

DEPARTMENT OF SOCIAL SERVICES—REAPPROPRIATION

Item 5180-490 from the General
Fund and the Federal Trust
Fund

Budget p. HW 155

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item reappropriates \$37,000 of the funds appropriated from the General Fund by Ch 1159/85. These funds originally were provided for an Adult Protective Service emergency shelter pilot project, and would be used for the same purpose in 1987-88.

This item also reappropriates the unexpended portion of federal Title XX funds provided for training and retraining of providers of licensed child care as well as state licensing officials, and parents of children in day care. These funds would be used to support the same activities in 1987-88. We recommend that both reappropriations be approved.

DEPARTMENT OF SOCIAL SERVICES—REVERSION

Item 5180-495 to the General
Fund

Budget p. HW 163

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item reverts the unencumbered balance, approximately \$5 million, contained in section (b) of Chapter 16, Statutes of 1986. This bill originally appropriated \$10 million to the Department of Social Services for the Individual and Family Grant Program. This program provides emergency loans to victims of disasters such as floods and fires. Because the amount of loans made under the program will not reach the amount appropriated by Chapter 16, we recommend approval of the reversion.

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

Item 5240 from the General
Fund and various funds

Budget p. YAC 1

Requested 1987-88	\$1,408,917,000
Estimated 1986-87	1,281,783,000
Actual 1985-86	999,799,000
Requested increase (excluding amount for salary increases) \$127,134,000 (+9.9 percent)	
Total recommended reduction	90,265,000
Recommendation pending	132,313,000

1987-88 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5240-001-001—Support	General	\$1,325,378,000
5240-001-036—Support	Special Account for Capital Outlay	13,288,000
5240-001-746—Support	1986 Prison Construction Fund	10,004,000
5240-001-890—Support	Federal	(208,000)
5240-001-917—Support	Inmate Welfare Fund	19,370,000
5240-101-001—Local assistance Reimbursements	General —	30,251,000 10,626,000
Total		\$1,408,917,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Funding for Inmate and Parolee Population Growth. Withhold recommendation, pending analysis of the population proposal to be contained in the May revision. 810
2. *Work/Training Credits for Parole Violators. Reduce Item 5240-001-001 by \$88,889,000.* Recommend enactment of legislation providing that parole violators earn work credits to reduce their parole revocation sentences in the same way as inmates earn work credits to reduce their sentences under existing work/training incentive program, for annual General Fund savings of approximately \$89 million. 815
3. Alternatives for Parole Violators. Recommend department report prior to budget hearings on alternatives to reduce the growth in the parole violation rate and the number of parole violators housed in prison. 817
4. *Restitution Center. Reduce Item 5240-001-001 by \$830,000.* Recommend deletion of funds for establishment of the center, because the proposal contains too many uncertainties and is premature. 819
5. Inmate Classification System. Recommend department report at budget hearings on fiscal and programmatic costs and benefits of options for modifying classification system. 820
6. *Legal Services. Reduce Item 5240-001-001 by \$193,000.* Recommend deletion of five proposed positions because 824

- the department has not demonstrated that existing legal resources are inadequate.
7. Construction Claims Review. Withhold recommendation on \$204,000 from the 1986 Prison Construction Fund, pending legislative review of the process the department plans to use to review construction claims. 825
 8. *Equipment. Reduce Item 5240-001-001 by \$194,000.* 826
Recommend elimination of unjustified equipment. Further, withhold recommendation on \$7,929,000 from General Fund and \$6 million from SAFCO for equipment, pending explanation of department's specific equipment needs.
 9. Special Repair Projects. Withhold recommendation on \$3,136,000 from 1986 Prison Construction Fund for special repair projects, pending explanation of which projects will be undertaken in the budget year. 827
 10. Budget Act Language for Legislative Oversight. Recommend that the Legislature restore language in the Budget Bill related to oversight of personnel activation and program management services for new prisons. 827
 11. Financial Status of Prison Industry Authority (PIA). 829
Recommend that PIA present fiscal committees with a report prior to budget hearings on its short-term and long range plans to become more financially viable in the future.
 12. Reimbursements from PIA. Recommend department reevaluate its estimate of reimbursements it expects to receive from PIA. 831
 13. Monitoring Hospital Licensure Efforts. Recommend department provide Legislature with specified reports on progress of hospital licensure efforts. 831
 14. *Positions Loaned to Agency. Reduce Item 5240-001-001 by \$159,000.* 833
Recommend three positions be financed in Youth and Adult Correctional Agency's budget rather than department's budget, because staff are working for the agency on an ongoing basis.
 15. Local Assistance Budget. Recommend department reevaluate its needs for local assistance funding and report to legislative fiscal committees prior to budget hearings. 833
 16. Local Government Claims Process. Recommend amendment to Budget Bill to require that claims for reimbursements for costs of detaining state parolees be filed by local jurisdictions within six months of time in which service is performed. 834
 17. Reversion Language—Technical Issue. Recommend 835
new Budget Bill Item to revert funds not spent for Ch 932/85.

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.

DEPARTMENT OF CORRECTIONS—Continued

Institution Program. The department operates 14 institutions, including a medical facility and a treatment center for narcotic addicts under civil commitment. The department also operates 31 conservation camps in cooperation with the California Department of Forestry (26 camps) and Los Angeles County (five camps).

Major programs conducted in the institutions include 24 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's current-year staffing level is estimated to be 19,106 personnel-years.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes the expenditure of \$1.4 billion from various funding sources for support of the Department of Corrections in 1987-88, as shown in Table 1. This represents an increase of \$127.1 million, or 10 percent, above estimated current-year expenditures.

The expenditure tables which follow have not been adjusted to reflect any potential savings in 1986-87 which may be achieved in response to the Governor's December 22, 1986 directive to state agencies and departments to reduce General Fund expenditures.

Table 1
Department of Corrections
Budget Summary^a
1985-86 through 1987-88
(dollars in thousands)

<i>Program</i>	<i>Actual 1985-86</i>	<i>Est. 1986-87</i>	<i>Prop. 1987-88</i>	<i>Percent Change from 1986-87</i>
Institutions	\$887,622	\$1,155,137	\$1,272,283	10.1%
Community Corrections	112,238	126,854	150,230	18.4
Administration (distributed)	(84,220)	(101,637)	(103,494)	1.8
Totals, Expenditures.....	\$999,860	\$1,281,991	\$1,422,513	11.0%
Special Adjustment.....	—	—	—\$13,388	NMF ^b
Adjusted Totals, Expenditures	\$999,860	\$1,281,991	\$1,409,125	9.9%
Funding Source				
General Fund.....	\$971,641	\$1,225,920	\$1,355,629	10.6%
Special Account for Capital Outlay	2,555	15,864	13,288	-16.2
New Prison Construction Bond Fund.....	2,140	4,183	—	-100.0
1984 Prison Construction Fund....	—	6,210	—	-100.0
1986 Prison Construction Fund....	—	—	10,004	NMF ^b
Federal Trust Fund	61	208	208	—

<i>Inmate Welfare Fund</i>	13,667	18,976	19,370	2.1
<i>Reimbursements</i>	9,796	10,630	10,626	—
Personnel-Years by Program				
Institutions	12,385	16,736	18,654	11.5%
Community Corrections	1,048	1,376	1,542	12.0
Administration	859	993	1,036	4.3
Totals, Personnel-Years	14,292	19,106	21,232	11.1%

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

^b Not a meaningful figure.

Expenditures shown in Table 1 for the current year include a General Fund deficiency request of \$66 million. This amount includes \$58.8 million for greater-than-budgeted inmate population, and \$7.3 million for greater-than-budgeted parole population.

The budget proposes expenditures of \$1.4 billion from the General Fund for support of the department in 1987–88. This is an increase of \$129.7 million, or approximately 11 percent, above estimated current-year expenditures (including the deficiency request).

In addition, the budget includes approximately \$13.3 million from the Special Account for Capital Outlay (SAFCO) for general support of the department, \$10 million from the 1986 Prison Construction Fund for support of the department's prison construction and special repair and facility maintenance program, and \$19.3 million from the Inmate Welfare Fund for special inmate programs. The department expects to receive reimbursements totaling about \$10.6 million and federal funds in the amount of \$208,000.

The budget includes \$115.9 million (\$115.8 million from the General Fund) to provide additional staffing and related operating expenses and equipment to accommodate the projected increase in inmate and parolee populations during 1986–87. The amount consists of (a) \$101.4 million for housing additional inmates, (b) \$12.1 million for supervising additional parolees, and (c) \$2.4 million for additional administrative support. In addition, the budget includes a reduction of \$10.8 million for costs associated with the *Toussaint v. McCarthy* court case (we discuss this in greater detail later in this analysis) and an increase of \$5.8 million for 30 separate program changes. Table 2 shows workload adjustments, cost adjustments, and the significant budget changes proposed for 1987–88.

Inmate Population Increases. The department projects that California's inmate population will continue to increase during 1987–88, as shown in Table 3. Although the department's population projection anticipates an increase of 7,875 inmates during 1986–87 and 7,545 during 1987–88, the Department of Finance reduced the projection in the Governor's Budget by 1,000 inmates in both the current and budget years. The budget does not, however, delineate this reduction by inmate category (male or female, felon or nonfelon). We discuss the Department of Finance's 1,000 inmate reductions later in this analysis.

DEPARTMENT OF CORRECTIONS—Continued

Table 2
Department of Corrections
Proposed 1987-88 Budget Changes^a
(dollars in millions)

	General Fund	Inmate Welfare Fund	Special Account for Capital Outlay	New Prison Construction Fund	1984 Prison Construction Fund	1986 Prison Construction Fund	Federal Funds and Reimburse- ments	Total
1986-87 Expenditures (Revised)	\$1,225.9	\$19.0	\$15.9	\$4.2	\$6.2	—	\$10.8	\$1,282.0
Proposed Changes:								
1. Workload Adjustments:								
A. Inmate Population	101.3	0.1	—	—	—	—	—	101.4
Parolee Population	12.1	—	—	—	—	—	—	5.7
C. Administration/Other	2.4	—	—	—	—	—	—	2.4
2. Cost Adjustments:								
A. Inflation adjustments	5.7	—	—	—	—	—	—	5.7
B. Benefit adjustments	-0.7	—	—	—	—	—	—	-0.7
C. Full-year cost adjustments	34.1	0.3	—	—	—	—	—	34.4
D. Limited term positions	-4.9	—	—	—	—	-0.2	—	-5.1
E. Other	-1.5	—	—	—	—	—	—	-1.5
F. Reduction for special repairs	-2.9	—	-0.3	—	—	—	—	-3.2
G. 1% Special Adjustment	-13.4	—	—	—	—	—	—	-13.4
3. Program Adjustments:								
A. Ch 1314/86— <i>Toussaint v. McCarthy</i>	-10.8	—	—	—	—	—	—	-10.8
B. Fund shifts	2.9	—	-2.3	-4.2	-6.2	9.8	—	—
C. Parole hearing staff	0.3	—	—	—	—	—	—	0.3
D. Legal services unit	0.2	—	—	—	—	0.1	—	0.3
E. Psychologist & psychiatrist ratios	1.0	—	—	—	—	—	—	1.0
F. New institution staffing ratios	1.2	—	—	—	—	—	—	1.2
G. Background investigations	0.5	—	—	—	—	—	—	0.5
H. Miscellaneous security	0.5	—	—	—	—	—	—	0.5
I. Institutional services	1.0	—	—	—	—	—	—	1.0
J. Planning and construction	-0.1	—	—	—	—	0.3	—	0.2
K. Other administration	0.8	—	—	—	—	—	—	0.8
1987-88 Expenditures (Proposed)	\$1,355.6	\$19.4	\$13.3	—	—	\$10.0	\$10.8	\$1,409.1
Change from 1986-87:								
Amount	\$129.7	\$0.4	-\$2.6	-\$4.2	-\$6.2	\$10.0	—	\$127.1
Percent	10.6%	2.1%	-16.4%	-100.0%	-100.0%	NMF ^b	—	9.9%

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

^b Not a meaningful figure.

Table 3
Department of Corrections
Inmate Population
June 1986 through June 1988

	<i>Actual</i> 6/30/86	<i>Estimated</i> 6/30/87	<i>Projected</i> 6/30/88	<i>Percent Increase from 6/30/87 to 6/30/88</i>
Male felon.....	50,503	59,685	66,735	11.8%
Male nonfelon and others.....	1,512	1,710	1,920	12.3
Female felon	2,807	3,275	3,830	16.9
Female nonfelon and others	416	465	525	12.9
Unidentified reduction	—	-1,000	-1,000	—
Totals	55,238	64,135	72,010	12.3%

Parole Population Increases. The department also expects the parole population to increase dramatically during the budget year. Table 4 shows the projected parole and outpatient population.

Table 4
Department of Corrections
Parole and Outpatient Population
Supervised in California
June 1986 through June 1988

	<i>Actual</i> 6/30/86	<i>Estimated</i> 6/30/87	<i>Projected</i> 6/30/88	<i>Percent Increase from 6/30/87 to 6/30/88</i>
Male felon.....	28,268	33,255	38,635	16.2%
Male outpatient.....	716	830	930	12.0
Female felon	2,287	3,025	3,440	13.7
Female outpatient	224	335	385	14.9
Totals	31,495	37,445	43,390	15.9%

Inmate Housing Plans. In order to accommodate the projected increase of inmates, the department expects to open 4,780 beds at new institutions and camps and to overcrowd an additional 2,432 beds in existing institutions. Table 5 shows the department's plan for housing inmates in the current and budget years.

ANALYSIS AND RECOMMENDATIONS

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

- \$958,000 for eight psychiatrist and 11 psychologist positions at various institutions.
- An increase in overtime funds of \$200,000 for transportation and security of inmates during a murder trial of a correctional officer in Marin County.
- Nine additional positions for institutional support services.
- An increase of \$520,000 for various security positions at institutions.
- An additional \$635,000 for various accounting, personnel, and budget staff in the institutions and headquarters.
- \$230,000 for design and contract support services for new prison construction.

DEPARTMENT OF CORRECTIONS—Continued

Table 5
Department of Corrections
Inmate Housing Plan
1986-87 through 1987-88

Institution	County	1985-86 Budgeted Capacity ^a	1986-87			1987-88		
			New Beds	Over- Crowding	Budgeted Capacity ^a	New Beds	Over- Crowding	Budgeted Capacity ^a
New Institutions								
California State Prison, Amador.....	Amador	—	500	—	500	1,192	600	2,292
California State Prison, Corcoran	Kings	—	—	—	—	1,500	400	1,900
California State Prison, Kings (Avenal)	Kings	—	1,476	177	1,653	1,548	1,030	4,231
California State Prison, Sacramento	Sacramento	—	1,728	498	2,226	—	204	2,430
Northern California Women's Facility (NCWF)	San Joaquin	—	400	—	400	—	—	400
Richard J. Donovan Correctional Facility	San Diego	—	2,200	180	2,380	—	620	3,000
Existing Institutions								
California Correctional Center (CCC)	Lassen	2,277	500	472	3,249	—	250	3,499
California Correctional Institution (CCI)	Kern	2,466	500	86	3,052	—	250	3,302
California Institution for Men (CIM)	San Bernardino	5,393	—	—	5,393	—	—	5,393
California Institution for Women (CIW)	San Bernardino	2,075	108	-88	2,095	—	120	2,215
California Medical Facility (CMF)	Solano	4,228	—	317	4,545	—	—	4,545
California Medical Facility-South (CMF-S)	Solano	3,784	—	-720	3,064	—	—	3,064
California Men's Colony (CMC)	San Luis Obispo	6,868	—	-223	6,645	—	-370	6,275
California Rehabilitation Center (CRC)	Riverside	4,073	—	-265	3,808	—	584	4,392
California Training Facility (CTF)	Monterey	5,968	—	-510	5,458	—	-630	4,828
Deuel Vocational Institute (DVI)	San Joaquin	3,414	-125	-149	3,140	—	-876	2,264
Folsom State Prison.....	Sacramento	3,095	—	333	3,428	—	—	3,428
San Quentin State Prison.....	Marin	3,502	-450	—	3,052	—	—	3,052
Sierra Conservation Center (SCC)	Tuolumne	2,348	500	84	2,932	—	250	3,182
Southern Maximum Security Complex (SMSC)	Kern	1,400	—	174	1,574	—	—	1,574
All Camps.....	various	2,646	380	—	3,026	540	—	3,566
Totals.....		53,537	7,717	366	61,620	4,780	2,432	68,832

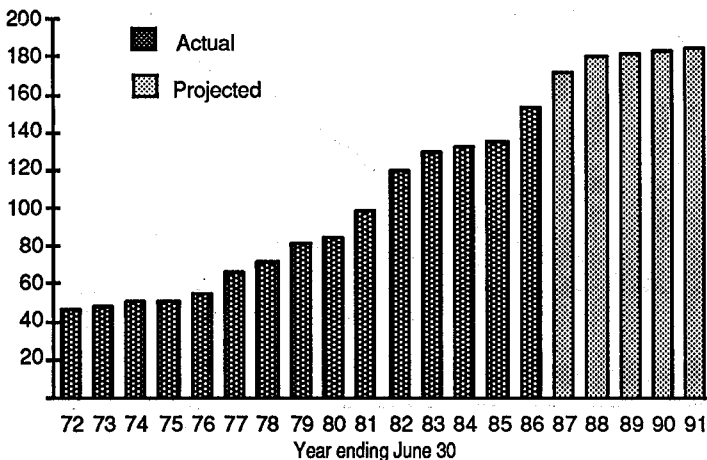
^a Capacity at end of fiscal year.

Prison Support Costs Continue Dramatic Rise

Costs of operating the state's prison system have risen sharply and will continue to increase, principally because of the dramatic increase in California's prison population. The increase in the prison population results, in part, from changes in sentencing policies made by the Legislature. These changes include determinate sentencing, longer terms for specific crimes, and prison terms for crimes which previously would have been punishable by a county jail term or probation. Chart 1 shows that the number of male felon admissions to state prisons for every 100,000 persons in the 18-to-49 age group has risen sharply since 1971-72.

Chart 1

Felon Admissions to Prison Per 100,000 Male Californians (Age Group 18-49)



Source: Department of Corrections

Given projected inmate and parole population growth, we estimate that the department's General Fund costs will exceed \$2 billion by 1990-91. This estimate is probably a *minimum*, however, primarily because the new prisons the department plans to occupy during the next few years will be more staff-intensive and costly to operate than existing facilities.

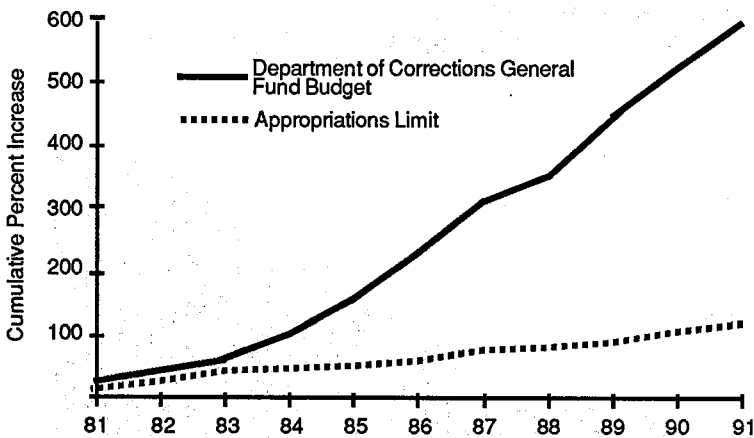
Growth in Corrections' Costs Far Exceeds Appropriations Limit. The costs to support the prison system have grown and will likely continue to grow much faster than the growth in appropriations which is allowable under Article XIII B of the Constitution. Chart 2 shows the cumulative percentage growth in the department's General Fund budget and the state's appropriations limit since 1980-81. Given this situation, it is likely that funds may have to be diverted from other General Fund programs to pay for the prison system in future years. Those programs that are most vulnerable are obviously those that receive the largest amounts of General Fund support—education, health, and welfare.

DEPARTMENT OF CORRECTIONS—Continued

We discuss the future of expenditures for correctional programs in more detail in *The 1987-88 Budget: Perspectives and Issues*. We offer options to control these expenditures in that publication as well as in *The 1986-87 Budget: Perspectives and Issues*.

Chart 2

**Growth in Department of Corrections Budget
and State's Appropriations Limit
1980-81 through 1990-91**



Source: Governor's Budget and LAO estimates

Institution and Parole Population Plans Uncertain

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

The budget proposes an additional \$115.9 million (\$115.8 million from the General Fund and \$122,000 from the Inmate Welfare Fund) and 3,459 new positions to accommodate inmate population growth in institutions, supervise and provide services to additional parolees, and fund associated population-driven support service costs.

Our analysis indicates that there are uncertainties regarding the rate at which the inmate and parolee populations will grow, as well as uncertainties involving the department's plan to house inmates in new and existing facilities.

First, the population projections used to develop the budget usually are changed significantly before the Legislature approves the Budget Bill. For example, the Governor's Budget for 1986-87 was based on a projected inmate population of 58,060 by June 30, 1987; the department lowered its projection to 57,360 in February 1986. (The department subsequently raised the projection to 65,135 last August.) In addition, the inmate population currently is below the levels which the department projected for the current year. The department indicates that, as of January 25, 1987, there were 59,564 inmates in prison, or 803 less than the projected level for this date. Consequently, it is likely that the population updates which are reflected in the May revision of the budget could be very different from what is reflected in the Governor's Budget submitted to the Legislature in January.

