fund amount consists of \$10.8 million for ward population increases and \$1.6 million in associated parole and administrative costs. The Youth Authority's 1988-89 ward population management plan is summarized in Table 3.

Ward Housing Plan for the Budget Year. As Table 3 indicates, the department anticipates that the increase of 566 wards in 1988-89 largely will be accommodated by increasing the populations of the Fred C. Nelles, El Paso de Robles, and Ventura Schools. This will be accomplished primarily by overcrowding the new 100-bed housing units which are scheduled to be completed at each of these institutions in the budget year.

Population Management Concerns. Our analysis indicates that the department's ward population request contains uncertainties regarding both the rate at which the ward population will grow, and the department's schedule for housing wards in new facilities. For example, in its current-year deficiency request, the department estimated that 8,829 wards would be in institutions and camps on January 20, 1988. Actual data, however, show that the population was 8,750 wards on that date. Consequently, it is likely that the population estimates that are reflected in the May revision of the budget will differ from what is in the Governor's Budget.

In addition, the Youth Authority's budget proposal is based on construction schedules that call for a net gain of 571 beds through development of new or expanded camp programs and living units. The most recent data available, however, indicate that the occupancy dates assumed by the department are different than those projected by the Department of General Services' Office of Project Development and

Table 3
Department of the Youth Authority
1988-89 Ward Housing Plan

1988-89 Population Management Plan				Overcrowding Status		
		1987-88		1988-89	1988-89	Percent
Department Facilities	County	End-of-year Population	Budget Adjustment	End-of-year Population	Bed Capacity	of Capacity
Northern Reception						
Center Clinic	Sacramento	500	—	500	326	153.4%
Southern Reception						
Center Clinic	Los Angeles	600	—	600	350	171.4
Fred C. Nelles School.	Los Angeles	859	122	981	650 ^a	150.9
O.H. Close School	San Joaquin	551	—	551	379	145.4
Karl Holton School ...	San Joaquin	551	—	551	388	142.0
El Paso de Robles						
School	San Luis Obispo	745	257	1,002	652 ^b	153.7
Ventura School	Ventura	905	100	1,005	676 ^c	148.7
Dewitt Nelson						
Training Center..	San Joaquin	626	—	626	400	156.5
Preston School of						
Industry	Amador	916	56	972	720 ^d	135.0
Youth Training School	San Bernardino	2,054	—	2,054	1,200	171.2
Silverlake Pre-Parole						
Center	Los Angeles	45	—	45	45	100.0
Conservation camps .	various	654	31	685	570 ^e	120.2
Other Facilities						
El Centro Training						
center	Imperial	60	—	60	50	120.0
Federal facilities	various	25	—	25	25	100.0
Northern County	Butte, Del Norte, Sis-					
leased beds	kiyou	25	—	25	25	100.0
Totals	—	9,116	566	9,682	6,456	150.0

^a Includes addition of 100-bed living and education unit.

^b Includes camp expansion and 100-bed living unit.

^c Includes 100-bed public service unit.

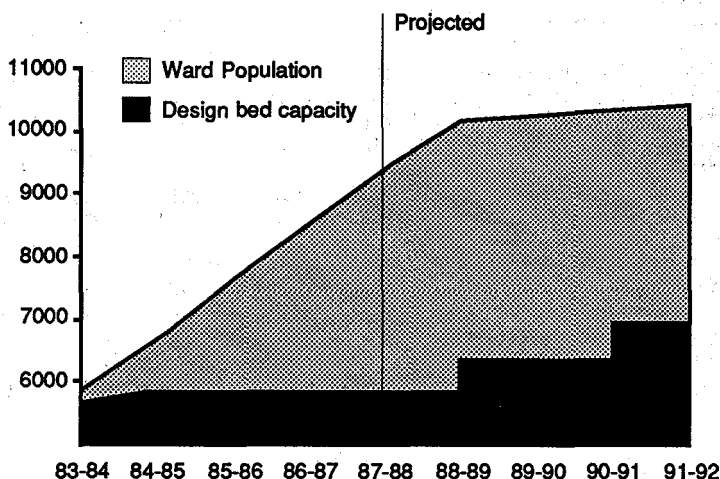
^d Includes expansion of precamp program.

