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Prison and Parole Population Management Options

LEGISLATIVE ANALYST'S OFFICE

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Hon. Michael Machado, Chair





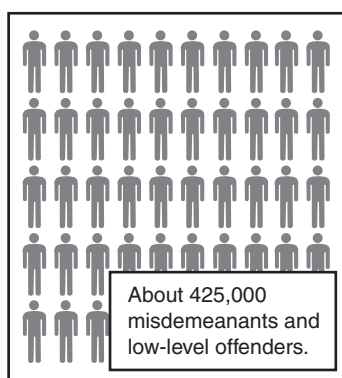
Administration Population Reduction Proposals Not Best Public Safety Options

Administration's Proposals Will Create a Gap In the Criminal Justice System

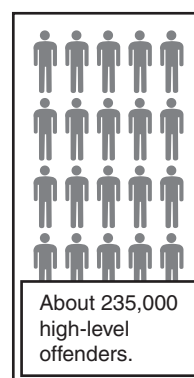
2009-10^a

Local Probation and Jails

State Prisons and Parole



About 63,000 mid-level offenders effectively unpunished. Serve little or no time in prison and on summary parole.



^aReflects full implementation of the proposals.

- The administration proposes two policies—20-month early release and summary parole—designed to significantly reduce the state’s inmate and parolee caseloads by a total of 63,000 offenders at full implementation in 2009-10.
- The administration estimates its proposals would save the state \$354 million in 2008-09 and \$758 million in 2009-10.
- We are concerned that these proposals would negatively affect public safety by creating a gap in the state’s criminal justice system because many of the offenders affected by the law would receive little or no punishment for their crime, and the policies would reduce the incentive for offenders to participate in diversion programs.



Better Options Available to Reduce Inmate and Parole Populations

Advantages and Trade-Offs With Changing Wobblers to Misdemeanors

Advantages

- Maintains continuum of state's criminal justice system rather than creating a gap, thereby ensuring that offenders are subject to criminal sanctions for their crimes.
- Better maintains incentives for offenders to participate in diversion programs such as Proposition 36 and drug courts.
- Lower administrative costs to implement.
- Greater reduction in overcrowding of prison reception centers, further reducing costs, especially those related to inmate health care.
- Budget savings of hundreds of millions of dollars beginning in near term.
- Target relatively low-level state inmates.
- Might preempt federal court-ordered inmate population reduction.

Trade-Offs

- Would reduce the time served by some of these offenders.
- Would increase the offender population supervised in jails and on probation.
- Would result in lesser punishment for some offenders who have prior convictions for serious or violent crimes.

- We have identified two alternatives that would better minimize the impact to public safety and achieve budget savings—changing “wobblers” to misdemeanors and earned discharge.
- Changing wobblers to misdemeanors would maintain the continuum of criminal sanctions for mid-level offenders while achieving budget savings of roughly the same magnitude as the administration’s 20-month early release proposal—about \$250 million in 2008-09 and about \$700 million by 2010-11.
- Earned discharge would provide a better balance between budget savings and offender accountability. The savings would be about \$50 million in 2008-09 and about \$100 million in 2009-10.



Parole Realignment Could Result in Better Public Safety Outcomes

Parolees Proposed for Realignment to Local Probation	
<i>June 30, 2007</i>	
Current Offense	Number of Parolees
Property Offenses	
Second degree burglary	7,482
Vehicle theft	7,128
Petty theft with a prior theft	6,159
Receiving stolen property	4,920
Forgery/fraud	4,104
Grand theft	3,736
Other property offenses	1,146
Subtotal, Property Offenses	(34,675)
Drug Offenses	
Drug possession	19,046
Drug possession for sale	12,057
Marijuana possession for sale	1,280
Marijuana sales	538
Other marijuana crimes	179
Hashish possession	49
Subtotal, Drug Offenses	(33,149)
Driving under the influence	3,539
Total, All Offenses	71,363

- The LAO proposes to realign the responsibility for supervising 71,000 parolees with current convictions for nonserious, nonviolent drug and property crimes to local probation departments who already supervise similar offenders.
- This proposal would save the state an estimated \$483 million in the budget year and improve public safety by giving local governments a greater stake in the outcomes of offenders released to their communities. Realignment would also allow local governments to better respond to criminal activity specific to their communities and set their own priorities for public safety programs and expenditures.