Second, the population-related budget proposals are based on construction schedules that call for nearly 5,000 new beds to be activated at three new institutions and five new camps in 1987-88. Given recent uncertainties in activation of new prison facilities and the department's track-record in meeting construction schedules, these proposals are open to question. If the department finds that it cannot complete construction of new facilities as scheduled, new housing plans involving more overcrowding will have to be developed to accommodate the inmate population. An updated construction and activation schedule will be available at the time the department submits its May revision.

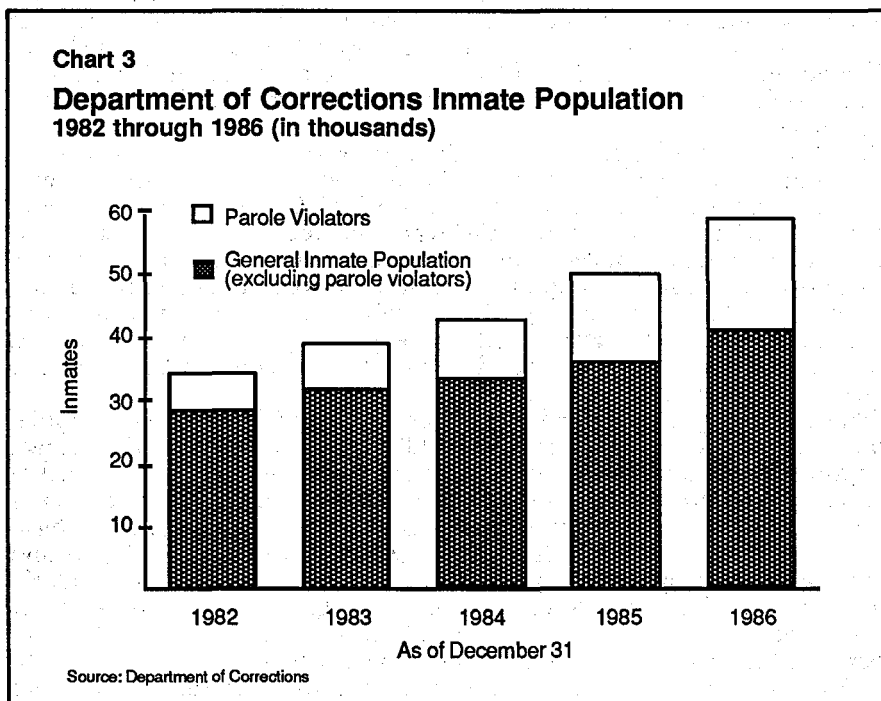
Third, the Department of Finance reduced the CDC's inmate population projection for the budget year by 1,000 inmates to reflect the impact of parole revocation guidelines that are being established by the Board of Prison Terms. Although the guidelines are likely to have an impact on the inmate population, our analysis indicates that there is no analytical basis for this reduction, because the guidelines are still being developed and have not yet been approved by the board. Furthermore, neither the CDC, the board, the Youth and Adult Correctional Agency, or the Department of Finance could explain how the 1,000 inmate reduction was derived. Board staff indicate that the guidelines probably will be available prior to the May revision. (We discuss the development of guidelines in more detail in our analysis of the Board of Prison Terms—please see Item 5460.)

For these reasons, it is very likely that the department's budget request will be revised significantly prior to the May revision. Pending receipt and analysis of the revision, we withhold recommendation on \$115 million—the amount requested for management of prison population growth and parolee services, less amounts we recommend be deleted in other issues discussed below.

DEPARTMENT OF CORRECTIONS—Continued

THE GROWTH OF PAROLE VIOLATORS

One of the primary reasons for the dramatic increase in the inmate population has been the significant rise in the number of parole violators returning to prison. Chart 3 shows the growth in parole violators since 1982.



Parolees Returned to Custody. Each year, thousands of inmates leave prison on parole. The period of parole for most inmates—those serving determinate sentences—is specified in statute. The parole period for inmates serving indeterminate sentences (for murder and attempted murder) is determined by the Board of Prison Terms (BPT). In all cases, the CDC establishes the conditions for parole, and the BPT is responsible for revoking parole and returning a parolee to prison if such conditions are violated.

When a parolee is charged with a violation of the conditions of parole, and does not waive his or her rights to a hearing, the board holds a revocation hearing to determine if there is probable cause to believe the person has violated parole. If the board finds good cause for the violation charge, it can revoke parole, return the parolee to prison, and determine the length of the revocation sentence.

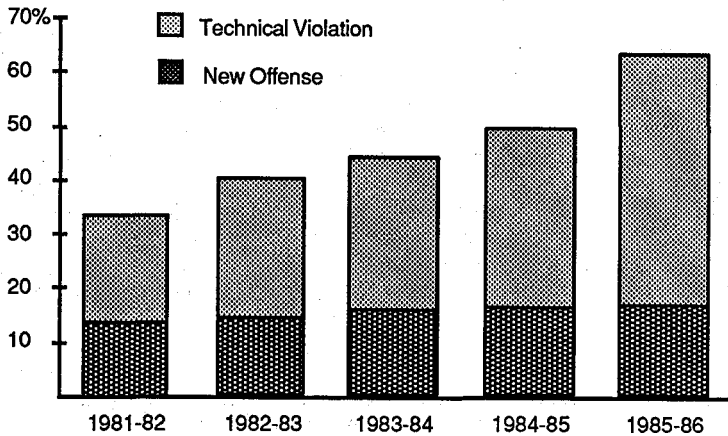
Many parolees are arrested for a *new criminal offense* and are returned to prison to serve a new term. However, a much larger number of parolees

are returned to prison by the board for violating conditions of parole which may not necessarily subject them to criminal prosecution. These types of violations are considered *technical violations*, and include violations such as failing urine tests for drug usage, failing to report to a parole officer as required, failing to follow the officer's instructions, failing to participate in drug testing, or absconding.

According to the CDC, in 1981-82, 2,643 male parolees were returned to custody for technical violations of parole, while 1,865 were returned for a new crime. By 1985-86, the number of technical violations had increased to 13,505, while the number of parolees with new offense terms had increased to 5,066. Approximately 47 percent of the persons released on parole in 1985-86 were returned to custody for technical violations, while 18 percent were returned as a result of a new offense. Chart 4 illustrates that the rate at which parolees are returned to prison for technical violations has increased faster than the rate at which they are returned for a new crime.

Chart 4

**Annual Parole Violation Rates
1981-82 through 1985-86**



Source: Department of Correction

While parole violators who are returned to prison for a new offense must serve whatever term is imposed by the court, the law specifies that technical parole violators can be returned to prison for a maximum of one year. According to the BPT, the *average* length of sentence for technical violators was eight months in 1985-86, although 40 percent were sentenced to one year. Once returned to prison, technical violators tend to be classified as minimum security inmates. Of those technical violators returned to

DEPARTMENT OF CORRECTIONS—Continued

prison and classified in 1985–86, 62 percent were classified at Level I (minimum security), 20 percent at Level II, 15 percent at Level III and 3 percent at Level IV (maximum security).

Reasons for Increasing Parole Violator Population in Prison. There are several reasons for the increase in the number of parole violators returning to prison. First, the most obvious reason for the increase in parolees returning to prison is the growth of the parole population. The male parole population supervised in California increased from 25,258 in 1984–85, to 28,984 in 1985–86—a 15 percent increase in one year. The CDC estimates this population will increase further to 34,085 by the end of the current fiscal year, and to 39,565 by the end of the budget year. Data from CDC shows a 197 percent increase in the parole population between 1981–82 and 1987–88.

While the number of parolees has increased, the percentage of parolees returning to prison has increased even more. Over the past few years, there has been dramatic growth in the number of parolees held pursuant to an arrest by local law enforcement or by the department's parole and community services division for a violation of the conditions of parole. For example, the number of male felon parolees arrested increased from 19,761 in 1984–85 to 25,024 in 1985–86, or 27 percent in one year. Additionally, there has been an increase in the proportion of parolees who are referred by the department to the BPT for revocation and who are subsequently returned to prison. In 1983–84, 64 percent of the parolees referred for revocation by CDC to BPT were returned to prison. By 1985–86, this amount increased to 74 percent.

Until recently, the CDC held many parole violators in county jails pending their parole revocation hearing. In addition, violators with short revocation sentences were not returned to prison, but were able to complete their sentences in county jail (the CDC paid counties to house these violators). There have been increasing restrictions on the use of county jail beds, however, and the CDC estimates that about 900 beds available to the department statewide were lost between February 1985 and July 1986. Because of jail overcrowding and related court injunctions, many counties no longer accept parole violators for temporary housing in their jails, while other counties will hold a limited number of parolees for a limited time. For example, Orange County no longer accepts parole violators for temporary housing, while San Francisco is now holding only 60 parole violators for a limited time of up to 5 days. San Diego County is now the only large county which allows unrestricted use of jail beds for parole violators. Because of these restrictions, increasing numbers of parole violators are being held in prison, pending parole investigation and a revocation hearing.

Parole Violator Population Expected to Continue to Increase. The CDC expects the number of parole violators returning to prison to continue to increase. In 1985–86, parole violators represented 48 percent of the total prison intake. The CDC estimates this number will increase to 53 percent by the end of 1987–88. Furthermore, as more county jails face overcrowding and court injunctions, the department estimates the loss of jail beds will continue, which will increase the number of parole violators the department must house in overcrowded state prisons.

Extend Work/Training Program to Technical Parole Violators

We recommend enactment of legislation providing that parole violators may earn work credits to reduce their parole revocation sentences in the same way as inmates earn work credits to reduce their sentences under the existing work/training incentive program. We further recommend a General Fund reduction of \$88,889,000 to reflect the major savings that will result from the enactment of the proposed legislation. (Reduce Item 5240-001-001 by \$88,889,000).

The inmate work/training incentive program, which was established by Ch 1234/82, was designed to reduce unproductive idleness of inmates and provide them with valuable work and training experience. As the CDC indicates, inmates engaged in useful work are less likely to become behavior problems within the institutions. Current law specifies 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."

The work/training incentive program reduces incarceration costs dramatically by reducing the time many inmates serve in prison. This is because the program allows inmates who work or participate in a full-time educational or vocational program to earn work credits that reduce their sentence by one month for each month of such participation. Other inmates earn sentence credits of one month for every three months of eligibility or participation. Such inmates include those who are willing to participate in a full-time assignment but are not assigned, through no fault of their own; those who are assigned to a less-than-full-time program; and inmates that are involuntarily unassigned (i.e., inmates receiving medical or psychiatric treatment; inmates in reception centers, enroute, or in orientation; and inmates awaiting release or transfers). Under current law, however, inmates who refuse to work or who are disciplined for acts of misconduct are ineligible to earn work credits, or may have credits withdrawn by the department.

In spite of the legislative policy that all inmates shall receive work credits if they participate in work or education programs, or if they are involuntarily unassigned, *parole violators who are returned to custody for technical violations of the conditions of their parole currently may not earn work credits*. Although these parole violators are housed in state prison and treated like other inmates in other respects, they technically are in prison under the authority of the BPT. Board policy does not allow these individuals to earn work credits.

In the past, the Youth and Adult Correctional Agency argued that parole violators should not earn work credits because they were retained in the custody of local law enforcement agencies where the availability of work programs varied a great deal. However, as a result of the increasing restrictions on the use of county jail bed space for detaining parole violations, in our judgment this argument is no longer valid. Currently, *the majority of parolees who violate the conditions of their parole and are returned to custody, are housed in state prison*.

In addition, the CDC staff we talked with during our field visits indicate that the policy of not allowing the parole violators in prison to earn work credits, makes it more difficult to manage this population. Although many parole violators do work, they earn privileges such as canteen and visitation rights, rather than work credits. When inmates who are eligible to earn work credits engage in acts of misconduct, the department may deny them credits or take away credits they have already earned, which direct-

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ly affects the length of time the inmate will stay in prison. A technical violator, however, has less incentive to behave because the department cannot directly discipline him or her in the same way it does the general population, nor can the department administratively increase the parole violator's revocation sentence. Extending a revocation sentence is the responsibility of the BPT and can only be accomplished upon recommendation of the department after a formal hearing by the board.

Finally, by denying parole violators credits, an inequitable system exists whereby a parolee returned to prison for committing a new criminal offense could actually serve *less time* for the offense than a parolee returned to custody because of a technical violation of parole. This is because the parolee who is returned for a new offense is eligible to earn work credits, while the technical violator is not. For example, a parolee convicted of possession of specified drugs could be sentenced to 16 months or more in prison. Because he or she is able to earn work credits, however, the actual time served could be reduced to eight months. A technical violator appearing before the BPT for drug possession, however, could be sentenced to one year with no possibility for a reduction in the term.

Fiscal Impact of Extending Work/Training Incentive Program to Technical Parole Violators. We estimate that if legislation were enacted to allow technical parole violators to participate in the existing work/training incentive program, this could reduce the need for approximately 6,700 prison beds on an ongoing basis.

We estimate that the state could realize annual General Fund savings of approximately \$89 million in prison operating costs, less minor administrative costs, because technical violators would have their revocation sentences reduced in the same manner and extent as sentences are reduced for other inmates under the existing inmate work/training incentive program. This could, in turn, potentially reduce the state's need to construct two new prison facilities that could cost up to \$570 million in capital outlay expenditures.

The Legislature has statutorily adopted the policy that every prisoner shall have a reasonable opportunity to participate in a full-time credit-qualifying assignment. Although the BPT could change its policy administratively to allow technical parole violators to earn work credits, it has not done so. Accordingly, we recommend that legislation be enacted to clarify the law to specifically extend this policy to technical parole violators. Such legislation would provide that parole violators' revocation sentences could be reduced in the same way as inmates' terms of imprisonment may be reduced under the existing work/training incentive program.

Because of the established legislative policy regarding the inmate work program and the potential for major General Fund savings in the budget year, we recommend that the legislative changes be adopted either in urgency legislation or in companion legislation to the Budget Bill. On this basis, we further recommend a net General Fund reduction of \$88,889,000 from the department's budget on the assumptions that the legislation will take effect on July 1, 1987, and the provisions will affect all technical parole violators who are incarcerated on the operative date of the legislation.

Better Alternatives Needed for Parole Violators

We recommend that the department report prior to hearings on the May revision of the budget on alternatives to reduce the growth in the parole violation rate and the number of parole violators housed in prison.

The Department of Corrections recognizes that parole violators are taking up an increasing number of scarce prison beds. However, the only proposal included in the budget to deal with the burgeoning parole violator population is a request to contract for additional bed space in private community facilities to house technical violators. Our analysis indicates that there are problems with the department's proposal and that it should look at other alternatives to handle the growing parole violator population.

CDC Proposal. In order to reduce the number of parole violators taking up space in prisons, the department requests \$13 million for 5 community facilities that together will house between 695 and 845 beds for technical parole violators in the budget year. These facilities are private facilities that the department would contract for on a joint venture basis. They are intended to house technical parole violators who are considered minimum security risks. The private contractor would provide the building, support staff, and services (such as food, furnishings, and an inmate educational program), while the department provides on-site security staff and related services. The department is contracting for one 80-bed community facility in the current year.

The request to contract for these community facilities is incorporated in the department's inmate and parole population budget change proposal. As indicated above, we are withholding recommendation on this proposal until the time of the May revision. Our preliminary analysis indicates, however, that the *proposal to contract for beds in community facilities will cost considerably more than prison beds*. According to the Governor's Budget, the average per capita cost to house a minimum security inmate in prison will be less than \$13,000 in the budget year, while the cost per inmate in the proposed facilities would range from about \$17,000 to \$24,000.

Although these facilities would provide some relief for the overcrowded conditions of the institutions, only one would provide unique programs that are not provided in prison. This facility would be a substance abuse treatment unit. The department advises that the primary goal of this facility would be to provide (1) intensive drug abuse counseling and drug and alcohol treatment, (2) job skill development and instruction in job search techniques, and (3) job placement in the community. While this program is expensive (about \$24,000 per inmate), it could reduce the intake of parole violators to the extent that it reduces parolee recidivism.

Other Alternatives. Although the proposed community facilities should provide some relief by reducing the number of parole violators housed in prisons, we believe that the department also should consider special programs and alternatives that could *reduce the growth of parole violators*. The Department of the Youth Authority recently identified several programs specifically for parole violators in its "Population Management and Facilities Master Plan." Some of these special programs may require higher initial funding or staffing levels, but may generate long-range savings in support and capital outlay costs by reducing the growth of parole violators housed in state facilities. We suggest that similar programs should be considered for the CDC as well. Specific options include:

1. Employment Specialists/Job Developers. One option would be

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to establish an employment specialists/job developer program in parole services to concentrate efforts and resources on job development and placement for parolees. For example, a pilot project implemented by the Youth Authority increased the number of parolees who secured employment, and reduced parole revocation rates. According to the Youth Authority, employability was the critical factor for the positive parole results.

2. Institutional Parole Violator Program. A second option would be to establish a special program for parolee violators who are returned to prison. Two parole violator programs have been implemented by the Youth Authority which focus on the areas in which the parolee failed on parole and on the skills the parolee needs to complete parole successfully. The programs provide a short-term intensive program of counseling, education, community work experience, and parole preparation in order to make parole violators ready for return to the community in a shorter period of time than would be the case if they were housed with the general inmate population.

3. Intensive Parole Re-entry Services. A third option would be to increase and intensify contacts made with parolees during their parole. Because the first few months following release from prison are the most critical period of transition for the parolee, increasing the number of contacts made with parolees and reducing parole caseload ratios might reduce the revocation rate. The Youth Authority proposes to double its re-entry services so that newly released parolees will be seen a minimum of eight times per month. The Youth Authority estimates that there will be a 10 percent reduction in its revocation rate as a result of this proposal.

4. Electronic Surveillance. Another option involves the use of electronic surveillance devices to monitor and control the activities of parole violators who would otherwise be returned to prison. The parolee could maintain a job, attend school or training in the community, and be restricted to his or her home at other times. The Youth Authority proposes to implement such a program on a pilot basis as one component of its plan to increase the use of community-based detention and temporary detention.

5. Parole Assistance Service Program. Another option would be to establish a parole assistance service program. The State of Virginia recently contracted with a private organization to develop such a program.

Specifically, one portion of the Virginia program is an effort to reduce the use of incarceration for parolees who are returned to the state's parole board for revocation because of technical violations. This is accomplished through the development of additional resources to substitute or supplement those previously utilized for parole. Staff develop highly structured plans for the parolees' release into the community and present the plans to the parole board for review and approval. Plans consist of an evaluation of parolee progress; housing, employment and vocational training resources; third party supervisors; and special treatment services.

Analyst's Recommendation. In order for the Legislature to (1) assess the adequacy of the department's proposal to provide special housing for parole violators, and (2) ensure that the department has considered a variety of options for reducing the number of parole violators returning to prison and taking up scarce bed space, we recommend that the department submit to the Legislature a report which evaluates alternative approaches to alleviating this problem such as those discussed above. The report should address in a comprehensive fashion:

- The potential impact of each option on the parolee revocation rate and public safety,
- The potential costs and benefits of each option,
- The effect each option could have on the need for prison beds, and
- A reevaluation of the department's request for use of community facilities to house parole violators, with an analysis of the benefits and costs associated with each facility.

We further recommend that the department submit this report to the Legislature prior to hearings on the May revision of the budget.

Restitution Center Proposal Contains Too Many Uncertainties

We recommend a General Fund reduction of \$830,000 requested for establishment of a restitution center, because the department's proposal contains too many uncertainties and is premature. (Reduce Item 5240-001-001 by \$830,000).

The budget proposes \$1,462,000 from the General Fund to establish a 50-bed pilot "restitution center" in which inmates would live while working in the local community. The amount requested includes \$659,000 for 17 positions to operate the center and \$803,000 for support of inmates who would live in the center. The department indicates that it plans to locate the center in leased space in an unknown location.

Background. Chapter 1520, Statutes of 1984, permits the department to establish restitution centers as a means by which persons sentenced to prison could maintain a job and pay their victims financial restitution. The measure specifies that after-tax earnings of inmates must be paid to the department, and used to reimburse the inmate for costs directly associated with employment, such as transportation, special tools or clothing, union dues, etc. The statute also provides that one-third of the remaining wages would be used to reimburse the CDC for the costs of operating and maintaining the center, one-third would be used to pay restitution to the victim pursuant to an agreement with the victim or court order, and one-third would be placed in a savings account for the inmate.

The department advises that the proposal is still in the "concept stage," but that the center would probably house minimum security inmates convicted of "white collar" crime.

In our judgment, the department's proposal is poorly developed and incomplete.

No Basis for High Cost. Our analysis indicates that the costs of this proposal are very high and without a firm basis. The department indicates that the requested amount for inmate support was based on a rate of \$44 per day per inmate. This amount includes costs to lease a facility and to pay for inmate food, clothing, medical care, and other support items (the department budgeted funds for the 17 positions separately). The department was unable, however, to substantiate the \$44 rate, but indicated that the rate was comparable to the amount budgeted for private community facilities that house technical parole violators. Our analysis indicates that the rate for a restitution center should be *less* than the rate for the specified community facilities, because rates for such facilities include costs for *all* support staff (except for security), while the restitution center rate does not include costs for *any* support staff.