^e Includes 16-bed expansion of culinary unit.

Management. If the department cannot complete construction of these camps and living units as scheduled, new housing plans involving additional overcrowding will have to be developed to accommodate the increased ward population.

Population Management and Facilities Master Plan Submitted Too Late for Adequate Review. In the *Supplemental Report of the 1986 Budget Act* the Legislature directed the Department of the Youth Authority to prepare a long-range population management report which evaluated various alternatives for alleviating the overcrowding in Youth Authority institutions.

The update of this report for the years 1987-88 through 1991-1992 was submitted to the Legislature in late January 1988. Chart 1 shows the department's ward population and the institution design bed capacity outlined in the master plan. The chart shows that for 1988-89, the department will house an estimated ward population of 10,175 in institutions which have a design capacity of 6,356. By 1991-92, the master plan suggests that a ward population of 10,415 will be housed in facilities designed for 6,956.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued**Chart 1****Department of the Youth Authority
Design Capacity and Population
1983-84 through 1991-92**

Our preliminary review of the master plan indicates that the department has identified several new programs designed to deal with the population overcrowding of the institutions. These new programs include a home restriction program for parolees, additional psychological services, and a television camera surveillance program. The master plan, however, was submitted too late for us to conduct a full review of the options and make any recommendations regarding the ward housing needs.

For the reasons outlined above, we withhold recommendation on \$12.4 million requested to accommodate ward population increases in 1988-89, pending receipt of population projections and construction schedules to be included in the May revision, and additional review of the department's updated master plan.

Delayed Construction Results in Reduced Support Costs

We recommend that the General Fund appropriation be reduced by \$389,000 to adjust for delayed implementation of several camp programs. (Reduce Item 5460-001-001 by \$389,000.)

The Department of the Youth Authority, in conjunction with the California Department of Forestry and Fire Protection (CDFFP), operates six conservation camps and two training centers for Youth Authority wards. Traditionally, the Youth Authority pays for the first-year operating costs of the camps and centers, including CDFFP's costs to supervise the camp. Thereafter, the CDFFP's costs are covered by a direct General Fund appropriation to CDFFP.

The Youth Authority's proposed budget includes \$1.9 million for new camp programs at El Paso de Robles, Ventura, and Preston. The budget is based on the assumption that these camps would be ready for occupancy at various times ranging from February to July 1988.

According to the Office of Project Development and Management in the Department of General Services, occupancy of these camps will be delayed by up to three months. This delay results in net budget-year savings to the department of \$389,000 for its personnel and the CDFFP personnel associated with the operation of these camps. Therefore, we recommend that this amount be reduced from the department's General Fund support budget.

Need for Surveillance Cameras Not Justified

We withhold recommendation on a General Fund amount of \$245,000 proposed for installation of TV surveillance cameras pending receipt of specified information (Item 5460-001-001).

The budget proposes a General Fund augmentation of \$245,000 for the installation of TV surveillance cameras in all of the department's 57 open dorms. Currently these cameras are used in one open dorm at El Paso de Robles School and in various single rooms throughout the other institutions. The department suggests that a greater use of cameras would lead to fewer disciplinary incidents, and that this in turn could lead to bed savings to the extent that wards received fewer "time adds" for misbehavior.

Justification of Proposal Is Inadequate. The justification for this proposal is based upon the experience of one dorm with TV surveillance cameras at El Paso de Robles School. However, when we asked the department to provide us with documentation of the impact of the use of cameras, it was unable to support its claim that disciplinary incidents were reduced by 50 percent at this institution.

We believe it is premature for the department to install cameras in all open dorms based on the limited and inconclusive experience of one open dorm. However, we do understand a potential need for cameras where the type of wards, combined with the overcrowding of the living units, may result in increased risk to the safety of the staff and wards. We believe that the department should justify and/or revise its request based on an assessment of the security needs of each institution. This assessment should include a review of the number of infractions that occurred in the open dorms during a particular time period, and the type and severity of these infractions.

Bed Savings Undocumented. In the update of the department's master plan, the department estimates that the cost of this proposal could be recovered by saving 17 beds beginning in 1989-90. However, in our judgment the department cannot accurately estimate the actual bed savings, if any, that may result from this proposal. This is because of the limited experience the department has had with the TV surveillance cameras.