Realignment Overview



Three Financing Approaches

- Shift state General Fund revenues to counties.
- Impose new tax.
- Reallocate other tax revenues.



LAO Budget Package Reallocates

- Water and waste district property taxes, \$188 million.
- Proposition 172 sales taxes, \$178 million.
- Department of Motor Vehicle (DMV) vehicle license fee (VLF) revenues, \$130 million.
- Other financing approaches and revenue mixes possible.



Goal—Give Counties

- Fiscal flexibility and incentives to promote good outcomes.
- Revenues equal to what the state spends to supervise the offenders (\$483 million) and resources for transitional costs and incentives (\$12 million).



Property Tax Reallocation: Background

- ☑ **California's Second Largest Source of State-Local Revenues**
 - Legislature responsible for allocating property taxes.
 - Current allocation laws reflect taxation decisions of the 1970s.
 - Legislature directed special districts to shift to user fees.

- ☑ **Water, Sewer, and Solid Waste Services
Most Californians Served by a Branch of Their City or County**
 - Some served by independently elected special districts.
 - State Controller calls these districts water and waste "enterprise special districts" because they operate like businesses.

- ☑ **Water and Waste Services
Primary Funding Source Is User Fees**
 - However, almost one-half of the state's 1,212 water and waste districts receive some property taxes.
 - Property taxes typically represent less than 10 percent of these districts' operating costs.
 - Property taxes can allow districts to charge lower user fees.



Property Tax Reallocation: Proposal



Policy

- Use property tax revenues for broad-based public services.
- Establish a local process for tax allocation decision making.



Delegate to County Boards of Supervisors Authority to Reallocate Property Taxes From Water and Waste Districts to Parole Realignment

- Reallocate about one-half of statewide district property taxes (\$188 million of \$370 million).
- No county would shift more than 70 percent of countywide district property taxes.
- Shifts from specific districts could vary significantly.
- Voter-approved property taxes (taxes over the 1 percent rate) and property assessments are exempt from reallocation.



Model Based on 1993 Tax Reallocation Experience in Santa Cruz



Proposition 172: Background and Proposal



Voters Amended Constitution in 1993 to:

- Create a one-half cent state sales tax for local public safety.
- Specify that the revenues shall be allocated according to statute.



Current Proposition 172 Allocation

- Revenues collected by state and allocated to counties based on location of taxable sales.
- Counties transfer about 6 percent of revenues to cities that sustained property tax reductions. known as the "ERAF" shift, in 1993.



LAO Parole Realignment

- Redirect 6 Percent of Total Statewide Proposition 172 Revenues to Statewide Parole Realignment Account
- Allocate Remaining Proposition 172 Revenues to Counties Based on Taxable Sales (Similar to Current Law)



DMV VLF: Background and Proposal

- VLF Revenues Are Allocated to Cities and Counties After DMV Subtracts a Share to Pay for Its Tax Collection Costs**
 - No perfect way to determine DMV's collection costs.
 - Long-standing methodology reflects DMV's budget total and amount of revenues collected by DMV.

- VLF Rate Reduction: Cities and Counties Held Harmless**
 - State shifted property taxes from schools to cities and counties.
 - State General Fund backfilled schools for their revenue losses.

- VLF Rate Reduction: DMV Also Held Harmless**
 - DMV's revenues from VLF would have decreased from \$339 million to \$209 million (about one-third).
 - Statute allows DMV to calculate its share of VLF under the assumption that the VLF rate is still 2 percent.
 - Cost to General Fund to hold DMV harmless, \$130 million.

- LAO Parole Realignment**
 - Repeal Statute Allowing DMV to Calculate VLF Revenues Under the Assumption That VLF Rate Is Still 2 Percent
 - Use \$130 Million of DMV VLF for Parole Realignment
 - DMV May Increase Registration Fee by About \$4 per Vehicle to Offset Reduced VLF Revenues



Putting It Together

- Assign Each County a “Parole Funding Target” Based on the Size of Its Population**
- Water and Waste District Property Taxes Serve as the First Source of Resources for Each County’s Parole Funding Target**
- Counties That Need Additional Resources to Reach Their Parole Funding Targets Receive Funds From the State Account (Proposition 172 Revenues and DMV VLF Revenues)**
- \$12 Million Additional Resources in Statewide Account Allocated**
 - Initially, to all counties to offset transition costs.
 - Later, to counties making the greatest progress towards reducing recidivism and improving public safety.