In our judgment the costs to house inmates held in a restitution center should be among the lowest inmate per capita costs in the department. This is because (1) Chapter 1520 requires that a portion of the inmates' wages be paid to the CDC to operate and maintain the center, and (2) the

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department would provide no education or work program at the center, since the inmates would go to work each day. The department has not budgeted any revenue from the inmates' wages, however, and, in fact, when both the cost for inmate support and additional CDC positions are considered, this proposal would result in annual inmate per capita costs of *more than \$29,000, or more than double the average per capita cost for minimum security inmates housed in state prisons.*

Planning is Incomplete. In addition to the cost considerations, our review indicates that the department has not taken the preliminary steps that are necessary to establish a restitution center. At the time this analysis was prepared the department advised that it had not decided where to locate the facility and had not examined available leased space. Because Chapter 1520 specifies that the location of the center must be approved by the county board of supervisors or city council in the jurisdiction in which the center will be located, siting the center could be a lengthy process. In addition, Chapter 1520 requires the department to reimburse the county or city in which the facility is located for any additional direct law enforcement costs resulting from establishment of the center. No funds have been budgeted for this purpose.

Chapter 1520 also requires that the department adopt regulations for administering restitution centers and that the regulations be approved by the Office of Administrative Law (OAL). The department advises that it has not begun to develop regulations. Regulations such as these have usually required months of review and processing by the OAL before they can be adopted.

Analyst's Recommendation. We believe the department deserves credit for attempting to establish a program that may relieve some overcrowding in prisons while keeping inmates productive through employment. At the same time, however, our analysis indicates that the department has neither justified the costs of the proposal nor undertaken the necessary planning for the center. For these reasons, we recommend that the Legislature not approve the proposal at this time. Because the department must care for inmates who would not be housed in the center, we recommend that \$632,000 of the requested amount be approved (the costs of housing 50 minimum security inmates) and that the balance of \$830,000 be deleted.

Department Should Report on Costs of Proposed Classification System

We recommend that the department report during budget hearings on the fiscal and programmatic costs and benefits of the options it has identified for modifying its inmate classification system.

The department plans to implement a modified inmate classification system during the budget year. The modifications are contained in the final report of the department's exhaustive inmate classification system study, which was released in the spring of 1986. The study reviewed three specific options for changing the current classification system.

We recommend that before the department implements its selected option, it present an analysis to the Legislature of the fiscal and programmatic costs and benefits of the different options presented in the report.

Classifying Inmates by Security Level. The concept behind the department's classification system is to predict future inmate behavior in an objective, consistent manner. It assigns a score to each inmate, based on

points given for sentence length, personal characteristics, prior criminal record, and prior behavior while incarcerated. Inmates are then divided into four security groups according to their classification scores, with Level IV being the greatest security risk and Level I the lowest security risk.

The department uses the classification scores when it assigns inmates to particular institutions. For example, Level IV inmates are generally assigned to Folsom and San Quentin State Prisons and the Southern Maximum Security Complex, which are the state's primary Level IV institutions, and generally have higher staffing levels than lower security institutions. The classification system is also used in determining what type of institutions to build in the future.

Classification and Inmate Housing. Because inmate classification is an objective, point-scoring system, it is rare that the number of inmates at a particular classification level equals the number of prison beds at that level. In recent years, capacity shortages at higher level facilities have required the department to "override" classification scores by housing inmates with higher security ratings in institutions designed for inmates with lower ratings. For example, the department advises that at the end of the current year, it will have a shortage of 2,857 Level IV beds and 1,775 Level I beds, and a surplus of 3,539 Level III beds and 1,643 Level II beds. In order to house the inmate population in its existing facilities, the department will have to make classification "overrides" to house many inmates outside of their security level.

Findings of the Report. The department's report concludes that the current classification system "overclassifies" inmates in that it may result in housing inmates in higher (and more expensive) security levels than necessary. The report also found that the current system is driven primarily by the length of an inmate's prison sentence, while in-prison behavior is given too little weight.

The department identified three options for modification of the system. The first option would result in 30 percent of Level IV inmates being reclassified as Level III inmates. The second option would result in a 50 percent drop from Level IV to Level III, while the third option would result in a 70 percent drop.

The department ultimately chose to implement the first option—the option that makes the fewest changes to the current system. The report concludes that the revised system will result in many of the inmates who have received "overrides" and who are housed in facilities below their current classification level, being reclassified so that their classification will match the level in which they are presently housed.

The department indicates that in selecting one of the options presented in the report, it did not consider the fiscal implications of the three options on the department's support budget.

Consultants Disagree with Department's Choice. Last year, the Assembly Ways and Means Committee commissioned the National Council on Crime and Delinquency (NCCD) to review the department's report. The NCCD issued several findings about the department's study and concluded that the results of the study do not fully support the CDC's decision to adopt the first option. The NCCD recommended that the second, less costly, option be adopted instead, and that certain factors be added or eliminated from the classification scoring system to enhance the system's ability to predict inmate behavior.

Implementation Planned for the Budget Year. The department advises that the changes in the classification system must be approved by the

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Office of Administrative Law (OAL) before they can be implemented. The department anticipates that the OAL review process will begin in February 1987, and take approximately six months to nine months to complete. After that time, the department will begin to rescore each inmate's classification rating.

Department Should Consider Fiscal Impact. As we indicated in *The 1986-87 Budget: Perspectives and Issues* (please see page 179), one way for the Legislature to reduce the costs of operating the prison system is to classify inmates at the lowest possible security level, given public safety considerations. There are significant cost differences between the three options the department reviewed. This is because each option would result in different numbers of inmates at the higher security levels, and the higher security levels have the highest staffing levels.

We are concerned that the department did not consider the fiscal impact of the proposed revisions to the classification system. Although changes in the system may not result in immediate savings because of the large number of "overrides," the long-term fiscal implications could be very significant, given that many new beds at various levels will be activated at new prisons in the coming years. If all inmates were housed in institutions that matched their classification level, our review indicates that choosing the second option over the first option could result in major General Fund savings. Based on data contained in the department's report, we estimate that savings would exceed \$12 million annually when the full effect is realized.

Therefore, in order to fully inform the Legislature of the implications of the department's proposal, we recommend that the department report at budget hearings on the fiscal and programmatic costs and benefits of the options it has identified for modifying the inmate classification system.

Physical Fitness Incentive Pay

Last year during budget hearings, the Legislature expressed concerns about a provision in the department's Unit 6 collective bargaining agreement relating to physical fitness incentive pay. Specifically, the agreement required the state, beginning January 1, 1987, to pay eligible peace officers an additional \$65 per month for successfully completing a physical fitness test. As a result of the agreement, the state is required to pay employees an additional \$780 per year merely because they are physically able to perform the jobs for which they were hired. Those who are not physically able to perform their jobs will not get the bonus. They will just get their regular salary. The administration advised the Legislature that the provision was included in a bargaining agreement that covered 1985-86 and 1986-87, and that the issue would be reviewed again during collective bargaining negotiations for 1987-88.

Neither the CDC's budget request nor the employee compensation item in the 1987-88 Budget Bill contains any funds for fitness pay for the department for the budget year, although the Department of Personnel Administration advises that it is likely that the fitness pay provision *will* be included in the 1987-88 bargaining agreement. To the extent that the agreement includes this employee benefit, the CDC's budget may be underfunded by more than \$4 million from the General Fund in the budget year, and may require a deficiency allocation. We discuss this issue in greater detail in our analysis of the employee compensation item (please see Item 9800).

Costs for *Toussaint v. McCarthy* Not Budgeted

A significant factor affecting the department's support budget and operations in recent years has been *Toussaint v. McCarthy*—a 1984 court decision in which the U.S. District Court for the Northern District of California ordered the department to take immediate steps to correct specific deficiencies in the administrative segregation housing units at San Quentin and Folsom State Prisons. The court issued a permanent injunction in 1984 and appointed a court monitor to oversee and report on compliance with the injunction.

The 1986 Budget Act included \$2.2 million to fund 271.5 positions for *Toussaint* for the first two months of the current year. Chapter 1314, Statutes of 1986, provided \$10.8 million for the remaining ten months, for a total of \$13 million in the current year. The positions, which include correctional officers, counselors, teachers, and maintenance workers, were authorized on a one-year, limited-term basis.

Fewer Positions Will be Needed in the Budget Year. Two recent events will reduce the number of positions needed to comply with *Toussaint* in 1987–88 to below current-year levels.

First, the U.S. Court of Appeals for the Ninth Circuit issued a unanimous decision on September 30, 1986 which overturned *portions* of the 1984 order. The department advises that the appellate decision changes a number of the requirements imposed by the district court which should reduce the need for positions, although the decision is subject to interpretation and further litigation.

Second, the department is in the process of moving inmates who are the subject of the *Toussaint* case out of the administrative segregation housing units at Folsom and San Quentin and into units at the new California State Prison-Sacramento County and the Southern Maximum Security Complex. As the administrative segregation housing units are converted to general population housing units, fewer staff will be needed to comply with *Toussaint*.

Funding Requirements for the Budget Year. The 1987–88 Governor's Budget does *not* include any funds for operating costs associated with *Toussaint v. McCarthy*, although funds certainly will be required. The department is still reviewing the impact of the appellate decision on the department's operating budget, but indicates that up to 100 positions may be needed in the budget year. If 100 positions were required to meet the *Toussaint* requirements, we estimate that the *additional costs could reach \$5 million from the General Fund* in 1987–88.

The CDC and Department of Finance acknowledge that funding will be needed to meet the requirements of *Toussaint* that were not overturned by the appeals court. The Department of Finance advises that a budget amendment letter will be forthcoming.

Reporting Requirements. The 1986 Budget Act required the department to report to the Legislature on the staffing and funding implications of court actions in *Toussaint* and provided that any savings resulting from the actions revert immediately to the unappropriated surplus of the General Fund. The department submitted a preliminary assessment of the appeals court's ruling on November 3, 1986. In addition, the Department of Finance advised the Legislature on December 23, 1986 that approximately \$2.9 million provided in the current year to comply with *Toussaint* will not be needed and will revert to the General Fund.

The *Supplemental Report of the 1986 Budget Act* requested the department to submit a report to the Legislature by December 1, 1986 validating

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the workload requirements of *Toussaint*. On November 25, the department advised the Legislature that it would not submit the report until April 1, 1987, because it could not address the workload issue effectively until it had made further study of the appeals court's ruling.

Legal Services Positions Not Justified

We recommend deletion of five positions for expanded in-house legal services, because the department has not presented evidence that its available legal resources are inadequate, for a General Fund savings of \$193,000. (Reduce Item 5240-001-001 by \$193,000).

The budget include \$193,000 for five additional positions in the department's legal services unit. The positions include three staff counsel positions, one legal assistant, and one legal stenographer. The department advises that the positions would provide legal advice and consultation, support litigation efforts, draft and review legislation and regulations, and represent the department at administrative hearings.

The department contends that current staffing in the legal services unit, which includes three legal counsel positions and one stenographer, is inadequate, because no positions have been added to the unit since 1972. The department points out that the need for legal work has increased as the inmate population and number of CDC employees have more than doubled since the unit was created.

Although it is true that no additional staff has been added to the department's legal unit recently, our analysis indicates that other legal resources available to the department—both within the CDC and the Department of Justice (DOJ)—have grown in response to the increases in department's legal problems. Furthermore, we believe that the department's proposal is inconsistent with state policy to provide centralized legal services through the DOJ.

Other Legal Resource Not Considered. Our analysis indicates that the department's proposal fails to recognize that there are other staff within the department to handle the legal affairs workload, and that this staff has grown in recent years. For example, the department administratively established five positions during the current year to handle workload associated with contractor claims, and is requesting \$204,000 for the budget year to make these positions permanent (we discuss this proposal later in this analysis). In addition, the department's court management services unit was designed specifically to provide in-house litigation support. There are currently nine positions in this unit, two of which were added in the current year specifically to handle work associated with a major court case—*Toussaint v. McCarthy*.

Our analysis indicates that the department also did not consider the growth in legal services provided by the DOJ. The DOJ provides general legal advice and consultation to the CDC as it does for all state agencies. Because of the increased litigation involving CDC, the DOJ established a correctional law unit last year with 24 attorneys and 5 paralegals, and the Legislature approved 8 additional attorneys for the unit in the current year. Consequently, in the current year, *there are 32 attorneys and five paralegals in this unit assigned full-time to litigation activities related solely to the Department of Corrections*. In addition, the DOJ is requesting eight more attorneys and five more paralegals for the unit in the budget year. If DOJ's request is approved, the unit would have a total of

50 positions in 1987-88.

There are other legal units at the DOJ which provide legal services to the CDC. For example, in 1985-86, the DOJ assigned one attorney to new prison construction litigation full-time. The department added a second attorney in the current year, and is requesting a third in the budget year. The DOJ is also requesting 1.5 additional attorneys for legal work associated with the CDC's personnel actions for 1987-88.

The Department of Finance indicates that it did not consider the DOJ's staffing—either existing staff or the 15 new positions requested for the budget year—when it approved the CDC's request for additional legal staff.

State's Legal Services Should be Centralized. Our analysis further indicates that the department's request to add legal staff in-house is inconsistent with the state's policy of encouraging efficiency by centralizing the state's legal services in the DOJ.

For these reasons we recommend that the request for five additional positions be deleted, for a General Fund savings of \$193,000.

Construction Claims Process Needs Clarification

We withhold recommendation on \$204,000 and five positions requested from the 1986 Prison Construction Fund for construction claims review, pending legislative review of the process the department plans to use to review the claims.

The budget includes \$204,000 from the 1986 Prison Construction Fund for five positions in the department's legal services unit. The positions, which include a staff counsel, two engineers, a staff services analyst, and a legal stenographer, would handle additional workload associated with contractor claims and arbitration in the new prison construction program. The positions were created administratively in the current year at a partial-year cost of \$111,000.

The positions requested are in addition to three positions (staff counsel, engineer, and legal stenographer) that the Legislature approved last year for contractor claims review. At that time, the department advised that the new prison construction program could generate up to \$20 million in claims from contractors. The department now indicates that last year's estimate was too low. The department advises that additional positions are needed at this time because *claims will range from \$74 million to more than \$200 million, or up to 10 percent of the costs of the entire new prison construction program!*

In our analysis of the department's capital outlay budget, we identify several unanswered questions associated with the claims review process (please see Item 5240-301). They include: (1) Why are contractor claims anticipated to exceed \$200 million? (2) What steps has CDC taken or proposes to take to reduce claims significantly over the next 10 years? (3) What procedures is the department using to evaluate, process, and settle contractor claims? and (4) What funding sources are available to pay such claims?

In our capital outlay analysis, we recommend that the department provide the Legislature with answers to these questions. Until this information is provided and the Legislature has had an opportunity to review the department's claims review process and the proposed source of funds to pay claims, we withhold recommendation on the request for the additional staff.

DEPARTMENT OF CORRECTIONS—Continued**Unjustified Equipment**

We recommend a General Fund reduction of \$194,000 to eliminate overbudgeting for equipment. (Reduce Item 5240-001-001 by \$194,000).

Further, we withhold recommendation on \$7,929,000 requested from the General Fund and \$6 million requested from SAFCO for equipment, pending an explanation of the department's specific equipment needs, as required by the State Administrative Manual.

The department requests \$19.9 million for equipment at various institutions. This amount includes \$13.9 million from the General Fund and \$6 million from the SAFCO. (The department advises that there is no specific distinction between equipment purchases proposed from the General Fund or SAFCO.)

In our review of the department's budget, we found that the department submitted information to the Legislature to justify equipment purchases of only \$6 million—\$13.9 million less than the amount requested in the Governor's Budget. *The department does not have an expenditure plan for the remaining funds.*

Budget Detail Reflects Overbudgeting. Our analysis of that portion of the equipment request for which the department has provided details, indicates that certain equipment items were double-counted, while others were overbudgeted. The items which were double-counted by the department include: \$100,000 for vehicles, \$75,000 for photo copiers, \$5,000 for metal detectors, and \$2,000 for floor buffer machines, for a total of \$182,000. In addition, while the request includes funds for many of the same items of equipment, some of these items differ in price for no apparent reason. These items include hand-held metal detectors, floor buffer machines, food serving carts, and ice machines. If all were purchased at the price of the least expensive item, the department could save \$12,000.

Without further documentation of the need for these funds, we have no basis for recommending that they be approved. Accordingly, we recommend deletion of \$194,000 from the General Fund request.

Undocumented Request Totals \$13.9 million. We recognize that a department that operates twenty 24-hour care facilities will need to purchase substantial amounts of equipment in the budget year. At the same time, however, the CDC has not provided any information whatsoever on how it intends to spend \$13.9 million of the amount it requests for equipment. According to Section 6120 of the State Administrative Manual, each department must prepare schedules detailing the specifics of, and the need for, the various items of equipment included in its budget request. We see no justification for exempting CDC from the rules which apply to other state departments.

Without a specific list of the equipment the department plans to purchase, it is difficult for the Legislature to exercise its responsibilities to oversee the expenditure of state funds. Consistent with state procedures, the department should specifically advise the Legislature how the remaining \$13.9 million (\$7.9 million from the General Fund and \$6 million from SAFCO) requested for equipment will be spent. Thus, we withhold recommendation on the remaining portion of the request, pending receipt and review of a detailed list of equipment the department plans to purchase in the budget year.

Special Repair Projects Uncertain—Again

We withhold recommendation on \$3,136,000 requested from the 1986 Prison Construction Fund for special repairs and deferred maintenance, pending an explanation of what projects the department proposes to undertake in the budget year.

The department requests \$3.1 million from the 1986 Prison Construction Fund for special repairs and deferred maintenance projects at various institutions. In order to document its request, the department submitted to the Legislature a list of 98 projects that it estimates will cost a total of \$11.1 million, or \$8 million more than the budgeted amount. *The department indicates that it will not decide which specific projects to undertake until later in the current year.*

We recognize the need to fund special repair and deferred maintenance, especially for the department's aging institutions. At the same time, however, we believe that the department should specifically advise the Legislature how the \$3.1 million in special repair funds will be spent. Without this information, the Legislature is unable to oversee the expenditure of state funds. Consequently, we withhold recommendation on the request, pending receipt and review of a list showing the specific special repair and deferred maintenance projects the department plans to undertake in the budget year.

It should be noted that this is the second year in a row in which the department has failed to submit a specific expenditure proposal for special repairs to the Legislature.

Department Fails to Develop Preventive Maintenance Program. In the *Supplemental Report of the 1986 Budget Act*, the Legislature directed the CDC to develop a preventive maintenance program to schedule future repair and maintenance projects at existing and new prisons. Preventive maintenance efforts conducted by other state agencies have improved the management of, and budget accountability for, maintenance and repair projects because the work is planned in advance.

The department was directed to report to the Legislature by October 1, 1986 on the development of a preventive maintenance program. At the time this analysis was prepared, however, the department had not submitted the report.

Budget Bill Language Provides Legislative Oversight

We recommend that the Legislature include language in the Budget Bill to facilitate oversight for the activation of personnel and program management services for new institutions (Item 5240-001-001).

The 1984, 1985 and 1986 Budget Acts contained language to ensure that the Legislature is notified (1) before positions are filled at new institutions and camps, and (2) when the department amends its contract for program management services for new prison construction. This notification provides the Legislature with valuable information for the oversight of new prison construction and activation efforts. The 1987 Budget Bill, as introduced, does not contain either provision.

Personnel Activation Language. The previous Budget Acts required the department to notify the Legislature 30 days before filling authorized positions at new institutions. The 1986 Budget Act also contained a similar provision for new camps. All of the positions for the new institutions were budgeted for activation based on construction schedules for the new institutions and camps. The language was intended to ensure that the depart-

DEPARTMENT OF CORRECTIONS—Continued

ment not fill the positions as initially planned if there were substantial delays or changes in the new prison and camp construction schedule.

In our judgment, this language is necessary in the budget year, because the department plans to open more than 4,700 beds at three new institutions, and five new camps. The department acknowledges that because staff were hired too early at the California Medical Facility-South at Vacaville, which opened in 1984, the state incurred major, unnecessary General Fund costs for salaries and benefits.

In addition, the language has provided the Legislature with a better opportunity to review the department's spending practices. In October 1986, for example, the department notified the Legislature that it intended to fill positions at the new California State Prison-Sacramento before the positions were budgeted to be filled, because construction of the facility was ahead of schedule. In reviewing the department's proposal, we found that the department did not have funds to support the positions, and had not notified the Legislature that it would need additional funds to hire the staff earlier than anticipated by the budget.

Consequently, we recommend that the Legislature restore the language. Specifically, we recommend that the Legislature adopt the following Budget Bill language, in Item 5240-001-001:

"No positions for the new prisons and camps proposed for activation in 1987-88 may be filled prior to 30-days advance notification 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."

Contract Amendment Language. The previous Budget Acts also required the department to submit to the Legislature any contracts or amendments to existing contracts covering program management services for new prison construction. The language required the department to provide this information at least 30 days before entering into a new contract or amending a contract. This provision was designed to ensure legislative oversight of the capital and program management aspects of the new prison construction program.

We believe this language will continue to be needed in the budget year. The department indicates it plans to continue to use the services of its capital expenditure management firm, Kitchell CEM, although the state's five-year contract with Kitchell will expire at the end of the current year. The contract has been amended 13 times since 1982 resulting in total costs for capital program management services of \$28.5 million. In addition, in January 1987 the Auditor General found that the department's rates for program management and consulting contracts (including Kitchell) were too high, and that the department could have saved more than \$900,000 in 1984-85 and 1985-86 if it had provided reasonable rates of profit to contractors.