Summary. We withhold recommendation on this proposal pending receipt of the following information:

- A review of the security problems experienced in the open dorms;
- An analysis of how the TV surveillance cameras would affect the behavior of the wards and the number of disciplinary incidents at the institutions; and

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

- Justification for the potential number of beds that may be saved with installation of these cameras.

Laundry Service Proposal Questionable

We recommend that the Department of the Youth Authority report to the fiscal committees, prior to budget hearings, on the department's plans to replace a work experience program that will be eliminated as the result of the department's plan to contract with the Prison Industry Authority (PIA) for laundry services.

We further recommend that the department work with PIA to reduce the costs of the proposal, and report to the fiscal committees on how the proposal can be made cost-effective.

The budget proposes a net increase of \$149,000 in 1988-89 for a contract with the Prison Industry Authority (PIA) under which PIA would provide laundry services to five Northern California Youth Authority institutions. The amount consists of (1) \$266,000 for the PIA contract and (2) net savings of \$117,000 in staff and operating expenses to the department.

Currently, the Northern California Youth Center (NCYC) provides laundry services for its three institutions, as well as the Preston School of Industry and the Northern Reception Center-Clinic. This current laundry service program provides work experience for 30 wards at NCYC.

Proposal Would Result in Loss of Work Experience for Youth Authority Wards. Under the proposal, the PIA would assume the laundry function at the Northern California Women's Facility at Stockton, which is located adjacent to NCYC. This change would result in the loss of 30 work experience positions at NCYC, as well as the need for two additional vocational instructors in order to replace the work experience program for the 30 displaced wards. The department has also identified a need for additional classroom space for these 30 wards. This additional space is estimated to cost \$104,000, but is not requested in either the department's support or capital outlay budget proposals. At the time this analysis was prepared, the Youth Authority did not have a specific plan for a program for the 30 displaced wards or a plan for financing the necessary additional classroom space.

Proposal's Cost-Effectiveness is Questionable. Our review suggests that the proposal is not cost-effective for the Youth Authority or the state overall. Specifically, the amount of the contract with PIA plus the cost of the additional Youth Authority staff necessary in order to provide educational or vocational services to the 30 displaced wards results in costs that are greater than the costs of the current laundry operation. While the Youth Authority advises that having PIA perform the laundry services results in savings to the Department of Corrections because prison inmates who work for PIA may earn a day off their sentences for each day they work, our analysis indicates that even when these savings are considered the proposal is still not cost-effective for the state on an annual basis.

In addition, although Youth Authority wards do not receive automatic reductions in their length of stay like prison inmates, the Youthful Offender Parole Board considers the wards' work experience when determining readiness for parole. Therefore, any work experience a ward receives indirectly could reduce his or her length-of-stay, and, in turn

affect the institutional population and the department's support costs.

Analyst's Recommendation. Because of these concerns, we recommend that the Youth Authority advise the fiscal committees, prior to budget hearings, on its plan to provide vocational, educational, or work experience to the 30 wards who will be displaced by this proposal, and how it will provide the necessary space to replace the current program.

We further recommend that the Youth Authority (1) work with the Prison Industry Authority to reduce the costs of this proposal and (2) report to the fiscal committees prior to budget hearings on how the proposal could be made cost-effective for the state.

Capital Outlay Request Inappropriate In Support Item

Without prejudice to the project, we recommend a reduction of \$91,000 from the General Fund support budget request because a minor capital outlay project is inappropriately budgeted in this item. (Reduce Item 5460-001-001 by \$91,000.)

The department requests \$334,000 from the General Fund for development of a program designed to deal with intractable wards at the El Paso de Robles and Karl Holton Schools. Of this amount, \$91,000 is proposed for remodeling and renovation at El Paso de Robles to provide a more secure living unit for the wards in the program. Our analysis indicates that this project should be classified as a minor capital outlay project. Section 6530 of the State Administrative Manual requires that minor capital outlay projects be submitted as part of the department's annual capital outlay request.

Consequently, and without prejudice to the project, we recommend that this request be deleted from the department's General Fund support budget. Instead, the department should submit the project with the required scope detail and cost estimates as a capital outlay request.

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY

Item 5460-301 from the 1986
Prison Construction Fund

Budget p. YAC 65

Requested 1988-89	\$4,778,000
Recommended approval	2,224,000
Recommended reduction	266,000
Recommendation pending	2,288,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Stockton—New 600-Bed Institution. Recommend that, by March 15, 1988, the department report to the Legislature concerning its intent to seek construction funds for this project. (Estimated future cost: \$66 million) 796
2. Population Management and Facilities Master Plan. Recommend that, prior to budget hearings, the department report to the Legislature concerning less costly options for con- 797

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

- structing new institutions than those proposed in its *Population Management and Facilities Master Plan*.
3. Institution Improvements. Withhold recommendation on three major capital outlay projects and \$1,555,000, pending receipt of additional information. 800
 4. Security Measures. Withhold recommendation on five minor capital outlay projects (\$733,000) involving perimeter security at five institutions, pending receipt of additional information. 801
 5. *Ventura School—New Water Line—Construction. Reduce Item 5460-301-746(7) by \$266,000, and add Item 5460-495, to revert \$400,000 in Item 374(d), Budget Act of 1975.* Recommend deletion of the proposed funds and reversion of prior funding, because the new water supply has been deferred by the department for over 12 years and is still not needed at this time. 802

ANALYSIS AND RECOMMENDATIONS

The budget proposes \$4.8 million from the 1986 Prison Construction Fund (bonds) for nine major capital outlay projects (\$3.6 million) and 13 minor capital outlay projects (\$1.2 million—\$200,000 or less per project) for the Department of the Youth Authority. The budget does *not* request construction funds for the department's new 600-bed institution in Stockton. In addition, the budget is silent on the three *additional* 600-bed institutions proposed in the department's *Population Management and Facilities Master Plan, 1987-1992*. A discussion of the department's program follows, along with our recommendations.

New 600-Bed Facility—Stockton

We recommend that, prior to budget hearings, the department report to the Legislature concerning its intent to request construction funds for a new 600-bed facility in Stockton. (Estimated future cost: \$66 million.)

The department's five-year capital outlay plan proposes construction of a new 600-bed institution in 1988-89, at an estimated cost of \$66 million. Although timely completion of this project is crucial to the department's plan to ease the overcrowding of existing institutions, the budget presents no request for construction funds. We understand that the department intends to request construction funds through legislation *other than the Budget Bill* sometime during the current legislative session.

The Legislature appropriated up to \$2.9 million for preliminary plans for the new Stockton facility in Ch 532/86. According to the department, preliminary plans are scheduled for completion by the end of February 1988. The Legislature also appropriated an additional \$461,000 for working drawings in Ch 1416/87. In order to make an informed decision about the appropriate level of construction funding for this project, the Legislature must receive the preliminary plans and have sufficient time to review them before considering a request for construction funds.

Given the scope of this project, the amount of state funds potentially involved, and the urgency of the need for more Youth Authority beds, we recommend that, by March 15, 1988, the department present a report to the Legislature which specifies:

- When and how the department intends to request construction funds for the new institution;
- What source of funds the department will propose;
- When preliminary plans will be complete and forwarded to the Legislature for review;
- What construction schedule is proposed for the project.

Facilities for the Increasing Youth Authority Population

We recommend that, prior to budget hearings, the department submit a report to the Legislature which explains, in detail, why it has not considered less costly options for housing its increasing ward population than those presented in its Population Management and Facilities Master Plan.

The department submitted its updated *Population Management and Facilities Master Plan (1987-1992)* to the Legislature on January 21, 1988. The plan reports that there were 8,052 wards in Youth Authority institutions as of June 1987. The plan projects a ward population of 10,400 by June 1992, which exceeds the total capacity of existing institutions and facilities currently under construction by approximately 4,000 wards. This would result in an *overcrowding of about 63 percent*.

The Department's Plan. The department proposes the following capital outlay program, at a cost of approximately \$300 million (as estimated by the department), to accommodate this projected increase in ward population:

- Construct a 600-bed institution in Stockton, already in the planning and design stage. (Estimated future cost for construction and equipment: \$66 million).
- *Design and construct, by 1991-92, three additional 600-bed institutions* in the southern part of the state. (Estimated future cost of land acquisition, design, construction and equipment: \$233 million).