Because of the magnitude of this contract, the need for ongoing legislative oversight of the construction management program, and the anticipated shortfall in prison construction bond monies (please see our capital outlay analysis of the Department of Corrections—Item 5240-301), we recommend that the language be restored. Specifically, we recommend that the Legislature adopt the following Budget Bill language in Item 5240-001-001:

"Notwithstanding any other provision of law, at least 30 days prior to entering into any contract, or amending any existing contract for program management services, the Director of Corrections shall submit the proposed final contract to the fiscal committees and the Joint Legislative Budget Committee, or prior to whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. Program management services include all services provided by the department's capital expenditure managers (Kitchell CEM or any successor) to assist in the planning and implementation of the department's new prison construction program."

Prison Industry Authority Losing Money

We recommend that the Prison Industry Authority present the legislative fiscal committees with a report prior to budget hearings on its short-term and long range plans to become more financially viable.

Chapter 1549, Statutes of 1982, restructured the prison industries program and specified that the Prison Industry Authority's (PIA) expenditures would not be subject to annual review and approval by the Legislature. This provided PIA with maximum flexibility to operate as if it were a self-supporting private business, and to allow it to respond to changing market conditions quickly. Chapter 1549 expressed the Legislature's intent that the "operation of the prison industries program be self-sustaining, financed from its own operating resources."

Our analysis indicates that PIA is having difficulties in maintaining profitability. In addition to its unstable financial condition, our review of PIA indicates that it is not operating in the self-sustaining manner which the Legislature intended.

Financial Losses. The Authority's annual report to the Legislature shows that PIA suffered a net loss of more than \$890,000 in 1985-86. Sixteen of its 40 enterprises lost money, and four institutions were not profitable in the aggregate. Although this is the second year during PIA's three years of operation that it has reported a loss, PIA advises that extraordinary circumstances contributed to the loss, including (1) the high costs of subcontracting laundry services for state hospitals because it was unable to provide services in-house due to delays in the construction of laundries, and (2) the costs of Ch 1366/86 (AB 3921), which required specified state funds to pay the U.S. Treasury for a reimbursement claim resulting from a federal audit. The PIA staff acknowledge, however, that start-up costs for new enterprises will continue to increase, and that PIA will probably continue to suffer losses at least through 1987-88.

\$78 Million Provided for Expansion. Although PIA was designed to be self-sustaining, it has sought and received nearly \$78 million from the Legislature in the past three years. Ch 1413/85 (AB 727) provided a \$15.9 million General Fund loan to PIA for expansion of industry programs in new prisons. While PIA is supposed to cover its costs out of its revolving fund, backed by loans from the General Fund or private lenders if necessary, it received an additional \$62 million from the 1986 Prison Construction Fund, pursuant to Ch 532/86 (AB 4356). The \$62 million was not a loan, however, but a direct appropriation for capital expansion at seven new prisons.

Proposed New Industries Will Lose Money. Our review of PIA's proposed expansion indicates that some of the new enterprises PIA is planning will lose money. For example, three of the eight enterprises

DEPARTMENT OF CORRECTIONS—Continued

planned for the new California State Prison-Kings County at Avenal are projected to operate at a net loss, and one of the profitable enterprises is projected to generate only \$3,229 in net annual income. It is the policy of PIA to enter into individual enterprises that may lose money, provided that the industry operations for an entire prison are profitable in the aggregate.

Limited and Uncertain Markets. Our review found that PIA has relied almost entirely on sales to the state (primarily the Department of Corrections) and has been unsuccessful in penetrating markets at the local level. Staff report that 50 percent of total sales are to the CDC, while only about 4 percent to 5 percent are to local governments.

In addition, the expansion of PIA operations is not always well-coordinated with other state departments. For example, PIA indicates that its laundry at the new California State Prison-Sacramento County will begin operations in June 1987, and will serve Napa State Hospital and the Veterans' Home of California. Staff from the Veterans' Home, however, indicate that there is no plan for PIA to take over the home's laundry operations in either the current or the budget year.

Inmate Employment Goals Difficult to Attain. The CDC and PIA have a stated goal that PIA enterprises in new prisons will employ 42 percent of inmates who participate in the inmate work/training program. While PIA's plans for new enterprises are based on the 42 percent goal, staff indicate that it will become increasingly difficult to meet this quota, given the projected growth in the inmate population. Further, the high start-up costs associated with new industries place constraints on PIA's ability to expand its operations.

Legislative Review is Minimal. The current ongoing legislative review of PIA is provided indirectly through the Joint Committee on Prison Construction and Operations. The joint prison committee has the authority to review and approve various aspects of CDC's prison construction program, including construction of new facilities to house enterprises proposed by PIA.

Our review indicates, however, that PIA frequently submits plans to the joint prison committee which have not yet been approved by the Prison Industry Board, and which occasionally change *after* they are reviewed by the committee. For example, three enterprises proposed for the California State Prison-Sacramento County were replaced with different enterprises after review by the joint prison committee. In addition, PIA indicates that it is proposing that the Prison Industry Board replace four enterprises proposed for the California State Prison-Amador County that have already been reviewed by the committee.

Analyst's Recommendation. When the PIA was removed from the annual budget process, the Legislature gave up a substantial amount of its ability to oversee PIA's operation. Although the PIA has flexibility to operate like a private business, it continues to have difficulties, even with large infusions of funds provided by the Legislature. Because of the financial implications of problems outlined above, we recommend that prior to budget hearings the PIA present the Legislature's fiscal committees with its short-term and long range plans to become more financially viable.

Reimbursements from PIA Understated

We recommend that the department reevaluate its estimate of reimbursements it expects to receive from the Prison Industry Authority and report to the legislative fiscal committees prior to budget hearings.

The budget includes \$1.2 million in reimbursements from the Prison Industry Authority (PIA) for the budget year. This is the same amount the department received in 1985-86 and the same amount the department estimates it will receive in the current year. Our review suggests that estimated and budgeted reimbursements from the PIA are understated, resulting in the department providing an indirect General Fund subsidy to the PIA.

In the *Supplemental Report of the 1984 Budget Act*, the Legislature directed the CDC and the PIA to review and audit all reimbursements paid by PIA to the department. PIA issued a report in 1985 and agreed to increase its building rental rates, pay for gas and electricity based on a prorated share of actual costs, and pay water and sewer fees based on a prorated share of costs or allocated square footage, depending on the institution. The PIA's report indicated that reimbursement rates would be reexamined on an ongoing basis, especially for new prisons scheduled for activation in 1985-86 and beyond.

For 1985-86 the study indicated that PIA should pay an additional \$400,000 in reimbursements. Thus, in its actions on the 1985 Budget Bill the Legislature reduced the department's General Fund budget by that amount, plus an additional \$31,000 for workers' compensation benefits for inmates employed by PIA, and correspondingly budgeted total reimbursements of more than \$1.6 million from PIA in 1985-86.

For the budget year, the CDC again estimates that it will receive only \$1.2 million in reimbursements from PIA. Our analysis indicates that PIA's reimbursements to the CDC should be considerably greater, because the PIA indicates that it will open three new enterprises at three institutions during the current year and 47 new enterprises in six institutions during the budget year. The CDC indicates it did not consider additional reimbursements from PIA when it developed its budget request, but acknowledges that it should receive additional reimbursements. At the time this analysis was written, the department was unable to estimate the amount of additional reimbursements it should receive, but indicated that the actual dollar amount would depend on the amount of space leased for PIA enterprises in the budget year, utility requirements of these enterprises, and the dates they are scheduled for activation.

Although we acknowledge that PIA continues to have financial difficulties, in our judgment, PIA should not receive indirect General Fund subsidies through the Department of Corrections' budget. For this reason, we recommend that the department reevaluate the amount of reimbursements it will receive from PIA and report its findings to the legislative fiscal committees prior to budget hearings.

What is the Status of Hospital Licensure?

We recommend the adoption of supplemental report language directing the department to prepare specified reports on the progress of the hospital licensure efforts.

Previous Licensure Efforts. Although the Legislature appropriated \$1.7 million for 66 positions requested by the department in 1981-82 to meet licensure standards for hospitals at the California Medical Facility

DEPARTMENT OF CORRECTIONS—Continued

(CMF), the California Institution for Men (CIM), and San Quentin State Prison, only San Quentin actually was licensed.

The department indicates that the 1981–82 request was inadequate to meet licensing standards, primarily because of inadequate planning. According to the department, the request understated the number of staff needed because it failed to use appropriate staffing formulas. In addition, the department indicates that there was no assessment of capital outlay or equipment needs, inadequate policy and procedure development, and insufficient monitoring from the central office staff.

Current Licensure Efforts. In the 1985 and 1986 Budget Acts, the Legislature again provided funding to increase staffing, upgrade equipment, improve procedures, and address capital outlay deficiencies in order to meet Department of Health Services (DHS) licensing standards at three prison hospitals—CMF, CIM, and the California Men's Colony (CMC)—and to maintain the licensure at San Quentin. Specifically, the Legislature appropriated \$4.5 million and authorized 256 positions in 1985–86, and an additional \$795,000 for 28 more positions in 1986–87. In addition, the 1986 Budget Act provided \$130,000 for detailed program planning to meet capital outlay needs, and \$392,000 for preliminary plans and working drawings.

In order to monitor the department's progress in obtaining licensure, the Legislature directed the department in the *Supplemental Report of the 1986 Budget Act* to submit status reports on the licensure effort on October 1, 1986, and April 1, 1987 and copies of any follow-up licensing surveys of prison hospitals conducted by DHS. At the time this analysis was prepared, however, *the department had not submitted either the October report or copies of DHS surveys.*

We discuss the licensure situation at San Quentin in our capital outlay analysis of the Department of Corrections (please see Item 5240-301).

Reporting Requirements Should be Extended. We believe that it is imperative that the department provide reports to the legislature on an ongoing basis so that the Legislature can monitor the department's progress toward achieving licensure. This is particularly important given both the magnitude of funds provided to the department for hospital licensing and the department's previous failure to achieve licensing with funds appropriated by the Legislature expressly for that purpose. Accordingly, we recommend that the Legislature adopt the following supplement report language:

"In order for the Legislature to monitor progress on the Department of Corrections' prison hospital licensing efforts in 1987–88 and thereafter, 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 any of 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 depart-

ment's licensure plans that were submitted to the Legislature previously, and a detailed description of goals for the next quarter."

Loaned Positions Should be in Agency's Budget

We recommend that three positions that the department is loaning to the Youth and Adult Correctional Agency be financed from the agency's budget rather than the department's budget, because the staff are working for the agency on an ongoing basis. (Reduce Item 5240-001-001 by \$159,000 from the General Fund).

The department's budget includes \$159,000 from the General Fund for three positions that are assigned to the Youth and Adult Correctional Agency on a full-time basis. The positions were initially loaned to the agency in 1985 when the agency created the position of undersecretary for prison construction. At that time, the three employees worked directly with the undersecretary and were funded by the department, primarily because their duties related solely to the support and monitoring of the department's prison construction program.

According to the agency and the Department of Finance staff, however, the work of these three employees is no longer tied directly to the prison construction program, but rather to the overall functions of the agency, which include the supervision and policy direction of the Departments of Corrections and Youth Authority, the Boards of Corrections and Prison Terms, the Youthful Offender Parole Board, the Narcotic Addict Evaluation Authority, and the Prison Industry Authority. Staff indicate that the agency will need all three positions on an ongoing basis for the foreseeable future.

In our judgment, it is more appropriate for staff to be funded by the agencies and departments to which they are assigned and for whom they work on a regular basis. This provides the Legislature with a more accurate picture of the agency's workload and actual spending practices.

For this reason, we recommend a transfer of the three positions to the agency and a reduction of \$159,000 in the department's budget. In our analysis of the Youth and Adult Correctional Agency's budget (please see Item 0550), we recommend a corresponding augmentation to the General Fund appropriation to reflect the transfer of the three positions.

Local Assistance Budget Needs Reevaluation

We recommend that the department reevaluate its needs for local assistance funding and report its findings to the legislative fiscal committees prior to budget hearings.

The department proposes an appropriation of \$30.2 million from the General Fund for local assistance. This is an increase of about \$1 million, or 3 percent, above estimated current-year expenditures.

The local assistance budget for the CDC consists primarily of reimbursements paid to cities and counties for specific services. Under current law, the department reimburses local governments for expenditures incurred for: (1) transporting persons committed to the CDC, (2) returning fugitives to justice from outside the state, (3) detaining parolees and inmates in local detention facilities, and (4) court costs and other charges incurred in the connection with any inmate and any crime committed at a state prison by an inmate, employee, or a visitor.

Current-Year Savings Uncertain. Since the enactment of the 1986 Budget Act, the CDC has adjusted its expenditure estimates to reflect a \$5.2 million savings in local assistance reimbursements in the current year.

DEPARTMENT OF CORRECTIONS—Continued

The department advises that recent restrictions on the use of county jail beds has resulted in a substantial *decrease* in the number of parolees detained in local facilities. This correspondingly has reduced the amount the department needs to reimburse local governments for the costs of parolee detention.

The basis for the department's estimate of savings is questionable, however. For example, the CDC estimate is based on the reduction in the number of parolees detained only in Los Angeles County, rather than on a comprehensive review of the changing availability of county beds statewide. Furthermore, the department used an average daily jail rate of \$44 per inmate per day to calculate the reduction in reimbursement costs, while our review indicates that Los Angeles County has a total of 14 different approved daily jail rates which range from \$29.88 to \$293.96. Because the department uses the estimate of current-year expenditures as a base for calculating the amount it requests for the budget year, any inaccuracies in the current-year estimate likely will be reflected in the budget-year request as well.

Impact of New Legislation Not Considered. The department advises that it did not consider the fiscal impact of Ch 1310/86 (SB 1521) in estimating local assistance amounts for either the current year or the budget year. This measure, which became effective on January 1, 1987, expanded various reimbursement provisions so that local governments can claim specific costs that previously were not reimbursable. Furthermore, it standardized procedures and expedited the reimbursement claim process for certain costs. At the time the Legislature was considering SB 1521, however, the department indicated that the bill could result in half-year costs of at least \$300,000 in 1986-87 and full-year costs of at least \$600,000 in 1987-88 and annually thereafter.

To ensure that the department accurately estimates its needs for local assistance funds in the budget year, we recommend the CDC and Department of Finance reevaluate the local assistance request and provide the fiscal committees with an update of the estimate prior to budget hearings. The department specifically should re-examine the estimated current-year savings and take into consideration the fiscal impact of Ch 1310/86.

Local Government Claims Process Needs Revision

We recommend that the Legislature amend the Budget Bill to require that claims for reimbursement for the costs of detaining state parolees be filed by local jurisdictions within six months of the time in which the service is performed.

The 1986 Budget Act and the 1987 Budget Bill specify that local governments must submit certain claims for state reimbursement to the State Controller within six months of the time in which the service is performed. This filing deadline applies to claims for reimbursement of costs incurred for transporting inmates, and claims for court costs and other charges incurred in the connection with any inmate and any crime committed at a state prison by an inmate, employee, or visitor. Other claims, however, can be submitted at *any time* after the costs are incurred. Specifically, reimbursement claims for costs incurred by local governments for the detention of parolees may be submitted at any time to the CDC for review and approval, and payment by the State Controller.

Department staff indicate that the lack of deadlines for claiming parolee detention costs makes it difficult to estimate budget expenditures for local assistance reimbursements. According to the department, some counties have submitted reimbursement claims for costs associated with the detention of a parolee *several years* after the parolee was detained. For example, in 1985 the department discovered that Los Angeles County had more than \$19 million worth of claims dating back to 1982. (The department was not required to reimburse the county for these claims, however, because Ch 1437/85 (AB 1948) waived the claims while at the same time it forgave a large state claim against the county.)

In our judgment, limitations on the time period within which local government may submit claims would assist the department in more accurately estimating its local assistance needs. Such time limits would reduce the likelihood that either the department would need a General Fund deficiency allocation to pay counties that file large claims for prior-year costs, or would needlessly tie up funds that could be used for other purposes if counties delay filing claims.

Accordingly, in order to extend the same six-month filing limitations on claims for parole detention costs that already apply to other types of claims, we recommend that the Legislature amend the language in Item 5240-101-001, provision 1(e) of the Budget Bill to provide that any claims for reimbursement for parolee detention costs shall be filed by local jurisdictions within six months after the end of the month in which such costs are incurred.

Reversion Item—Technical Issue

We recommend that the Legislature add a new Item to the Budget Bill to revert funds not spent for Ch 932/85.

Chapter 932, Statutes of 1985, authorized the lease-purchase financing of the Southern Maximum Security Complex at Tehachapi, and appropriated \$6 million for the first semiannual rental payment for the facility. According to the Department of Finance, the total payment for rent and insurance amounted to \$5,736,549, or \$263,451 less than the amount appropriated in Chapter 932.

The Department of Finance advises that it has already counted the unexpended balance of the appropriation as part of the unappropriated surplus of the General Fund. Our analysis, however, indicates that the funds have not reverted, because Chapter 932 did not contain language to transfer the unexpended funds to the General Fund. Consequently, in order to revert to the General Fund the unneeded portion of the appropriation in Chapter 932, we recommend that the Legislature amend the Budget Bill to add the following reversion Item:

“Item 5240-495—Reversion, Department of Corrections.

Notwithstanding any other provision of law, the unencumbered balance contained in Section (4) of Chapter 932, Statutes of 1985, as of June 30, 1987, shall be reverted to the unappropriated surplus of the General Fund.”

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY

Item 5240-301 from the 1986

Prison Construction Fund

Budget p. YAC 28

Requested 1987-88	\$17,974,000
Recommended approval	2,850,000
Recommended reduction	3,628,000
Recommended augmentation	661,000
Net recommended approval	3,511,000
Recommended pending	11,496,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONSAnalysis
page

1. New Prison Construction Program. Recommend that prior to budget hearings, the department provide its plan for addressing the 20,000 inmate increase in the latest projection of inmate population for 1990. 837
2. Contractor Claims. Recommend that prior to legislative hearings on the budget, the department provide the Legislature with (1) an explanation of why contractor claims on new prison construction are anticipated to exceed \$200 million, (2) details of the steps CDC will take (or has taken) to reduce significantly the future claims, (3) CDC's procedures for evaluating, processing and settling contractor claims and (4) CDC's plan for financing the potential additional \$200 million in contract costs due to claims. 839
3. Hospital Licensure—San Quentin. We recommend that the department explain to the Legislature during budget hearings: (1) its decision to surrender licensure at Neumiller Hospital, San Quentin prison and (2) its plan, budget and timeline for providing health care services to inmates at San Quentin. 843
4. Hospital Licensure—Chino, Vacaville, San Luis Obispo. We withhold recommendation on \$9,676,000 under Items 5240-301-746(15), (16) and (19), pending receipt of information confirming that the proposed work will result in licensing the hospitals. 844
5. *Emergency Electrical System Improvements at 11 Institutions. Reduce Items 5240-301-746(2), (3), (5), (10), (11), (17), (18), (20), (21), (23), (24) by a total of \$611,000.* Recommend funds for preliminary plans and/or working drawings be deleted because the department has not substantiated the need for the additional planning money (please see Table 5 page 844 for a summary of these projects). 845
6. *Rehabilitate Sewage Treatment Plant—Deuel Vocational Institution, Tracy. Reduce Item 5240-301-746(7) by \$500,000.* Recommend that working drawings and construction funds be reduced to delete funds for increasing plant capacity above the previously approved level. 846
7. *New Domestic Water Supply—Deuel Vocational Institution, Tracy. Increase Item 5240-301-746(9) by \$661,000.* 847

- Recommend that the \$60,000 budgeted for working drawings to expand the domestic water supply be augmented to provide working drawings and construction because preliminary plans for the project have been completed, and construction should begin in the budget year.
8. **Expand/Rehabilitate Sewage Treatment Plant—California Institution for Men, Chino. Reduce Item 5240-301-746(14) by \$800,000.** Recommend that additional construction funds be deleted because currently available funds should be sufficient to finance expansion of plant capacity to 700,000 gallons per day, consistent with the legislatively approved project. 847
 9. **Yard Gun Posts—Southern Maximum Security Complex, Tahachapi.** Withhold recommendation on \$55,000 requested under Item 5240-301-746(4) for preliminary planning and working drawings to install gunposts in eight exercise yards because the Legislature needs to assess the policy implications of this proposal. 849
 10. **Soledad Recreation Yard Lighting. Reduce Item 5240-301-746(6) by \$107,000.** Recommend funds for working drawings and construction of recreational yard lighting be reduced by \$107,000, because the department has not justified the need to increase the cost over the amount previously approved by the Legislature. 850
 11. **Renovate Locking Devices—California Institution for Men, Chino. Reduce Item 5240-301-746(13) by \$46,000.** Recommend that only funds for preliminary plans be provided because the request for working drawings is premature. 850
 12. **McCain Valley Conservation Camp—San Diego County. Reduce Item 5240-301-746(1) by \$886,000.** Recommend that funds for preliminary plans, working drawings and construction at this new conservation camp be deleted because the department has not provided any information to justify construction of additional improvements at this site. Withhold recommendation on the balance of \$1,765,000 for acquisition pending receipt of the lease agreement and the state's appraisal for the property. 850
 13. **Minor Capital Outlay—Statewide. Reduce Item 5240-301-746(22) by \$678,000.** Recommend funds for eight minor capital outlay projects be deleted because the projects are not adequately justified (please see Table 8 page 852 for a list of these projects). Further recommend Budget Bill language to change the funding source for one project. 851

ANALYSIS AND RECOMMENDATIONS

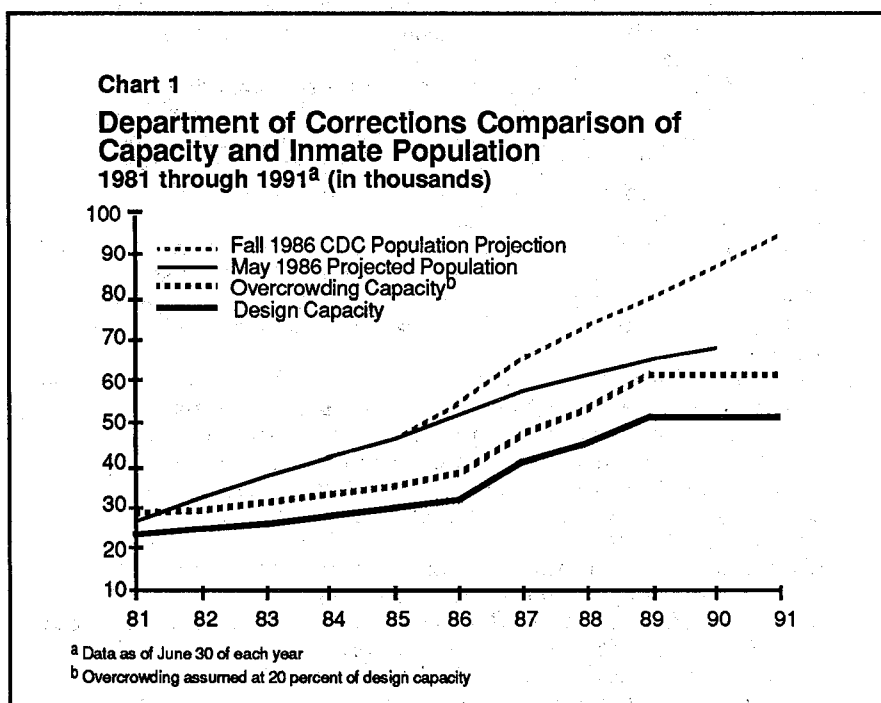
New Prison Construction Program

We recommend that prior to budget hearings, the Department of Corrections provide the Legislature with a plan for addressing the increase of 20,000 inmates in the projected 1990 prison population.

California continues to experience a significant increase in the number of prison inmates. As of January 4, 1987, California's prison population stood at 59,194 inmates while the design capacity of all existing prisons and state-contracted community facilities stood at 34,500. Consequently, the existing prison system is overcrowded by about 72 percent.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

The Legislature has authorized and funded construction of new prisons that would bring the prison design capacity to about 51,000. By the time these new prisons are completed, however, the prison population is expected to far exceed this new capacity. In fact, in the fall of 1986 the Department of Corrections (CDC) increased its projection of inmate population for June 30, 1990 from 68,000 inmates to 88,000 inmates. Moreover, the population is expected to grow to 95,000 inmates by June 30, 1991—86 percent over the design capacity of the new system. Thus, California's prisons will continue to be substantially overcrowded despite the construction of 24,000 permanent new beds at a cost of over \$2 billion. Chart 1 illustrates the relationship of these inmate population projections to the available prison capacity.



New Plan Needed That Addresses Increased Population. According to its Facilities Master Plan, CDC's goal is to "... reduce crowding to 'manageable' levels." The plan also indicates that "Systemwide, the department considers 120 percent of design bed capacity as 'manageable' (that is 12 people in an area designed for ten)." If CDC is to attain its goal of reducing crowding to "manageable" levels, it will have to prepare a plan that responds to the most recent population projections. The budget document, however, provides no insight into how CDC plans to address this change. In fact, the budget does not include funds to plan or construct

any additional prison capacity beyond purchase of a 120-bed camp facility currently leased by CDC for women inmates.

In view of this impending situation, we recommend that prior to legislative hearings on the budget, CDC submit a plan to the Legislature on how it proposes to address the projected population increase, including funding requirements and an implementation schedule. This information is needed so that the Legislature can begin to weigh the various options it has to deal with this problem. These options, some of which we identified in the *1986-87 Budget: Perspectives and Issues* (page 176) include:

- Selectively reducing prison terms;
- Intense supervised probation;
- Releasing selected inmates a short time prior to the end of their sentence;
- Modifying the conditions for parole violation in order to reduce the number of parolees returning to prison;
- Increasing inmate/work training assignments;
- Increasing the use of community beds; and
- Constructing additional prison capacity.

Contractor Claims on Prison Projects—Potential \$200 Million Cost

We recommend that prior to legislative hearings on the budget, the Department of Corrections provide the Legislature with (1) an explanation of why contractor claims on new prison construction are anticipated to exceed \$200 million, (2) details of the steps CDC will take (or has taken) to reduce significantly the future claims, (3) CDC's procedures for evaluating, processing and settling contractor claims, (4) what funding sources are available to pay such claims.

The CDC is responsible for administering the contracts for construction of new prisons. To assist in this effort, the department has hired a capital expenditure management firm and several construction management consultants.

The department estimates that construction contractors will file claims against the state totaling from \$74 million to \$200 million over the next ten years. In general, contract claims represent disputes over contractor requests for additional compensation for work/costs the contractor believes were outside the bid contract. This could include items such as work that was state-required but not included in the original bid documents, or additional overhead costs that the contractor believes were caused by the state.

If a claim is settled in favor of the contractor, the state agency administering the contract has three options for financing the additional compensation. First, the claim can be paid from funds set aside in the project contingency. Second, if no funds are available in the original appropriation, the department can request an augmentation through the Public Works Board. Augmentations are limited to 20 percent of the original amount, with amounts over 10 percent to be reported to the Legislature. Finally, the department can request a new appropriation, through the budget or other legislation such as the traditional claims bill, to finance the settlement. In the event the claim can be paid using funds in the appropriation or through an augmentation of less than 10 percent, the Legislature would be unaware of the claim payment.

Claim Volume is Unprecedented. Table 1 compares CDC's claim amount with the level of capital outlay and related claims for two departments. It shows that the rate of claims in comparison to total capital outlay

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

expenditures for the other agencies is less than 1 percent while CDC's claims could reach *10 percent*, if the department's estimate of a \$20 million annual exposure materialized.

Table 1
Department of Corrections
1987-88 Capital Outlay Program
Comparison of Contractor Claims to Capital Outlay Budgets
Selected Departments
(dollars in millions)

<i>Departments</i>	<i>Capital Outlay Expenditures^a</i>	<i>Estimated Claims^b</i>	<i>Percent</i>
Transportation	\$1,003	\$5.5	0.5%
Water Resources	423	2.5	0.6
Corrections	200	20.0	10.0

^a Average for five years, 1983-84 through 1987-88, actual and projected, except CDC average for ten years.

^b Department of Corrections data.

Budget Proposal. As mentioned in our analysis of CDC's support budget, the department requests \$204,000 to establish five positions to handle additional workload associated with contractor claims and arbitration. These positions were established administratively in the current year and are in addition to three positions approved by the Legislature for this purpose last year. One year ago, when these latter positions were authorized, total state exposure for such claims was estimated at up to \$20 million. One year later, state exposure has *increased ten fold* to in excess of \$200 million, or *up to 10 percent of the entire new prison construction program*.

Our analysis indicates that the CDC proposal and estimate of potential claims exposure pose significant policy and fiscal issues for the Legislature. At the time we prepared this analysis, *information was not available* to assist the Legislature in evaluating this issue in four key areas:

1. Why are contractor claims on new prison construction anticipated to exceed \$200 million?
2. What steps has CDC taken, or proposes to take, to reduce claims significantly over the next ten years?
3. What procedures does CDC utilize to evaluate, process and settle contractor claims?
4. What funding sources are available to pay such claims?

The level of state exposure and the absence of information to answer these four basic questions raises serious concerns about the department's management of the new prison construction program. As Table 1 indicates, neither Caltrans nor the Department of Water Resources, both of which manage extensive capital programs, are experiencing anywhere near the rate of claims anticipated by CDC. Moreover, it is particularly disturbing that the new prison construction program would generate such claims when the state has hired expert management consultants, at a cost in excess of \$57 million, to assist the CDC with construction management. We have been unable to identify any steps taken by CDC to correct the current management of these contracts so that such claims are reduced to a manageable level.

Current Year Settlement Raises Additional Concerns. The policy and fiscal concerns surrounding the department's claims procedures were

first brought to light during the current year when the Joint Legislative Budget Committee was asked to concur in a \$3.6 million settlement of a contractor's claim at the California Medical Facility, South at Vacaville. In attempting to ascertain the basis of this settlement, we were advised that the terms of the settlement, approved by CDC officials, were *confidential*. In the absence of information by which to evaluate the claim and the payment of public funds, the Joint Legislative Budget Committee advised the Director of Finance that it did not concur in the proposed expenditure.

Based on experience to date, the Legislature is being asked to establish positions to handle contractor claims without any information on why such claims are occurring, the process that is being used to review and resolve them, and steps that need to be taken to limit the state's financial exposure.

In order to ensure accountability, we recommend that prior to budget hearings, the CDC provide information on:

1. Why contractor claims on new prison construction are anticipated to exceed \$200 million.
2. What steps CDC has taken or proposes to take to reduce claims significantly over the next ten years.
3. What procedures CDC utilizes to evaluate, process and settle contractor claims.
4. What funding sources are available to pay such claims.

PROJECTS REQUESTED IN THE 1987-88 BUDGET

For discussion purposes, we have divided our analysis of the capital outlay projects included in the budget for CDC into six descriptive categories. Table 2 summarizes the department's request which is proposed for funding the 1986 Prison Construction Fund. Table 3 shows the current and proposed commitments against the \$500 million in general obligation bond proceeds available in the fund.

Table 2
Department of Corrections
1987-88 Capital Outlay Program
(dollars in thousands)

<i>Project Category</i>	<i>Number of Major Projects</i>	<i>Budget Bill Amount</i>	<i>Est. Future Cost ^a</i>
A. Projects to Attain Hospital Licensure	3	\$9,676	—
B. Emergency Electrical System Improvements	11	\$611	\$12,817
C. Other Utility Improvements.....	5	3,247	723
D. Security Improvements	3	226	2,724
E. New Capacity Projects	1	2,651	—
F. Minor Capital Outlay Projects		1,563	—
Totals.....	23	\$17,974	\$16,264

^a Department estimate.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

Table 3
Department of Corrections
\$500 million 1986 Prison Construction Fund
Funding Summary
(dollars in millions)

<i>Purpose</i>	<i>Amounts</i>	<i>Totals</i>
1986 Appropriations		\$390.8
• Department of Corrections—Capital Outlay	\$330.1	
• Correct Double Budgeting Error	—19.1	
• Prison Industries Authority	62.0	
• Youth Authority	17.8	
Actual/Proposed Allocations Pursuant to Executive Order of the Director of Finance ..		8.0
• Augmentation to Richard J. Donovan Correctional Facility at Rock Mountain, San Diego	3.8	
• Augmentation to California Medical Facility, South, Vacaville	3.6	
• Augmentation to Northern California Women's Facility	0.5	
• Emergency Fund, Deuel Vocational Institution, Tracy—Sewage Treatment Plant Upgrade	0.1	
1987 Governor's Budget		79.6
• Department of Corrections—Capital Outlay	18.0	
• Department of Corrections—Support	10.0	
• Reserve for Augmentations	15.0	
• Reserve for Contractor Claims	20.0	
• Youth Authority—Capital Outlay and Support	16.6	
Total Proposed Commitments From the Fund		\$478.4
Amount Remaining Uncommitted from \$500 Million Bond Issue		\$21.6

A. Projects to Attain Hospital Licensure

The department's 1987–88 budget includes \$9.7 million for three projects to attain hospital licensure. The requests are summarized in Table 4.

Table 4
Department of Corrections
1987–88 Major Capital Outlay Program
Hospital Licensure Projects
(dollars in thousands)

<i>Subitem</i>	<i>Location</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Analyst's Recommendation</i>
(15)	Chino	wc	\$2,339	Pending
(16)	Vacaville	wc	5,344	Pending
(19)	San Luis Obispo	wc	1,993	Pending
	Total		\$9,676	

^a Phase symbols indicate: w = working drawings and c = construction.

Hospital Licensure—Progress to Date

The CDC has submitted proposals to the Legislature since 1981 to enable the department to obtain/maintain licensure of its prison hospitals. Seeking to ensure that inmates receive adequate health care, the Legislature appropriated funds to increase hospital staffing in 1981, 1985 and 1986. In 1986, CDC made its first request for capital outlay monies to eliminate physical deficiencies in the hospitals. The CDC requested \$2.9 million to

(1) plan and construct *all* physical improvements necessary for licensure of Chino, San Luis Obispo and Vacaville hospitals and (2) plan physical improvements of the San Quentin hospital in order to maintain its license. The department, however, had not completed a thorough study/evaluation of the licensing deficiencies. Consequently, there was no basis for appropriating the amount requested by CDC. In an effort to move toward licensed hospitals, the Legislature appropriated \$522,000 for detailed program planning, preliminary plans and working drawings to correct the hospitals' deficiencies.

In order to monitor CDC's progress in obtaining licensure, the Legislature specified three requirements in the *Supplemental Report of the 1986 Budget Act*. These requirements and the department's subsequent actions are as follows:

- **Report, by October 1, 1986 and April 1, 1987 on CDC's progress toward licensure and submit any Department of Health Services' follow-up surveys of prison hospitals and CDC's plan of corrections in response to the surveys.** The CDC has not submitted the required report, the follow-up surveys or the plan of corrections.
- **Notify the Legislature of the completion of the detailed project programming for improvements and include a statement from the licensing agency indicating that the program would correct physical deficiencies precluding licensure.** The CDC has not notified the Legislature, nor forwarded any licensing agency statement.
- **Notify the Legislature of the completion of preliminary plans and include a statement from the licensing agency that the work proposed would remedy physical deficiencies preventing licensure.** The CDC has not started preliminary plans.

San Quentin's Neumiller Hospital

We recommend that, prior to budget hearings, the department explain to the Legislature (1) its decision to surrender licensure of Neumiller Hospital and (2) its plan, budget and timeline for providing health care services to inmates at San Quentin.

In December 1986, the U.S. district court ruled that CDC's decision in October 1986 to surrender its license as an acute care facility violated a 1983 settlement agreement in which the CDC said it would "seek . . . and maintain a license as an acute care facility" for Neumiller Hospital. The federal court ruled that CDC must develop a plan by February 20, 1987 to regain licensure.

Despite the federal court's ruling and the Legislature's previous actions to maintain the acute care facility license of San Quentin's Neumiller Hospital, CDC is not requesting any funds in the Budget Bill for remodeling Neumiller Hospital. Although CDC surrendered its license, it has not requested reversion of funds appropriated in the 1986 Budget Act for additional staffing and architectural plans to maintain the license for Neumiller Hospital.

Under the circumstances, it is not clear how CDC plans to meet the health needs of the inmates at San Quentin. Accordingly, we recommend that prior to budget hearings, the department explain to the Legislature (1) its decision to surrender licensure of Neumiller Hospital and (2) its plans, budget and timeline for providing health care services to the inmates at San Quentin.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

Chino, Vacaville and San Luis Obispo Hospitals

We withhold recommendation on \$9,676,000 for working drawings and construction to remodel the hospitals at Chino, Vacaville, and San Luis Obispo, pending receipt of (1) information confirming that the proposed work will result in licensing the hospitals and (2) a detailed cost estimate of the proposed work.

Despite the high priority the Legislature has placed on hospital licensure, at the time this *Analysis* was prepared, work on preliminary plans to remodel the hospitals had not started. Although development of the preliminary plans had not begun, CDC *increased* its cost estimate for working drawings and construction to remodel the *three hospitals* from \$2.6 million to a total of \$9.7 million. *The department's \$9.7 million request is three and a half times the amount which the department proposed in 1986.* Moreover, although the Legislature funded working drawings in the 1986 Budget Act, the department is requesting funds for working drawings again. The CDC indicates that the preparation of preliminary plans for *three* hospitals will exhaust all funds which the Legislature appropriated for preliminary plans and working drawings for *four* hospitals. The CDC cannot provide any explanation for these substantial cost increases.

As discussed above, in order to make the hospitals eligible for licensing, CDC is required to develop project programming/preliminary plans. At the time this analysis was prepared, the CDC has not submitted the information to the Legislature. Moreover, it has been unable to explain the increased cost of the projects and has not provided a detailed cost estimate of the proposed work. Consequently, we withhold recommendation on the projects, pending receipt of the information confirming that the proposed work will result in licensing the hospitals.

B. Emergency Electrical Improvement—Statewide

The budget includes \$611,000 for additional planning and working drawings for Emergency Electrical improvements at 11 institutions. Table 5 summarizes the request and our recommendations.

Table 5
Department of Corrections
1987-88 Capital Outlay Program
Emergency Electrical Projects
Item 5240-312-746
(dollars in thousands)

Sub-Item	Location	Phase ^a	Budget Bill Amount	Analyst's Recommendation	Estimated Future Cost ^b
(2)	Susanville	pw	\$27	—	\$338
(3)	Tehachapi	w	19	—	285
(5)	Soledad	w	129	—	2,155
(10)	Deuel	w	65	—	1,205
(11)	Folsom	w	49	—	692
(17)	Vacaville	w	37	—	2,739
(18)	San Luis Obispo	w	70	—	1,151
(20)	San Quentin	w	47	—	786
(21)	Frontera	w	19	—	296
(23)	Norco	w	104	—	1,607
(24)	Jamestown	w	45	—	818
Totals			\$611	—	\$12,072

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

^b Department estimate.

No Progress on "Emergency" Projects Funded in 1985

We recommend deletion of \$611,000 proposed for preliminary plans and/or working drawings for emergency electrical system improvements at 11 institutions, because the need for additional funds has not been substantiated. (Delete Items 5240-312-746(2), (3), (5), (10), (11), (17), (18), (20), (21), (23) and (24).)

The Budget Bill includes \$611,000 for additional architectural/engineering fees to complete preliminary plans and working drawings for the emergency electrical improvements at 11 institutions. The 1985 Budget Act appropriated \$744,000 to prepare preliminary plans and working drawings for these projects. The proposed improvements would provide adequate lighting and power in the event of a major electrical failure. The estimated future cost of these projects, as approved by the Legislature and specified in the *Supplemental Report of the 1985 Budget Act*, was \$10.3 million. This cost estimate was based on an engineering study commissioned by CDC.

At the time this *Analysis* was prepared, the preliminary plans were not complete and CDC had no schedule for their completion. The CDC, however, again indicates that cost for these projects will exceed the amounts specified in its 1985 engineering study by \$2.5 million, or 25 percent. The CDC offers no explanation for this higher cost other than to indicate it is an Office of State Architect (OSA) estimate. The OSA offers no explanation other than to indicate that the original estimate included in the engineering study was too low.

The need for additional planning funds is unclear. The Department of Finance advised the legislative committees on August 25, 1986 that \$84,700 of the amount appropriated for working drawings in the 1985 Budget Act, would be needed to *complete* preliminary plans for all institutions. The department informs us that the additional \$611,000 has been requested because OSA contends that it will not have sufficient funds in the 1985 appropriation to complete working drawings for 11 out of the 12 institutions and will need \$3,000 to complete preliminary plans for Susanville. Apparently, sufficient funds are available to complete preliminary plans and working drawings for the twelfth institution—California Institution for Men, Chino. Again, no explanation is given for these costs other than OSA indicates the costs are higher.

The department has not supplied the necessary information to substantiate either the need for increased planning funds or the increased future costs. Consequently, we recommend that the Legislature not approve the additional planning funds and direct the department to expedite completion of preliminary plans in accordance with the 1985 engineering study. A request for construction funds based on completed preliminary plans would warrant legislative consideration.

C. Site Improvement and Utility Projects

The budget includes four projects for site and utility improvements. The requests, and our recommendations on each, are summarized in Table 6.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

Table 6
 Department of Corrections
 1987-88 Capital Outlay Program
 Site Development and Utility Projects
 Item 5240-301-746
 (dollars in thousands)

Sub Item	Project Title	Location	Phase ^a	Budget Bill Amount	Analyst's Recom- mendation	Est. Future Cost ^b
(7)	Rehabilitate Sewage Treatment Plant	Tracy	wc	\$1,729	\$1,229	—
(8)	Flood Control	Tracy	s	45	45	Unknown
(9)	New Domestic Water Supply	Tracy	w	60	721	723 ^c
(14)	Expand/Rehabilitate Sewage Treatment Plant	Chino	c	800	—	—
	Totals			\$2,634	\$1,995	\$723

^a Phase symbols indicate: s = study; w = working drawings; and c = construction.

^b Department estimate.

^c No future cost under Analyst's Recommendation.