Upon completion of this construction program in 1992, the projected ward population would still *exceed* available bed capacity by 1,600. The department, however, plans to begin or continue programs which would reduce its institutional population by approximately 600 wards annually. The department proposes to house the remaining 1,000 wards by overcrowding all facilities, including the four proposed 600-bed institutions, by 12 percent.

Proposed Institutions Cost More per Bed than Medium/Maximum Security Prisons. The 600-bed facilities proposed by the department would all have cells (63 assignable square feet) for one individual, each cell with its own sink and toilet. With the exception of close security cells for intractable wards, this is the most expensive, highest security type of construction undertaken by the department. Based on estimates from the department, these facilities will cost approximately \$100,000 per bed to construct (not including costs of land acquisition, preliminary plans, working drawings and equipment).

On a cost per bed basis, *the proposed Youth Authority institutions are more expensive than new maximum and medium security prisons being constructed by the Department of Corrections for adult offenders*. For example, the new Folsom prison, designed primarily for inmates requiring maximum security confinement, cost approximately \$78,000 per bed to build. The new prison at Corcoran, designed to house inmates under

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

medium and maximum security conditions, will cost approximately \$70,000 per bed.

Youth Authority Institutions Should Cost Less. The Youth Authority should be able to securely house its most criminally sophisticated wards in living units which cost no more to build than prisons for the state's most dangerous adult criminals. Moreover, our analysis, based on the department's own custody/security standards and population projections, indicates that the department is planning to build too many medium-to-close security facilities and too few limited-to-moderate security facilities.

The department already has sufficient single rooms with toilets and sinks to provide close and medium security housing for wards through at least 1992. By the department's own standards, single cells with individual plumbing are required only for wards who must live in a close or medium security setting. If the percent of wards in these custody/security categories remains constant over the next four years, there will be approximately 2,500 wards who require single rooms with individual plumbing in 1992. This is 600 wards *less* than the 3,132 rooms which *already* exist.

While the department already has too many medium and close security beds, it has too few limited and moderate security beds. According to the department's standards, wards in the limited or moderate security/custody categories can safely be accommodated either in a camp setting or in low security living units which are part of a more secure institutional setting. If the percent of wards in these custody/security categories remains constant over the next four years, approximately 6,300 wards will be so classified in 1992. By the end of 1988-89, however, the department will have only 3,420 moderate or limited security living units (open dorms and single rooms without plumbing), 2,880 less than it needs.

The new *Population Management and Facilities Master Plan* does not adequately explain why, given the level of security requirements described above, *all* of the proposed new institutions should be constructed *exclusively* with high security elements. While we do not advocate the construction of open dormitories, we note that single room accommodations can be provided at a lower level of security and construction expense than those proposed by the department. Individual rooms need not include high security hardware and other related elements, nor be provided with a toilet and sink. The department's own standards indicate that common bathroom facilities are acceptable for limited and moderate security living units.

No Specific Provision for Intensive Treatment/Special Counseling Beds. The department's plan indicates that, within the projected facilities needs, there is a need to add 400 beds by 1991-92 to care for severely emotionally disturbed wards. The department assumes that 20 percent of new commitments are severely emotionally disturbed. Our analysis indicates if this percent remains constant over the next four years, an additional 500 beds for this purpose is a more reasonable number. The plan, however, gives no indication of how these beds, or programming for severely disturbed wards, will be accommodated in the proposed new 600-bed institutions. The department should describe to the Legislature how it intends to accommodate this population in its proposed capital expansion program.

Recommendation. Based on the above, we recommend that, prior to budget hearings, the department submit a report to the Legislature which explains in detail (1) why it should design and construct only one type of living unit for all of its future institutions, given the variety of program needs and security classifications of its wards, and (2) how it intends to accommodate wards who are severely emotionally disturbed.

A. Projects Recommended for Approval

Major Projects

We recommend approval of \$1,713,000 in Item 5460-301-746 for five major capital outlay projects, as shown in Table 1.

We recommend approval of \$1,713,000 for six projects. These projects are summarized in Table 1.