Rehabilitate Sewage Treatment Plant—Tracy

We recommend that the \$1,729,000 requested for working drawings and construction to rehabilitate the sewage treatment plant at Deuel Vocational Institution, Tracy be reduced by \$500,000 to delete funds for increasing the design capacity of the plant above the legislatively approved level. (Reduce Item 5240-301-746(7) by \$500,000.)

The budget includes \$1.7 million for working drawings and construction to rehabilitate the sewage treatment plant at the Deuel Vocational Institution (DVI), Tracy. These funds are intended to replace a prior appropriation that reverted June 30, 1986. These funds reverted because they were not encumbered by the end of the fiscal year. The amount also includes a new request of \$500,000 for increasing plant capacity.

The 1984 Budget Act appropriated \$1.2 million for preliminary plans, working drawings and construction to rehabilitate this sewage treatment plant. The approved amount was based on a consultant's report that analyzed six different alternatives for wastewater treatment at DVI. The selected (approved) option included all necessary work to meet wastewater discharge requirements and provide a capacity of 430,000 gallons per day that would be adequate to serve an overcrowded population of 3,350 inmates. Preliminary plans for the proposal were completed by CDC's consultant in October 1984 and approved by the state Public Works Board in November 1984. The plans were subsequently modified based on CDC's decision to delete on-site water reclamation in favor of discharging to Paradise Cut as indicated in the Department of Finance's notification to the Legislature in June 1985.

Funds for this project were reappropriated in the 1985 Budget Act. By June 1986, though, the working drawings had not yet been started, and as indicated above, the funds reverted. In December 1986 the regional water quality control board levied a fine of \$25,000 against the CDC for discharge violations at this institution. This fine was ultimately suspended. Finally, on December 18, the Director of Finance approved an emergency fund allocation of \$75,545 from the 1986 Prison Construction Fund so that the working drawings could finally be started.

New Plant Capacity in Excess of Demonstrated Need. The CDC has initiated a change in the project that would increase the capacity of the plant from 430,000 gallons to 620,000 gallons per day. The CDC now indicates that the "new" capacity will be sufficient to serve an inmate population of 3,090 inmates—which is *less* than the 3,350 inmates to be served under the original project scope. According to the consultant, this change will cost \$500,000.

The CDC has not provided justification for the 44 percent increase in plant capacity nor any information to substantiate the requested additional amount. Accordingly, we recommend that Item 5240-301-746(7) be reduced by \$500,000 to delete the requested additional funds.

New Domestic Water Supply—Tracy

We recommend that the budget be augmented by \$661,000 to provide construction funds to upgrade the domestic water system at the Deuel Vocational Institution, Tracy, because the project was previously approved by the Legislature and should be ready to proceed into construction in the budget year. (Increase Item 5240-301-746(9) by \$661,000.)

The budget includes \$60,000 for working drawings to upgrade the domestic water system at DVI, Tracy. The 1984 Budget Act appropriated \$47,000 for preliminary plans and working drawings for this project. The project was based on a consultant's evaluation of improvements needed in the domestic water system to provide sufficient capacity for the overcrowded institution (3,350 inmates). The project would increase the system storage capacity from the current 250,000 gallons to 1.25 million gallons. The preliminary plans for this project were approved by the Public Works Board in *June 1985*. At that time, the Department of Finance certified that the approved preliminary plans and cost estimates were consistent with legislatively approved scope and approved cost of \$703,000. The working drawing funds, however, reverted on June 30, 1986 because the funds had not been encumbered.

The amount included in the budget for working drawings is based on a new estimate prepared in November 1986. Based on this estimate the project cost has increased \$97,000.

Our review of the new estimate reveals that it includes an increase of \$37,000 for inflation which is justified. It also includes \$60,000 in additional funds for architectural/engineering services and project administration. No justification has been provided to indicate the reason for these increases. We therefore recommend that this amount be deleted from the project budget.

Given that the preliminary plans for this project are completed, the working drawings and construction phase should proceed without delay. We therefore recommend that the \$60,000 budgeted for this project be augmented by \$661,000 to provide the appropriate amount for working drawings (\$28,000) and construction funds (\$693,000). The recommended amount of \$721,000 would provide sufficient funds to complete the project based on the preliminary plans approved by the State Public Works Board and the Director of Finance.

Expand/Rehabilitate Sewage Treatment Plant—Chino

We recommend deletion of \$800,000 requested for additional construction funds to expand/rehabilitate the sewage treatment plant at the California Institution for Men, Chino, because the additional funds would pay for expansion of plant capacity that exceeds the state's needs. (Reduce Item 5240-301-746(14) by \$800,000).

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

The budget includes \$800,000 in additional construction funds to expand/rehabilitate the sewage treatment plant at the California Institution for Men (CIM), Chino. The estimated total cost of the proposed project, including \$2.5 million from prior appropriations, is \$3.3 million.

Funding Provided Nine Years Ago . . . And Still No Project. This project was begun in 1978 when the department completed an environmental impact report and federal grant proposal for upgrading the CIM sewage treatment plant to meet the regional water quality control board's waste discharge requirements. Initially, CDC's plan called for upgrading the plant to a capacity of 1.2 million gallons per day, of which 700,000 gallons would be available for CIM and 500,000 gallons for the Chino Basin Municipal Water District. The construction work was to be funded through a combination of federal, state and local funds, with CDC's share estimated to be \$149,000, or 7.5 percent of the \$2 million project.

Based on the approved environmental impact report and preliminary plans, the Legislature appropriated \$30,000 in the 1979 Budget Act and \$286,000 in the 1980 Budget Act for CDC's share of the project costs. Working drawings were completed in September 1982, but by that time, grant funds were no longer available. Consequently, the state's portion of construction funds reverted.

Based on a restructuring of the grant program, the 1984 Budget Act appropriated \$813,000 for the state's share (27.5 percent) of the project cost which had increased to \$2.5 million. The project again did not proceed because of changes in federal regulations.

The 1985 Budget Act appropriated \$2.5 million, providing 100 percent state funding of the project. Once again the project did not proceed. The 1987 Budget Bill now includes an additional \$800,000 for construction based on a consultant's report *recommending a complete redesign of the plant upgrade* that would cost \$3.3 million.

Project Would Provide Capacity in Excess of State's Needs. The current proposal would continue the previous project scope to rehabilitate the plant to meet wastewater discharge requirements and expand the plant capacity to 1.2 million gallons per day. As previously indicated, 500,000 gallons of this capacity was for the local district. The district, however, is no longer participating in the project. Consequently, the plant upgrade should be based on a capacity of 700,000 gallons per day, consistent with CDC's needs identified in the original environmental impact report.

On this basis, the CDC should *immediately* proceed with the project in accordance with the 700,000 gallons per day required by the institution using the funds currently available for preliminary planning, working drawings and construction. Our analysis indicates that no additional funds will be needed. Accordingly, we recommend that Item 5240-301-746(14) be deleted for a savings of \$800,000.

D. Security Related Projects

The budget includes \$839,000 for four projects related to security at the prisons. The projects, and our recommendations on each, are summarized in Table 7.

Table 7
Department of Corrections
Security Projects
1987-88 Capital Outlay Program
Item 5240-301-746
(dollars in thousands)

<i>Sub Item</i>	<i>Project Title</i>	<i>Location</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Analyst's Recom- mendation</i>	<i>Est. Future Cost^b</i>
(4)	Yard Gun Posts	Tehachapi	pw	\$55	pending	\$775
(6)	Recreation Yard Lights	Soledad	wc	613	\$506	—
(12)	Security Processing Facility	Folsom	spw	104	104	1,128
(13)	Renovate Locking Devices	Chino	spw	67	21	821
	Totals			\$839	\$631	\$2,724

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

^b CDC estimate.

Yard Gun Posts—New Tehachapi Prison

We withhold recommendation on \$55,000 requested for preliminary plans and working drawings to install additional yard gun posts at the segregated housing units at the Southern Maximum Security Complex, Tehachapi, because the Legislature needs to assess the policy implications of this proposal.

The budget includes \$55,000 for preliminary planning and working drawings to install eight enclosed armed guard work stations at the exercise yards for the security housing units at the Southern Maximum Security Complex, Tehachapi. This 1,000-bed complex was designed as a state-of-the-art maximum security prison, and was occupied in fall 1985. According to the department, the proposed project will modify the new prison in order to provide supervision/gun coverage of the two exercise yards attached to "administrative segregation" housing units. The department has already made some interim modifications to the units and has authorized 13 positions to staff these posts. The cost for these positions is about \$500,000 annually and the estimated future costs for construction is \$775,000.

The department indicates that this proposal is needed in order to provide adequate security at this new prison. The department indicates that "when originally constructed, neither the physical plant nor the authorized staffing was sufficient to provide the armed supervision of the exercise yard." This is contrary to CDC's position when it approved the original design as a secure, well-supervised area with the original staffing pattern.

Our analysis indicates that the department's proposal raises a policy issue that needs to be addressed by the Legislature. Specifically, the prison was designed to provide adequate supervision of the yard with a lower staffing level than currently proposed. Moreover, CDC is proposing to add additional gun posts that were not included in the original design. The CDC has provided no justification for the new gun posts other than to indicate a desire to have additional constant gun coverage. Therefore, we withhold recommendation on the proposal pending the department's explanation of the operational changes which have occurred since the prison was designed which would warrant the proposed security changes.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued**Recreation Yard Lighting—Soledad**

We recommend a reduction of \$107,000 for working drawings and construction of recreation yard lighting at Soledad, because the department has not justified the need to increase the cost over the amount previously approved by the Legislature. (Reduce Item 5240-301-746(6) by \$107,000.)

The 1984 Budget Act appropriated \$500,000 for preliminary plans, working drawings and construction of yard lighting at Soledad. These lights were to allow evening use of the yard to reduce overcrowded conditions in the gymnasium and other activity areas. The department took one and one-half years in developing the preliminary plans for this project. When the plans were finally completed by the Office of State Architect (OSA), the cost of the project had increased to \$640,000 (an overrun of 28 percent). At that time, no explanation was given for the cost overrun. Finally, the working drawings and construction funds (\$481,000) reverted on June 30, 1986, because the funds had not been encumbered.

The Budget Bill now proposes an appropriation of \$613,000 for working drawings and construction for the recreation yard lighting. The department, however, offers no explanation of why the costs are higher than the amount included in the 1984 Budget Act. Consequently, we recommend that the amount be reduced to the original budget, adjusted for inflation. Thus, we recommend that Item 5240-301-746(6) be reduced to \$506,000—a reduction of \$107,000.

Renovate Locking Devices—Chino

We recommend that \$67,000 requested for a study, preliminary plans and working drawings to renovate the locking devices at the California Institution for Men, Chino be reduced by \$46,000 because the working drawing portion of the request is premature. (Reduce Item 5240-301-746(13) by \$46,000.)

The budget includes \$67,000 to perform a study and prepare preliminary plans and working drawings for renovating the locking devices on 154 cells in Birch Hall at the CIM Reception Center, Central Facility. The department indicates that the existing locking devices, installed as part of the original construction in 1959, are subject to tampering by inmates. The proposed project would install a new automatic locking system at an estimated total cost of \$868,000.

Our analysis indicates that the proposed project is justified. The appropriation, however, should be limited to preliminary planning funds only. The Legislature should limit initial project funds to preliminary planning only because the Director of Finance has recently articulated a policy of expending working drawing funds *even if the project exceeds legislatively approved scope and/or cost*. We therefore recommend deletion of the \$46,000 requested for studies and working drawings in Item 5240-301-746(13).

E. New Capacity Projects

The budget includes one project for the CDC that would increase prison capacity on a permanent basis. The project includes acquisition and alterations at the 120-bed McCain Valley camp for women in San Diego County.

New Conservation Camp—McCain Valley, San Diego County

We recommend that \$886,000 requested for preliminary plans, working drawings and construction of improvements at the McCain Valley Camp

in San Diego County be deleted because the department has not provided any justification for the improvements. (Reduce Item 5240-301-746(1) by \$886,000.)

In addition, we withhold recommendation on the balance of the requested funds (\$1,765,000) for purchase of this leased facility, pending receipt of the lease agreement and the state's appraisal for the property.

The budget includes \$2.7 million for land acquisition, preliminary plans, working drawings and construction of improvements at a new conservation camp in San Diego County. The McCain Valley Camp is to accommodate 120 female inmates involved in conservation work. The CDC was scheduled to occupy this leased facility in January 1987. The proposed funds would allow for purchase of the facility (\$1.8 million) and provide for improvements (\$886,000) including dormitories, recreation space, a vehicle barn and office space.

We asked the department why funds are needed to improve these leased facilities. It has provided no information to substantiate the need. The Department indicates that the existing leased camp contains over 22,000 square feet of buildings. There is no indication why this amount of space is not sufficient to accommodate the inmate population and staff. Lacking any justification, we recommend that the \$886,000 budgeted for improvements at the camp be deleted.

The budget also proposes \$1,765,000 to fund acquisition of this leased facility. Given the long-term need for additional low-security beds, acquisition of the property may be more economical than continued leasing. We could not evaluate this request however, because at the time this analysis was prepared, the department had not provided the lease agreement or the state's appraisal for the property. Consequently, we have no basis to determine that the acquisition is cost-effective or that the amount is justified. Accordingly, we withhold recommendation pending receipt of the needed lease agreement and appraisal.

F. Minor Capital Outlay Projects

The budget includes \$1.6 million under Item 5240-301-746(22) for 22 minor capital outlay projects (\$200,000 or less per project) at various institutions. Table 8 lists the requested projects and our recommendations on each project.

Minor Projects

We recommend reduction of \$678,000 for the department's minor capital outlay program to eliminate funding for projects that for various reasons are not justified. Further recommend Budget Bill language to change the funding source of one project. (Reduce Item 5240-301-746(22) by \$678,000).

Our review of the department's minor capital outlay program indicates that funds for 15 projects should be deleted.

Projects for Health, Safety and Security Modifications. The department's request includes \$785,000 for ten projects that would, according to the CDC, make health, safety or security improvements at existing institutions. Based on our review of the information provided by the CDC, we recommend the following changes in the amount budgeted:

- **Delete \$32,000** for constructing a new visitor building at Tehachapi. This project is intended to increase control over visitors to the minimum facility. Establishing this office, however, essentially duplicates the function of the main visitor office that was recently constructed.
- **Delete \$64,000** for constructing a vehicle sallyport at Jamestown. The project is intended to increase control over the trucks and buses entering the prison. The department has been unable to explain either the control problems or how this project would improve control.

DEPARTMENT OF CORRECTIONS—CAPITAL OUTLAY—Continued

Table 8

Department of Corrections
Minor Capital Outlay Projects
1987-88
(dollars in thousands)

Category/Project	Location	Budget Bill Amount	Analyst's Recommendation
a. Health, Safety, Security Projects			
1. Construct Second Perimeter Fence	Chino	\$131	\$131
2. Yard Lighting	Chino	199	199
3. Gatehouse Addition	San Luis Obispo	141	141
4. Expand East Gatehouse	Chino	58	58
5. Upgrade Perimeter Post Buildings	Patton State Hospital	26	26
6. Construct Armory/Lockshop	Frontera	95	95
7. Construct New Movement Office	Tehachapi	32	—
8. Construct Vehicle Sallyport	Jamestown	64	—
9. Replace Cell Lighting in Administrative Segregation Units	Chino	28	28
10. Install Exhaust Hoods in Dental Lab ...	Folsom	11	11
Subtotal.....		\$785	\$689
b. Improve Utilities and Support Facilities			
11. Green Valley Sewer Connections.....	Jamestown	38	38
12. Increase Electrical Capacity in Adminis- tration Building	Susanville	40	—
13. Maintenance Operations Building	Soledad	120	—
14. Enlarge Clothing Room	Tehachapi	79	—
15. Install Sewer Pump Stations	Tehachapi	54	54
16. Construct Dumb Waiter to Records Of- fice	San Quentin	48	48
17. Main Water Line Isolation Valve	Frontera	50	—
18. Construct Staff Restrooms	Chino	31	31
19. Convert Linen Storage Area to Em- ployee Restroom	Jamestown	22	—
20. Install Sewer Line	Susanville	25	25
Subtotal.....		\$507	\$196
c. Improvements to Program Facilities			
21. Hobbycraft (Minimum prison)	Tehachapi	133	—
22. Hobbycraft (Medium prison)	Tehachapi	138	—
Subtotal.....		\$271	—
Totals.....		\$1,563	\$885

Improvements to Utilities and Support Facilities. The budget includes \$507,000 for ten projects which are intended to improve utilities and support services facilities at existing institutions. We recommend the following changes in the amount budgeted for these projects:

- **Delete \$40,000** for increasing electrical capacity in the Susanville administration building. The department proposes to add two electrical feeders, transformers and panels to the administration building. The CDC has not identified the existing system capacity and electrical load or provided a basis for the cost estimate.
- **Delete \$120,000** for construction of a 2,400 gross square foot storage building at Soledad. The CDC informs us that the prison's maintenance building is now being used by Prison Industry Authority (PIA). As PIA is supposed to be a self-financing authority, PIA should pay for the cost of replacing the maintenance building. Accordingly, we recommend that the Legislature adopt the following Budget Bill language:

"It is legislative intent that the Prison Industries Authority finance the construction of a 2,400 gross square foot storage building at Soledad prison during the 1987-88 fiscal year."

- **Delete \$79,000** for enlarging the clothing distribution room at Tehachapi. This project was proposed last year as a minor capital outlay, but the CDC agreed to withdraw it as the work was not justified. No additional information to substantiate the need for this project has been provided.
- **Delete \$50,000** for installing 50 main water line isolation valves at Frontera. This project is intended to permit staff to isolate a portion of the prison water distribution system when repairs are needed. The existing system was designed to provide adequate isolation for repair purposes. The department has not submitted any information to substantiate the need to install an additional 50 valves.
- **Delete \$22,000** for converting a linen storage area to an employee restroom at Jamestown. The project cost is excessive—over \$380 per square foot. The usual cost of a project like this would be about \$70 per square foot. The department should reevaluate the project and, if appropriate, resubmit a less costly solution.
- **Delete \$133,000 and \$138,000** for constructing two (approximately 1,600 gross square feet each) buildings to house inmate hobbycraft activities at Tehachapi minimum prison and maximum prison, respectively. Both the prisons currently have facilities that are used for these hobbycraft activities. If the facilities are inadequate, we recommend that the department evaluate what repairs/alterations are necessary to improve the hobbycraft areas.

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
BOARD OF CORRECTIONS**

Item 5430 from the General
Fund and various special
funds

Budget p. YAC 36

Requested 1987-88	\$182,389,000
Estimated 1986-87	132,077,000
Actual 1985-86	130,784,000
Requested increase (excluding amount for salary increases) \$50,312,000 (+38.1 percent)	
Total recommended reduction	None
Total recommended transfer to the General Fund	4,138,000

1987-88 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5430-001-001—Support	General	\$485,000
5430-001-170—Support	Corrections Training	1,581,000
5430-101-170—Local Assistance	Corrections Training	10,849,000
Total, Budget Bill Appropriations		\$12,915,000
Continuous Appropriation—Support	County Jail Capital Expend- iture, Bond Act of 1981	875,000
Continuous Appropriation—Support	County Correctional Facil- ity Capital Expenditure, Bond Act of 1986	628,000
Continuous Appropriation—Local Assistance	County Jail Capital Expend- iture, Bond Act of 1981	23,327,000
Continuous Appropriation—Local Assistance	County Jail Capital Expend- iture, Bond Act of 1984	59,736,000
Continuous Appropriation—Local Assistance	County Correctional Facil- ity Capital Expenditure, Bond Act of 1986	84,908,000
Total, State Funds		\$182,389,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- | | |
|--|-------------------------|
| 1. Surplus Funds. Recommend surplus funds of \$4,138,000 in the Corrections Training Fund be transferred to the General Fund. | Analysis
page
855 |
| 2. Legislative Oversight. Recommend funds for administration of the county jail construction program be appropriated in the Budget Act to provide legislative review and control. (Add Item 5430-001-725 for \$875,000 and Item 5430-001-711 for \$628,000.) | 856 |

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 is authorized 35.1 personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes appropriations totaling approximately \$182 million from various state funds to support the Board of Corrections in 1987-88. Of this amount, only \$13 million is proposed from appropriations in the Budget Bill. The remaining \$169 million consists of bond fund revenues that are proposed for expenditure from continuous statutory appropriations.

The total budget request represents an increase of \$50.3 million, or 38 percent, above estimated current-year expenditures. Nearly all of the increase is in the County Jail Construction program where new bond money authorized by Proposition 52, which was approved by the voters in June 1986, is proposed for expenditure in 1987-88.

The budget proposes an appropriation of \$485,000 from the General Fund in 1987-88. This is a decrease of \$5,000 below estimated current-year General Fund expenditures. This decrease, which is identified in the budget as a "Special Adjustment," is an unspecified reduction of approximately 1 percent.

Table 1 summarizes the board's expenditures by funding source for the past, current and budget years. The table has not been adjusted to reflect any potential savings in 1986-87 which may be achieved in response to the Governor's December 22, 1986 directive to state agencies and departments to reduce General Fund expenditures.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the following budget changes not discussed elsewhere in this analysis:

- An increase of \$350,000 from the Corrections Training Fund for the Standards and Training for Local Officers program, resulting from an increased number of participants eligible for training.
- An increase of \$49.8 million for local assistance under the County Jail Construction program. This net augmentation results from the proposed expenditure of \$84.9 million in bond revenue authorized under Proposition 52, which is offset by a reduction of \$35.1 million in the amount of bond revenues proposed for expenditure from the Bond Act of 1984.
- An increase of \$180,000 from the County Correctional Facility Capital Expenditure Fund to fund the full-year cost of 5.5 positions established administratively in the current year to administer the increased funds made available by Proposition 52.

Surplus Funds Should Be Redirected

We recommend that \$4,138,000 of the surplus in the Corrections Training Fund be transferred to the General Fund so that the funds are available for the Legislature to appropriate for other high-priority programs.

The Corrections Training Fund was established by Chapter 1148, Statutes of 1979. It receives monthly allocations from the Assessment Fund equal to 9.1 percent of the revenues collected by the courts from penalty

BOARD OF CORRECTIONS—Continued

Table 1
Board of Corrections
Budget Summary
1985-86 through 1987-88
(dollars in thousands)

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Percent Change from</i>
	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1986-87</i>
<i>Program Expenditures</i>				
1. Standards for Detention Facilities	\$372	\$490	\$485	-1.0%
2. Standards and Training	10,312	12,080	12,430	2.9
Administration	(1,302)	(1,581)	(1,581)	—
Local Assistance	(9,010)	(10,499)	(10,849)	3.3
3. Jail Construction Finance	120,108	119,507	169,474	41.8
Administration	(732)	(1,313)	(1,503)	14.5
Local Assistance	(119,376)	(118,194)	(167,971)	42.1
Totals, Expenditures	\$130,792	\$132,077	\$182,389	38.1%
<i>Funding Sources</i>				
General Fund	\$364	\$490	\$485	-1.0%
Corrections Training Fund	10,312	12,080	12,430	2.9
County Jail Capital Expenditure Fund, Bond Act of 1981	108,608	24,192	24,202	—
County Jail Capital Expenditure Fund, Bond Act of 1984	11,500	94,867	59,736	-37.0
County Correctional Facility Capital Expenditure Fund, Bond Act of 1986	—	448	85,536	NMF ^a
Federal Trust Fund	8	—	—	—
Personnel-years	25.5	35.1	37.6	7.1%

^a Not a meaningful figure.

assessments levied on criminal and traffic fines. Balances in the fund are available for appropriation by the Legislature in the Budget Act to finance the board's Standards and Training for Local Officers program. Under this program, the board is required to establish minimum standards for the selection and training of all local corrections and probation officers. Grants are provided to local agencies participating in the program to offset a portion of the costs of training their employees.

Our review indicates that there are substantial unused balances in the Corrections Training Fund. Table 2 summarizes the revenues, expenditures and fund balances since 1980-81, when the fund became operative. The table shows that there will be a surplus of \$5,422,000 on June 30, 1988. The table also shows that this surplus has accumulated over a number of years.

We see no reason for substantial amounts of money to remain unused in this fund when the money could be made available for the Legislature to reallocate to high-priority state needs. The board advises that the surplus funds are not needed to fund the current program and it has no plans to spend this balance.

Table 2
Board of Corrections
Corrections Training Fund
Surplus Fund Balances
1980-81 through 1987-88
(dollars in thousands)

	<i>Beginning Reserves</i>	<i>Revenues and Adjustments</i>	<i>Expenditures</i>	<i>Ending Reserves (Surplus)</i>
1980-81	—	\$5,738	\$2,786	\$2,952
1981-82	\$2,952	7,942	8,021 ^a	2,873
1982-83	2,873	5,532	6,932	1,473
1983-84	1,473	9,346	8,198	2,621
1984-85	2,621	10,807	9,617	3,811
1985-86	3,811	11,364	10,312	4,863
1986-87 (est.)	4,863	12,229	12,080	5,012
1987-88 (est.)	5,012	12,840	12,430	5,422

^a Includes transfers of \$1 million to the General Fund and \$1,379,000 to the Assessment Fund.

Further, there is legislative precedent for using these funds for other purposes. Chapter 115, Statutes of 1982, transferred \$1 million from the Corrections Training Fund to the unappropriated surplus in the General Fund. Chapter 115 also transferred \$1 million to the General Fund from the Peace Officers' Training Fund which also derives its revenue from the Assessment Fund. Finally, each year in the Budget Act the Legislature adopts Control Section 24.10 to transfer to the General Fund the unencumbered balance in the Driver Penalty Assessment Fund. This fund also receives its revenue from the Assessment Fund. In 1985-86, \$17.5 million was transferred from the Driver Penalty Assessment Fund to the General Fund.

Our review of the revenue and expenditure history of the Corrections Training Fund indicates that a reserve equal to about 10 percent, or \$1,284,000, of estimated revenue should be adequate to guard against any potential revenue shortfall. The remaining \$4,138,000 of the surplus could be transferred to the General Fund and made available to the Legislature for allocation to other high priority programs. Accordingly, we recommend that the Legislature adopt the following Budget Bill language:

SEC. 11.40. Notwithstanding any other provisions of law, on July 1, 1987, the State Controller shall transfer the amount of four million one hundred thirty-eight thousand dollars (\$4,138,000) from the Corrections Training Fund to the General Fund.

Legislative Oversight Should Be Continued

We recommend that the amounts budgeted for administration of the county jail construction program be appropriated in the Budget Bill in order to provide annual legislative review of these expenditures. (Add Item 5430-001-725 and Item 5430-001-711.)

The budget proposes expenditure of \$169.5 million for the county jail construction program in 1987-88. Of this amount, \$1.5 million is for administration of the program and the remaining \$168 million is for grants to counties. Funding for this program comes from bond revenues deposited in three different special funds. Monies in each of these funds are continuously appropriated by statute to the Board of Corrections for this program.

BOARD OF CORRECTIONS—Continued

In the past, the Legislature has controlled expenditures for the administration of this program by including appropriations for the board's administrative costs in the annual Budget Acts. This approach makes these expenditures subject to annual legislative review and provides the Legislature with an opportunity to participate in the specific determination of how these funds are to be used.

This year, the Governor is proposing to eliminate all appropriations for the administrative costs of this program from the Budget Bill. Thus the expenditures would be subject only to the continuous appropriations contained in existing law. The Department of Finance advises that the reason for this proposal is to eliminate unnecessary language from the Budget Bill.

Our analysis indicates, however, that the effect of this decision would be to eliminate the Legislature's opportunity to annually review the administrative costs of the county jail construction program. Furthermore, Ch 1133/84, the statute which allocated the money from the 1981 Bond Act, requires that any related administrative costs be subject to annual review in the budget.

Accordingly, we recommend that the Legislature adopt the following appropriations:

5430-001-725—For support of Board of Corrections, for transfer to Item 5430-001-001, payable from County Jail Capital Expenditure Fund, Bond Act of 1981	\$875,000
5430-001-711—For support of Board of Corrections, for transfer to Item 5430-001-001, payable from County Correctional Facility Capital Expenditure Fund, Bond Act of 1986	\$628,000

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

Item 5440 from the General
Fund

Budget p. YAC 41

Requested 1987-88	\$8,479,000
Estimated 1986-87	8,031,000
Actual 1985-86	7,167,000
Requested increase (excluding amount for salary increases) \$448,000 (+5.6 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Parole Revocation Guidelines. Recommend that the board report prior to budget hearings on the guidelines for parole revocation sentences that it currently is developing.

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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 115.4 authorized personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes an appropriation of \$8,479,000 from the General Fund for support of the Board of Prison Terms (BPT) in 1987-88. As shown in Table 1, this is an increase of \$448,000, or 5.6 percent, over estimated current-year expenditures. The expenditure table has not been adjusted to reflect any potential savings in 1986-87 which may be achieved in response to the Governor's December 22, 1986 directive to state agencies and departments to reduce General Fund expenditures.

Table 1
Board of Prison Terms
Budget Summary
1985-86 through 1987-88
(dollars in thousands)

	<i>Actual</i> 1985-86	<i>Est.</i> 1986-87	<i>Prop.</i> 1987-88	<i>Change</i> <i>From 1986-87</i>	
				<i>Amount</i>	<i>Percent</i>
Expenditures	\$7,167	\$8,031	\$8,479	\$448	5.6%
Personnel-years	106.4	115.4	124.3	8.9	7.7%

The expenditures shown in Table 1 for the current year include a deficiency allocation of \$211,000 for five positions (2.5 personnel-years) to meet increased workload for parole revocation hearings. The board indicates that it plans to request another deficiency allocation in the current year and submit a budget amendment letter for 1987-88 to handle the additional workload resulting from the mentally disordered offender program. We discuss workload associated with this program later in this analysis.

The *net* increase in total expenditures of \$448,000 proposed for 1987-88 reflects (1) an increase of \$783,000 for 8.9 additional personnel-years (10 hearing representative positions and two clerical support positions), (2) an increase of \$10,000 for computer processing overtime, and (3) one-time reductions of \$256,000 for equipment and \$3,000 for retirement expenditures. The budget has been reduced by \$86,000, which is approximately 1 percent of the General Fund support, as a Special Adjustment.

BOARD OF PRISON TERMS—Continued**ANALYSIS AND RECOMMENDATIONS**

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

- An increase of \$783,000 for 8.9 additional personnel-years to handle the increased workload for parole revocation hearings.
- An increase of \$10,000 in overtime costs to handle the backlog of data processing resulting from the increase in the number of hearings conducted.

Guidelines for Parole Revocation Sentences

We recommend that the board report to the Legislature prior to budget hearings on the guidelines for parole revocation sentences that it currently is developing. Specifically, the board should report on (1) the efficiencies the guidelines may bring to the hearing process, (2) the impact of the guidelines on the prison population, and (3) the fiscal implications of the guidelines in the budget year and thereafter.

Parole revocation is one of the primary responsibilities of the BPT. When a parolee is charged with a violation of parole and does not waive his or her right to a hearing, the BPT must hold a revocation hearing to determine if there is probable cause to believe that the parolee has violated the conditions of parole. If the board finds good cause for the violation charged, it can revoke parole and determine the length of the revocation sentence.

Under existing law, parolees can be returned to prison for a maximum of 12 months. The panel of board members that hears the case determines the length of the revocation sentence based on the severity of the violation, as well as other circumstances that may be deemed relevant.

The board currently is developing sentencing guidelines for revocation sentences to assist hearing panels in determining a parole violator's period of confinement. Board staff advise that the guidelines are being developed for specified categories of violations, and will provide parole violators and the public with a general understanding of how much time might be served in prison for a specific violation.

In our judgment, the development of these sentencing guidelines is a positive step on the part of the board. In addition to the benefits cited above, guidelines may promote equity and uniformity in sentencing. Furthermore, they may add to the efficiency of the hearing process by reducing the time needed to conduct certain hearings. This could reduce the board's staffing needs or reduce the need for staffing augmentations to handle any increased hearing workload in the future.

In addition, the Governor's Budget estimates that reliance on the proposed sentencing guidelines will reduce the time served by parole violators to such an extent that the projected prison population will be 1,000 inmates less than projected by the Department of Corrections (CDC) for the budget year. The department's budget is based on this assumption. There appears to be no analytical basis for this assumption, however, because the guidelines have not been finalized and at the time this analysis was written, neither the board nor the CDC had estimated the impact of the sentencing guidelines on prison population in the budget year.

Because of the potential fiscal impact of sentencing guidelines, we recommend that the board report to the Legislature prior to budget hearings on (1) the efficiencies the guidelines may bring to the hearing process, (2) the impact of the guidelines on the prison population, and (3) the fiscal implications of the guidelines in the budget year and thereafter.

Underfunding of Mentally Disordered Offender Program

The mentally disordered offender (MDO) program, which was established by Ch 1419/85 (SB 1296), provides that inmates with severe mental disorders shall be treated by the Department of Mental Health (DMH) as a condition of parole. The program became effective on July 1, 1986.

Board's Role in MDO Program. Once the CDC and the DMH determine that an inmate eligible for parole meets specified criteria, the Board of Prison Terms may certify and commit the inmate to the DMH. Each inmate who is committed to the program automatically is placed on inpatient status for treatment and evaluation during a 90-day period. At the end of the period, the board may conduct an administrative hearing to determine whether the person can be treated on an outpatient basis. In addition, the law provides that the inmate may request, and has the right to receive, a hearing before the board in order to determine if the certification established at the time of the initial commitment to the program meets the specified criteria. The 1986 Budget Act did not include any funds for the board to handle this additional workload.

Board Anticipates Deficiencies. The CDC estimates that it will process for certification approximately 133 inmates for the MDO Program during the current year. Thus, if the DMH concurs with the CDC's certification, the board must conduct commitment hearings for these inmates. The board advises that it is temporarily handling the MDO workload within its existing resources, but plans to submit a request for a deficiency allocation later in the current year.

The CDC estimates that 180 felons will meet the MDO treatment criteria in 1987-88. The only budget augmentation requested by the board for this additional workload, however, is a minor amount of overtime for additional computer processing services. The board indicates that it will request additional funds to handle the MDO workload in the budget year through a May revision budget amendment letter. We estimate that the MDO workload could potentially result in up to \$150,000 in additional costs for the budget year.

Change Board Policy on Work/Training Credits for Parole Violators

Under current BPT policy, parolees who are returned to prison because of technical violations of their conditions of parole are not eligible to earn work credits as other inmates do under the work/training incentive program established by Ch 1234/82. In our analysis of the CDC, we recommend that the Legislature enact legislation providing that these parolees be eligible for work credits in the same manner and to the same extent that inmates are eligible for such credits under the existing program. This recommendation is discussed in detail in our analysis of the CDC—please see Item 5240.

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

Item 5450 from the General
Fund

Budget p. YAC 43

Requested 1987-88	\$2,782,000
Estimated 1986-87	2,821,000
Actual 1985-86	2,691,000
Requested decrease (excluding amount for salary increases) \$39,000 (-1.4 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. Recommend the enactment of legislation to provide for legislative review and approval of Youthful Offender Parole Board proposals which modify existing parole consideration date guidelines in such a way as to significantly affect state costs. 863
2. Recommend that the board report prior to budget hearings on (1) the reasons for the delays in holding initial hearings at the Youth Authority's reception center-clinics, and (2) the board's plans to reduce the hearing backlog. 864

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 37.6 personnel-years in the current year.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes an appropriation of \$2,782,000 from the General Fund for support of the YOPB in 1987-88. This is a decrease of \$39,000, or 1.4 percent, below estimated current-year expenditures.

The net decrease for the budget year reflects (1) a decrease of \$7,000 for employee compensation adjustments and (2) a decrease of \$4,000 in operating expenses. In addition, the budget has been reduced by \$28,000, which is approximately 1 percent of the General Fund support, as a "Special Adjustment."

ANALYSIS AND RECOMMENDATIONS

Legislature Needs More Oversight Over Board Regulatory Proposals

We recommend the enactment of legislation to provide for legislative review and approval of YOPB proposals which modify existing parole consideration date regulations in such a way as to significantly affect state costs.

The YOPB is responsible for paroling wards from the Youth Authority. The board's parole release decision-making system is based upon "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 Title 15 of the California Administrative Code.

Increases In Parole Consideration Dates. In November 1985, the board approved major revisions to the existing parole consideration date structure. These changes involved substantial increases in PCDs for a variety of commitment offenses. The board estimated that the proposed PCD revisions would add two months to the average ward's length-of-stay, and increase the population of the Youth Authority by 531 wards annually by 1990-91. At the time, the board also indicated that the increase in ward population could result in the need to construct a new Youth Authority institution at a capital outlay cost of \$59 million, and ongoing operational costs of \$12 million annually from the General Fund.

During budget hearings last year, the Legislature expressed concern about the major fiscal and programmatic effects of the board's proposed PCD changes. Of particular concern was the fact that the Youth Authority had no plan to address the housing needs and the increased costs that would be generated by the PCD revisions. Accordingly, the Legislature adopted language in the 1986 Budget Bill to postpone the implementation of the new regulations, pending receipt of the Youth Authority's long-range population management plan, and a 30-day legislative review period.

Legislative Oversight Language Vetoed. Despite the Legislature's decision to postpone the implementation of the new regulations until it could review a plan developed by the administration to cope with the additional ward population resulting from the proposed PCD increases, the Governor vetoed this Budget Bill language. The new PCD regulations subsequently were adopted without legislative review. According to the Youth Authority's recently completed population master plan, the PCD revisions will necessitate the construction of a new 600-bed Youth Authority institution. The department's most recent estimates indicate that this will result in capital outlay costs of approximately \$62 million, and ongoing operational costs of \$18 million annually from the General Fund.

Legislature Has Limited Role in Determining State Expenditures for Juvenile Justice. The Constitution grants the Legislature the authority to determine the allocation of state resources and to appropriate state funds. Consequently, the ability to control the rising costs of the state's correctional system is an important legislative concern. As a result of determinate sentencing policies, the Legislature is able to directly influence the costs of the state's *prison* system by enacting laws which directly increase or decrease prison terms. The state's juvenile justice system, however, is governed by an indeterminate sentencing structure. The YOPB has the statutory authority to make administrative determinations to increase or decrease parole consideration dates. Consequently, control

YOUTHFUL OFFENDER PAROLE BOARD—Continued

over youth corrections costs rests primarily with the YOPB, rather than with the Legislature.

In order to provide the Legislature with some measure of control over youth corrections costs, we recommend the enactment of legislation to provide for legislative review and approval of YOPB proposals which modify existing parole consideration date regulations in such a way as to significantly increase or decrease state costs. Adoption of such legislation would enable the Legislature to participate in decisions which can and do have a major impact on the amount of state funds needed to finance the support and capital outlay needs of the Department of the Youth Authority.

Board Hearing Delays May Increase Youth Authority Costs

We recommend that the board report prior to budget hearings on (1) the reasons for its delays in holding initial hearings at the Youth Authority's reception center-clinics, and (2) the board's plan for reducing the hearing backlog.

When a ward is committed to the Youth Authority, he or she is first sent to one of the department's reception center-clinics. At the clinic, each ward is evaluated through a series of diagnostic tests to determine which of the department's programs will best meet the treatment needs of the ward. After this diagnostic process is completed, the ward must appear before the YOPB for an "initial hearing," at which time the board either releases the ward on parole, or establishes a parole consideration date for the ward and recommends an institutional program placement. Under existing law (Welfare and Institutions Code Section 1720), initial hearings are required to be held *immediately* following completion of the clinic process.

Increasing Delay In Holding Initial Hearings. The Youth Authority indicates that prior to 1984-85, initial hearings were generally held soon after completion of a ward's clinic processing. Over the past three years, however, the department advises that there has been a significant increase in the amount of time between the completion of a ward's clinic process and the holding of an initial hearing. Such delays increased from an average of approximately eight days in 1984-85, to an average of 15 days in 1985-86. During the current year, the delay in holding initial hearings has grown to an average of 30 days. In addition, the backlog of initial hearings at the department's reception center-clinics is averaging 243 cases in the current year.

Because the clinics themselves do not offer treatment programs for the wards, our analysis indicates that delays in holding initial hearings may potentially increase ward length-of-stay, and therefore, increase Youth Authority support budget costs. This is because in establishing a parole consideration date for each ward, Title 15 regulations require the board to determine the interval of time in which a ward can successfully complete a treatment program to achieve readiness for parole. To the extent that wards who have completed the clinic diagnostic process are not involved in treatment activities while they are waiting for their initial hearings, they are not participating in the programs which in many cases are considered by the board to be essential for achieving parole readiness.

Consequently, the longer the time period between the conclusion of the clinic process and the holding of an initial hearing, the greater amount of

time a ward may spend in the Youth Authority system. Based on the current average initial hearings backlog of 243 cases and an average delay of 30 days, we estimate that the Youth Authority potentially could be incurring annual General Fund costs of up to \$564,000 (based on the current per capita costs of \$28,236 per ward) as a result of the board's inability to hold initial hearings promptly.

Because of the statutory requirements governing the timing of initial hearings, and the potential costs of the increasing delays, we recommend that the board report prior to budget hearings on (1) the reasons for the delays in holding initial hearings at the Youth Authority's reception center-clinics, and (2) the board's plans for reducing the hearing backlog.

Youth and Adult Correctional Agency DEPARTMENT OF THE YOUTH AUTHORITY

Item 5460 from the General
Fund and various funds

Budget p. YAC 44

Requested 1987-88	\$367,937,000
Estimated 1986-87	341,066,000
Actual 1985-86	313,396,000
Requested increase (excluding amount for salary increases) \$26,871,000 (+7.9 percent)	
Total recommended reduction	3,671,000
Recommendation pending	3,399,000

1987-88 FUNDING BY ITEM AND SOURCE

Item—Description	Fund	Amount
5460-001-001—Support	General	\$259,966,000
5460-001-746—Support	New Prison Construction	200,000
	Bond	
5460-001-814—Support	California State Lottery Education	378,000
5460-001-890—Support	Federal	(851,000)
Continuous Appropriation—Support	County Correctional Facility Capital Expenditure	95,000
	Bond	
5460-101-001—Local Assistance	General	72,911,000
Continuous Appropriation—Local Assistance	County Correctional Facility Capital Expenditure	19,800,000
	Bond	
Reimbursements		14,587,000
Total, State Funds		\$367,937,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Current-Year Deficiency. Recommend that the administration reevaluate the Youth Authority's current-year spending needs and report its findings to the fiscal committees prior to hearings on the requested deficiency appropriation.