Table 1
Department of the Youth Authority
1988-89 Major Capital Outlay
Projects Recommended for Approval
Item 5460-301-746
(dollars in thousands)

Sub-Item	Project	Location	Phase ^a	Budget Bill Amount	Est. Future Cost ^b
(1)	Equipment for pre-camp	Preston School of Industry	e	\$317	—
(2)	Electric doors for living units.....	Preston School of Industry	wc	546	—
(3)	Equipment for living unit/education facility	El Paso de Robles School	e	368	—
(6)	Equipment for public service living unit ..	Ventura School	e	428	—
(8)	Consolidate security/business services	Youth Training School	p	54	\$444
Total				\$1,713	\$444

^a Phase symbols indicate: p = preliminary plans, w = working drawings, c = construction, e = equipment

^b Department estimates.

Equipment for New Living Units. The budget requests \$1.1 million to equip three new living units or camps scheduled for occupancy in 1988-89:

- Preston Pre-Camp (Capacity: 100 wards).
- El Paso de Robles Living Unit/Educational Facility (Capacity: 100 wards).
- Ventura Public Service Living Unit (Capacity: 100 wards).

The Office of Project Development and Management confirms that construction of these units will be complete in 1988-89. The proposed equipment and associated cost for each project are reasonable, and we recommend approval.

Youth Training School—New Business Services Building. The budget includes \$54,000 for preliminary plans for a new business services building at the Youth Training Center (Chino), to permit consolidation of security personnel at the current business services/security building, and provide adequate office space for an expanded business services staff. The project is warranted and we recommend approval.

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

Electric Doors for Living Unit. The Legislature appropriated \$15,000 in the 1987 Budget Act for preliminary plans of electrically operated doors for one living unit at the Preston School of Industry. This unit houses the most dangerous wards confined at Preston. Based on the completed preliminary plans and related cost estimates, the budget proposes \$546,000 for working drawings and construction, 12 percent *less* than the amount recognized by the Legislature in the *Supplemental Report of the 1987 Budget Act*. We recommend approval.

Minor Projects

We recommend approval of \$511,000 in Item 5460-301-746(10) for eight minor projects.

These projects range from \$13,000 to install a fire separation wall to \$129,000 to upgrade lighting on the grounds of the Preston School of Industry. Five of these projects would upgrade lighting on the grounds of Youth Authority institutions, in order to increase security during night programs for wards. Night programs have become necessary because of the current level of crowding at the facilities. These projects are warranted, and the associated costs are reasonable. We recommend approval.

B. Projects for Which Recommendation is Withheld**Major Projects**

We withhold recommendation on \$1,555,000 in Items 5460-301-746(4) (\$614,000), 5460-301-746(5) (\$50,000), and 5460-301-746(9) (\$891,000), pending receipt of updated cost estimates.

The budget requests (1) \$614,000 for construction to expand and relocate the visiting area at the El Paso de Robles School, (2) \$50,000 for preliminary plans and working drawings of a commissary warehouse addition at El Paso de Robles School, and (3) \$891,000 for preliminary plans, working drawings and construction of a new water supply system at the Youth Training School (Chino). We withhold recommendation on these projects, because the department has not yet provided sufficient information to support the amounts proposed in the budget.

Expanded Visiting Area—El Paso de Robles School. The department is awaiting a detailed cost estimate for this project from the Office of the State Architect (OSA). This estimate should be available in February 1988, and should provide sufficient information for an evaluation of project costs.

Commissary Warehouse Addition—El Paso de Robles School. The cost estimate provided for this project by OSA is based on a similar project constructed in 1980-81. The OSA staff could not locate the outline specifications of this similar project, and therefore could not provide any detail to support the cost estimate for the current project. The cost estimate, therefore, bears no verifiable relationship to the proposed project, and does not give the Legislature sufficient information to make a meaningful decision about an appropriate level of funding. We will make a recommendation on this project after the department provides sufficient information to evaluate the proposed level of funding.

We note that the estimated future construction cost of the project includes \$54,000 more for architecture/engineering services than autho-

rized by the State Administrative Manual (13 percent of the construction contract amount). We also note that the proposed project would be constructed of brick, rather than less expensive (but structurally adequate) masonry. The department maintains that brick construction is necessary to match other buildings at the school. The new Living Unit to be completed at Paso Robles, however, is a concrete structure, without brick facing. Similar construction should also be appropriate for the commissary addition.

New Water Supply System—Youth Training School (Chino). A consultant to OSA is currently comparing two alternative approaches to the problem of nitrate contamination of the school's wells. The department and OSA will choose one alternative and develop a detailed cost estimate in February 1988. Consequently, the amount requested in the budget does not represent an actual cost estimate for a specific project.

The Department of Health Services has stated that although the nitrate problem is not a critical health/safety issue, nitrate levels in the school's wells are higher than permitted under state health standards. Thus, corrective action should be taken. The situation at the Youth Training School contrasts with the situation at the Ventura School, discussed below, in which high levels of iron and manganese in its well water are not a health problem.

Prior to budget hearings, we will make a recommendation concerning each of these projects, based on additional information to be provided by the department.

Minor Projects—Perimeter Lighting and Tower Construction

We withhold recommendation on five minor projects (\$733,000) in Item 5460-301-746(10), pending receipt of further information from the department concerning perimeter security needs at its facilities and the cost of proposed video monitoring systems.

The department requests \$582,000 to increase the level of lighting at the perimeter fences of four institutions. The department has not provided sufficient information to justify these four projects.

The department explains that more lighting is necessary to accommodate future installation and effective operation of video monitoring systems at the perimeters of these institutions. The four proposals submitted by the department, however, do not specify (1) what kind of video equipment these systems involve, (2) the projected cost of this equipment, (3) the cost of additional staff to monitor the systems, or (4) the level of lighting required for effective nighttime operation of the systems. In each of these proposals, therefore, the department is asking the Legislature to approve the first step (lighting) of a potential major capital outlay project (enhancement of perimeter security) with no information on the costs involved in the second step (video equipment and staff support), and no specific information about the relationship between the two steps.

The department, moreover, appears to have an inconsistent position on this issue. Specifically, in the department's request for \$151,000 to construct a new observation tower at the Preston School of Industry it indicates that *video-camera systems are not effective perimeter security tools*. In defense of the new tower, the department describes the *inadequacy* of an alternative camera monitoring system:

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

"By mounting a camera monitoring system the immediate fence area can be protected. However, general movement where most problems occur would be unobserved. When an escape occurs, the observer will be unable to see and direct the response team. Additional staff would be required to monitor and to maintain the system."

The department has presented incomplete and conflicting information to the Legislature. If the new tower at the Preston School of Industry is justified, the Legislature should regard perimeter video systems as inferior substitutes for observation towers, or a useless duplication of already existing observation measures. On the other hand, if perimeter video systems *are* effective security tools, then the Legislature should consider the cost-effectiveness of installing such systems instead of constructing new observation towers. In order to make a meaningful decision about the proposed lighting projects, the Legislature should have before it a *clear* delineation of what observation method will best meet the department's security objectives, the anticipated construction/operations costs, and a *specific* determination of the level of lighting needed to accommodate that method.

We therefore withhold recommendation on the four perimeter lighting projects (\$582,000) and the tower construction project (\$151,000), a total of five projects and \$733,000. We further recommend that, prior to budget hearings, the department submit a report to the Legislature which includes the following:

- A description, including an equipment list, of the video monitoring systems proposed at the four institutions for which lighting improvements are requested.
- The estimated costs of installing and operating video monitoring systems at these institutions.
- The security objectives of the proposed video systems, including a comparison of the merits and operating costs of observation towers with those of observation by video monitor.
- A comparison of existing lighting levels with the levels required for effective nighttime operation of the proposed video monitoring systems.
- A specific description of how the proposed lighting improvements would bring perimeter lighting to the required levels.

C. Recommended Deletion and Reversion**New Water Line—Ventura School**

We recommend a reduction of \$266,000 in Item 5460-301-746(7) to delete a new water line proposed for the Ventura School, because the new water supply has been deferred by the department for over 12 years and is not needed at this time. We further recommend the addition of Item 5460-495 to revert \$400,000, the balance of the amount appropriated for this project in Item 374(d) of the 1975 Budget Act.

The budget proposes \$266,000 to construct a water line from the Camarillo City Water System to the Ventura School. The school currently draws water from wells on the school's property. The department is seeking a new water supply, because levels of iron and manganese in currently used well water exceed state standards for the *aesthetic* quality

(taste and color) of a public water supply. According to the Department of Health Services, this level of iron/manganese in the water system is *not a health/safety problem*.

Background. In Item 374(d) of the 1975 Budget Act, the Legislature appropriated \$404,300 for construction of a water line between the school and the City of Oxnard water system. The department abandoned the project with the city when it determined that costs would exceed \$1 million. After several years of negotiations, the department developed a proposal for pipeline construction and delivery of water from the City of Camarillo. The cost of construction was to be shared by a developer of land along the pipeline route. After the City of Camarillo began preliminary plans, however, the developer decided not to improve the land, and pulled out of the cost sharing agreement. The department now proposes that the state fund the full cost of the proposed pipeline, \$666,000, using the \$400,000 balance of the 1975 appropriation and the \$266,000 requested in the budget.

100 Percent State Funding of This Project is Not Justified. We recommend that the Legislature not fund construction of this pipeline until developers begin to improve land along the proposed pipeline route, and, consequently, are prepared to share the costs of pipeline construction. The levels of iron and manganese in water drawn from the wells at the Ventura School do not threaten the health of wards and staff. The state Board of Public Health, in fact, does not set *health-based* standards for the level of these two minerals in public water supplies. Iron and manganese levels in the school's well water do exceed *aesthetic* standards for public water supplies. The Department of Health Services, however, does not enforce these standards, unless users of a water supply vote to undertake the necessary improvements in their water delivery system. There is no health/safety concern, therefore, which justifies 100 percent state funding of the project in 1988-89. This project may merit consideration by the Legislature when the department is able to work out a cost sharing agreement with local developers.

We also recommend reversion of the balance of the appropriation for this project made in the 1975 Budget Act. To assure that these funds are reverted and made available for other purposes, we recommend that Item 5460-495 be added to the Budget Bill, as follows:

Item 5460-495—Reversion. Department of the Youth Authority. Notwithstanding any other provision of law, the unexpended balance, including any unspent funds in the Architecture Revolving Fund, of the appropriation provided in the following citation shall revert to the unappropriated surplus of the fund from which the appropriation was made:

Item 374(d), Budget Act of 1975—Ventura School: Improvements to water supply system.

Supplemental Report Language

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

Youth and Adult Correctional Agency
ROBERT B. PRESLEY INSTITUTE OF CORRECTIONS RESEARCH
AND TRAINING

Item 5770 from the General
Fund

Budget p. YAC 67

Requested 1988-89.....	\$410,000
Estimated 1987-88	149,000
Actual 1986-87	1,000
Requested increase (excluding amount for salary increases) \$261,000 (+175 percent)	
Total recommended reduction.....	None

GENERAL PROGRAM STATEMENT

The Presley Institute, established by Ch 1288/86 (AB 277), pursues the research and development of correctional issues, including training and education for corrections personnel, violence in prisons and jails, recidivism of inmates, prison construction and design, rehabilitation of inmates and wards following release.

The research activities of the institute are formally approved by a 16-member board of trustees which is appointed by the Governor (six members), the Speaker of the Assembly (two members), the Senate Rules Committee (two members), the University of California (one member), the California State University (one member), and the California Community Colleges (one member). Three of the members—the Directors of Corrections and Youth Authority and the Chairperson of the Board of the National Institute of Corrections—serve as ex officio members.

In the current year, the institute plans to submit a preliminary plan for training correctional officers by March 1988. This plan is required by the enabling legislation. The institute reports that it currently is reviewing a validation of training programs for local correctional officers recently completed by the Board of Corrections.

For 1988-89 the institute proposes to (1) complete the training and education plan for corrections personnel, (2) establish a research library in conjunction with the University of California, Riverside, and (3) develop, in conjunction with a U.C. Riverside professor, a postsecondary education curriculum for corrections personnel. The institute has 0.3 personnel-years in the current year.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The Governor's Budget requests \$410,000 from the General Fund to support the activities of the Presley Institute in 1988-89. This is an increase of \$261,000, or 175 percent, over estimated current-year expenditures. The increase in funding reflects (1) support for consulting and professional services to develop the training and education plan for corrections personnel (\$178,000), (2) full-year funding to support an Executive Director (an increase of \$43,000), and (3) inflation adjustments for operating expenses and equipment, and other related costs (an increase of \$40,000).