870

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

2. **Population Management Plan. (a) Reduce Item 5460-001-001 by \$1,590,000.** 875
Recommend a reduction of \$1,590,000 because various equipment requests should be funded as capital outlay projects. (b) Withhold recommendation on \$2,456,000 in staffing and operations costs, pending analysis of the department's population proposal to be contained in the May revision.
3. **Staffing and Operations. Reduce Item 5460-001-001 by \$894,000.** 878
Recommend deletion of staffing and operational costs for housing 65 wards because the department's population projections do not reflect institutional bed savings which will occur in the budget year.
4. **Lottery Education Fund. Recommend Youth Authority submit plans for spending additional lottery funds which will accrue to the department in the budget year.** 878
5. **Institutional Maintenance. Reduce Item 5460-001-001 by \$111,000.** 879
Recommend deletion of funds for three institutional maintenance positions which have not been adequately justified.
6. **Parole Services Reorganization. Withhold recommendation on proposed deletion of \$943,000 and 15 parole services positions, pending receipt of information which addresses the impact on Youth Authority parolees of (1) disrupting and eliminating various parole programs, and (2) reducing supervision and control over parole agent activities.** 881
7. **State Hospital Beds. Reduce Item 5460-001-001 by \$305,000.** 882
Recommend reduction of funds to eliminate overbudgeting for Youth Authority ward beds in state hospitals.
8. **Northern County Leased Beds. Recommend the department report prior to budget hearings on (1) the reasons why it has been unable to place additional wards in its northern county leased facilities, and (2) its plans to maximize the use of these beds in the budget year.** 883
9. **Food Services Positions. Reduce Item 5460-001-001 by \$326,000.** 884
Recommend deletion of funds to establish 12 new food services positions because the department can (1) redirect overbudgeted food services positions at other institutions, and (2) expand the use of ward labor on institutional kitchen crews.
10. **Technical Recommendations. Reduce Item 5460-001-001 by \$161,000 and increase reimbursements by \$83,000.** 885
Recommend reduction of funds relating to various technical budgeting issues.
11. **Institutional Cost Information. Recommend adoption of supplemental report language directing the Department of Finance to include a summary of comparative per capita costs and ward-employee ratios for Youth Authority institutions and camps in the budget document.** 885
12. **Parolee Detention Costs. Reduce Item 5460-101-001 by \$367,000.** 888
Recommend reduction to correct for overbudgeting of reimbursements to counties for housing Youth Authority parolees.

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.

OVERVIEW OF THE BUDGET REQUEST

The budget proposes the expenditure of \$367,937,000 from the General Fund, various special funds, and reimbursements to support the activities of the Youth Authority in 1987–88. This is an increase of \$26,871,000, or 8 percent, above estimated current-year expenditures. The department's *total* expenditure program for the budget year, which includes federal funds, is \$368,788,000. This is also \$26,871,000, or 8 percent, above estimated total expenditures in 1986–87.

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

Table 1
Department of the Youth Authority
Program Summary
1985–86 through 1987–88
(dollars in thousands)

	<i>Actual</i> 1985–86	<i>Est.</i> 1986–87	<i>Prop.</i> 1987–88	<i>Percent</i> <i>Change from</i> <i>1986–87</i>
<i>Expenditures</i>				
Prevention and Community Corrections ..	\$73,481	\$74,488	\$93,638	25.7%
Institutions and Camps.....	210,279	236,657	248,035	4.8
Parole Services	30,033	30,522	29,481	–3.4
Administration:				
Undistributed	321	250	250	—
Distributed.....	(12,636)	(14,567)	(14,833)	1.8
Special Adjustment	—	—	–2,616	NMF ^a
Totals.....	\$314,114	\$341,917	\$368,788	7.9%
<i>Personnel-Years</i>				
Prevention and Community Corrections ..	49.3	50.6	46.2	–8.7%
Institutions and Camps.....	3,789.6	4,198.0	4,268.2	1.7
Parole Services	329.2	297.7	280.3	–5.8
Administration	239.3	244.5	253.6	3.7
Totals.....	4,407.4	4,790.8	4,848.3	1.2%

^a Not a meaningful figure.

The department's proposed budget changes are summarized in Table 2, by funding source. The department requests a net increase of \$7,193,000 in General Fund support for the budget year. As shown in the table, this includes an increase of \$7,693,000 for state operations and a decrease of \$500,000 for local assistance. The decline in local assistance expenditures results from the expiration of funding for Regional Youth Education Centers. This program is discussed in more detail in the local assistance section of this analysis.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Table 2
Department of the Youth Authority
Proposed 1987-88 Budget Changes
(dollars in thousands)

	<i>General Fund</i>		<i>Co. Bond Fund^a</i>		<i>New Prison Construction Bond Fund</i>	<i>Lottery Education Fund</i>	<i>SAFCO</i>	<i>Federal Funds and Reimbursements</i>	<i>Total</i>
	<i>State Operations</i>	<i>Local Assistance</i>	<i>State Operations</i>	<i>Local Assistance</i>					
1986-87 Expenditures (Revised)	\$252,273	\$73,411	\$58	—	\$127	—	\$1,100	\$14,948	\$341,917
Proposed Changes:									
A. Workload Adjustments									
1. Ward Population	4,046	—	—	—	—	—	—	390	4,436
2. Other Adjustments	—50	—	—	—	—	—	—	—	—50
B. Cost Adjustments									
1. Full Year Cost Adjustment	4,006	—	—	—	—	—	—	—	4,006
2. Partial Post Deficiency	760	—	—	—	—	—	—	—	760
3. Physical Fitness Pay	—682	—	—	—	—	—	—	—	—682
4. Miscellaneous Adjustments	2,181	—	—	—	—	—	—	—	2,181
5. Special Adjustment	—2,616	—	—	—	—	—	—1,100	100	—2,616
C. Program Changes									
1. Administrative Adjustments	370	—	—	—	—	—	—	—	370
2. Major Equipment	200	—	—	—	—	—	—	—	200
3. Institutional Maintenance	181	—	—	—	—	—	—	—	181
4. Food Services	326	—	—	—	—	—	—	—	326
5. Facilities Planning	(258) ^b	—	—	—	—	—	—	—	(258)
6. Efficiency Reduction	—1,029	—	—	—	—	—	—	—	—1,029
7. Education Projects	—	—	—	—	—	—	—	—	—
8. Construction Management Staff	—	—	—	—	—	\$378	—	—	378
9. Regional Youth Education	—	—500	—	—	73	—	—	—	73
10. Local Juvenile Facilities	—	—	37	\$19,800	—	—	—	—	—500
1987-88 Expenditures (Proposed)	\$259,966	\$72,911	\$95	\$19,800	\$200	\$378	—	\$15,438	\$368,788
Change from 1986-87									
Amount	\$7,693	—\$500	\$37	\$19,800	\$73	\$378	—\$1,100	\$490	\$26,871
Percent	3.1%	—0.7%	63.8%	100%	57.5%	100%	NMF ^c	3.3%	7.9%

^a County Correctional Facility Capital Expenditure Bond Fund.

^b Programs are funded through a redirection of funds budgeted for other departmental functions.

^c Not a meaningful figure.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

These expenditure tables have not been adjusted to reflect any potential savings in 1986-87 which may be achieved in response to the Governor's December 22, 1986 directive to state agencies and departments to reduce General Fund expenditures.

ANALYSIS AND RECOMMENDATIONS**STATE OPERATIONS**

The budget proposes an increase of \$7,693,000, or 3 percent, in the department's General Fund operating budget for 1987-88. As shown in Table 2, this increase is the net result of cost adjustments, projected increases in ward population, workload and staffing changes, and various program changes.

A net increase of \$4,046,000 is requested for population-related changes which are discussed in detail below. Proposed program changes in the department's support budget result in a net increase of \$536,000. Several of these proposals are discussed later in this analysis. We recommend approval of the following significant program changes which are not discussed elsewhere:

- A net increase of \$370,000 for various administrative adjustments, which include nine new accounting technician positions, three new personnel assistant positions and additional clerical resources to meet increased workload demands resulting primarily from the growth in ward population.
- An increase of \$200,000 to purchase a replacement bus for transporting wards between institutions, and returning parole violators from county facilities.
- An augmentation of \$265,000 to provide full-year funding for 4.5 positions established in the current year to meet increased workload demands in the pre-employment screening unit, and to provide additional office space for the unit (annual ongoing cost of \$326,000).
- An additional \$73,000 to provide full-year funding for four facility planning and construction management positions which have been established in the current year (annual ongoing cost of \$200,000).

Ward Population Continues to Increase

The institutional population of the Youth Authority continues to grow at a rapid pace. As shown in Table 3, the Governor's budget projects that the ward population will increase from 7,650 to 8,335 during the current year, and will grow to 8,570 by the end of 1987-88.

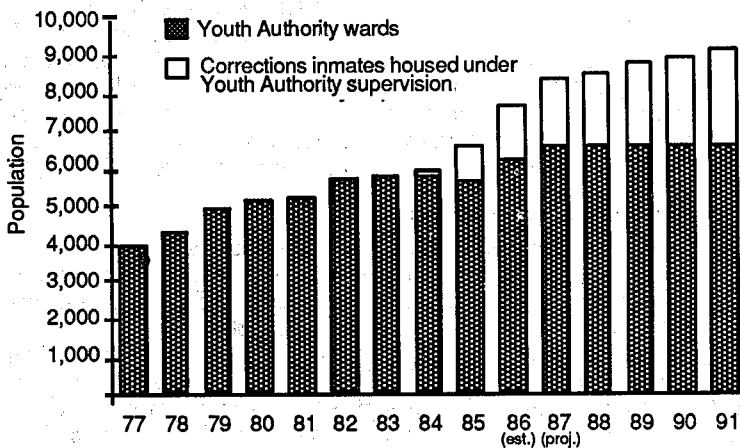
Chart 1 depicts the historical and projected growth in the Youth Authority population from 1976-77 through 1990-91. As the chart indicates, the Youth Authority's population is comprised of wards committed by the juvenile and criminal courts, and Department of Corrections' inmates housed in Youth Authority institutions under the provisions of Ch 701/83 (SB 821). Chapter 701 specifies that in sentencing a person under the age of 21 to serve time in state prison, the court may order that person transferred to the custody of the Youth Authority to serve all or a portion of his or her confinement time.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Table 3
Department of the Youth Authority
Institutions and Camps Program
End-of-Year Population
1985-86 through 1987-88

	<i>Actual</i> 1985-86	<i>Est.</i> 1986-87	<i>Proj.</i> 1987-88
Reception Center-Clinics	1,012	918	918
Facilities for Male Wards	6,322	7,015	7,250
Facilities for Female Wards	240	292	292
Subtotals, Departmental Facilities	7,574	8,225	8,460
Leased Beds	66	85	85
Federal Facilities	10	25	25
Totals, All Facilities	7,650	8,335	8,570
Change from prior year	+1,018	+685	+235

Chart 1
Department of the Youth Authority
Growth in Institutional Population
1976-77 through 1990-91^a



Source: Department of the Youth Authority and Governor's Budget

^a Data as of June 30 each year.

Budget Understates Youth Authority Deficiency Needs

We recommend that the administration reevaluate the Youth Authority's current-year spending needs and report to the fiscal committees prior to budget hearings on its requested deficiency appropriation for 1986-87.

The budget indicates that the Department of the Youth Authority will incur a total deficiency of \$1,383,000 in the current year. This amount consists of (1) \$742,000 to provide additional youth counselors for institutional living units pursuant to the terms of collective bargaining agreements, (2) \$480,000 to relocate the department's training operations, and (3) \$161,000 to address increasing workload in the department's pre-employment screening unit.

Our review of the department's deficiency request suggests that the amount is understated. For example, we note that:

- The department's current-year support budget is based on the assumption that the ward population will increase from 7,650 wards on June 30, 1986 to 8,335 wards by June 30, 1987. By December 31, 1986, however, the institutional population had already reached 8,249. Because the institutional ward population is increasing faster than originally projected, it is likely that the Youth Authority will incur additional current-year expenditures to accommodate the unanticipated growth in ward population.
- The department has incurred additional expenditures to pay for an increase in the number of workers' compensation claims, and to adjust for increases in temporary and permanent disability rates. A deficiency request totaling \$2,111,000 was submitted to the Department of Finance in September 1986, but has not yet been approved.

In addition to these costs, the Youth Authority indicates that it will comply with the Governor's December 22, 1986 directive to state agencies to reduce General Fund expenditures in the current year by reducing its budget by a total of \$765,000 through (1) a hiring freeze on all nonpost positions except classroom teachers, and (2) a reduction in the number of departmental and advisory group meetings. The department's institutions and camps are exempt from the directive.

To ensure that the department is able to carry out its statutory responsibilities in the current year, we recommend that the administration reevaluate the department's current-year spending and report to the fiscal committees, prior to hearings on the department's requested deficiency appropriation, on (1) the need for additional current-year deficiency funding, and (2) how the department will absorb those costs for which deficiency funding is not provided.

Youth Authority Submits Population Management and Facilities Master Plan

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 overcrowding in Youth Authority institutions. The report was to assess and evaluate each alternative on the basis of its (1) short and long-term program and budgetary impacts, (2) effect on the need to construct additional bed space, and (3) impact on ward rehabilitation and public safety.

The department submitted its "Population Management and Facilities Master Plan" to the Legislature in December 1986. The report proposes a three-part solution to the Youth Authority's population problem.

First, it calls for the construction of 1,718 new institutional bed spaces at a capital outlay cost of between \$122 and \$142 million (the master plan construction proposals are discussed in detail in our analysis of the department's capital outlay request, please see *Analysis* page 890). Second, the plan proposes continued overcrowding of 757 wards, or about 10 percent of the department's revised bed capacity.

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Third, the master plan proposes various alternatives to construction which the department estimates could save approximately 625 institutional bed spaces annually by 1990-91. These alternative programs and the estimated bed savings which would result from each program are shown in Table 4.

Table 4
Master Plan Alternatives to New Construction
Estimated Institutional Bed Savings
1986-87 through 1990-91

<i>Master Plan Program</i>	<i>Institutional Bed Savings</i>				
	<i>86-87</i>	<i>87-88</i>	<i>88-89</i>	<i>89-90</i>	<i>90-91</i>
1. Substance abuse.....	25	50	100	100	100
2. Rejection policy.....	75	75	75	75	75
3. Parole readiness furlough/re-entry services	—	—	50	100	150
4. Community-based/temporary detention	—	—	50	75	75
5. Parole violator program	—	—	10	25	25
6. Employment specialists.....	15	25	50	100	125
7. Disciplinary work crews	—	—	25	50	75
Totals	115	150	360	525	625

Two of the alternative programs have already been initiated by the department. One alternative, for which funding has already been provided by the Legislature, calls for the expansion of formalized substance abuse programs at all Youth Authority institutions. The master plan estimates that these programs will result in a savings of 100 institutional beds annually, by 1990-91.

Another alternative calls for increasing the number of cases which are rejected at the time of commitment to the Youth Authority. Specifically, the master plan indicates that the department will reject juvenile court commitments who have a year or less confinement time or who have been committed for misdemeanor offenses only. In addition, the department will continue to reject Department of Corrections' SB 821 cases, who are judged to be too dangerous to Youth Authority staff or wards, or who have previously been committed to the Youth Authority. The master plan estimates that the "rejection policy" will result in a savings of 75 institutional beds annually.

To achieve an additional 450 institutional-bed savings, the master plan proposes the establishment or expansion of five *new* programs at a total cost of \$2,373,000. Each of these programs is discussed below.

1. ***Intensive Parole Re-entry and Parole Readiness Programs (Estimated cost \$1,001,000).*** This alternative includes two strategies to reduce institutional length-of-stay. The first strategy calls for implementation of a parole readiness furlough program. This program would provide for the release of a ward 90 days prior to the expected parole release date, in order to test his or her readiness for release on formal parole. Wards released on such furloughs also would be placed on intensive parole supervision and programming. The master plan estimates that a total of 50 wards would participate in the program at any one time, thus freeing up 50 institutional beds.

The second strategy involves expansion of the department's existing parole re-entry services program. This program would consist of providing for the intensive supervision of parolees by lowering parole agent case-

loads during the first three months on parole—the most critical period of transition from the institution to the community. The master plan indicates that these “enriched” caseloads will permit closer supervision of parolee movements and overall parole performance. The master plan estimates that the additional parole re-entry services will result in a 10-percent reduction in parole revocation rates, saving 100 institutional beds annually by 1990–91.

Several states are currently using pre-release intensive supervision programs as a means to reduce institutional overcrowding. A 1983 National Institute of Corrections study concluded that while the cost of intensive supervision programs is approximately five times higher than regular parole supervision programs, savings could be realized if institutional populations were reduced to the point where staffing or capital outlay expenditures are affected.

2. Community-Based Temporary Detention (Estimated cost \$141,000). This alternative would reduce the number of parole violators in the department's institutions by providing for the temporary detention of minor parole violators in the community. This would be accomplished in two ways. First, the department would convert 15 of the 45 beds at the Silverlake Pre-Parole Center (the department's existing pre-release program) for use as temporary detention beds for minor parole violators.

Second, the department plans to implement a “house arrest” program utilizing electronic surveillance devices to monitor and control the activities of parole violators who would otherwise be returned to a Youth Authority institution. Home detention or “house arrest” permits the parolee to remain in his or her home where movement is closely restricted and monitored. The parolee would essentially be confined to his or her place of residence, except for approved activities such as school, work, counseling or other prescribed programs. The department indicates that a total of 20 electronic surveillance devices recently have been purchased in order to initiate a pilot project in Los Angeles and San Joaquin counties. The master plan proposes the purchase of 80 additional devices to be used statewide. These two programs are estimated to save 75 institutional beds annually by 1990–91.

Community-based and home detention programs have been used effectively in Florida, Massachusetts, Delaware, and Pennsylvania to reduce institutional populations. Several states also have used community-based detention and home detention as an alternative to initial placement of non-violent offenders in institutions—not solely as an alternative for parole violators as proposed in the Youth Authority's master plan. In general, studies of community-based and home detention have concluded that the costs of such programs are significantly less than institutional placements.

3. Institutional Parole Violator Program (Estimated cost \$171,000). This master plan alternative involves the establishment of a 60-bed institutional parole violator program at the Youth Training School (YTS) for wards committed from criminal courts and for juvenile court wards over the age of 18. Currently, the Youth Authority operates two parole violator programs for juvenile court wards under the age of 18 at the Karl Holton School and the Ventura School. These programs provide a five-month intensive program of counseling, education, community work experience, and parole preparation in order to make parole violators ready for return to the community in a shorter period of time than would be the case if they were programmed in the general institutional population. The master plan estimates that the YTS parole violator program could result in a

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

savings of 25 institutional beds annually by 1990-91.

4. **Employment Specialists (Estimated cost \$308,000).** This master plan alternative would expand the number of employment specialists who help Youth Authority parolees find and retain jobs. The department recently has entered into an interagency agreement with the Employment Development Department (EDD) to use the services of half-time EDD representatives at four Youth Authority field parole offices. The master plan indicates that this "pilot project" has increased the number of parolees who have secured employment and that a corresponding reduction in parole revocation rates will produce a savings of 15 institutional beds in the current year.

The master plan proposes an increase in funding to provide an EDD specialist for all field parole offices. An estimated 125 institutional beds would be saved annually as a result of the program.

5. **Institutional Disciplinary Work Crews (Estimated cost \$752,000).** This alternative involves the establishment of disciplinary work crews at each Youth Authority program institution. The objective of this alternative is to permit wards who have committed a violation of an institution's rules and regulations, to work during the evening and weekend hours *in lieu* of adding time to their parole consideration date. A ward would receive a one-month reduction in any recommended time addition for each month that he or she worked on the crew. The master plan estimates that establishment of disciplinary work crews would save 75 institutional beds, due to a decrease in average ward length-of-stay resulting from ward disciplinary problems.

No Guarantee That Bed Savings Will Be Realized. The actual institutional bed savings that would result from implementation of the alternatives proposed in the Youth Authority master plan would depend on several factors. For example, *none of the alternative programs which are proposed in the master plan are included in the Governor's Budget.* Although the budget indicates that any programmatic changes related to the master plan would be addressed in future funding requests, each proposal still must be reviewed and approved in order to take effect. In addition, any significant delay in implementing the proposed programs would result in delays in achieving the anticipated bed savings outlined in Table 4.

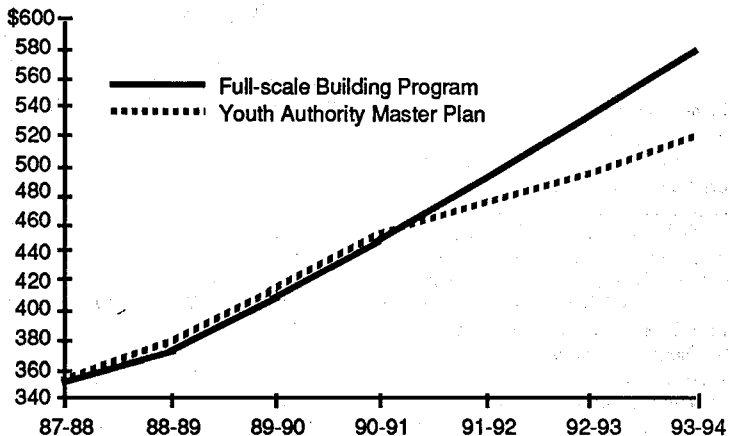
Further, successful implementation of the master plan alternative programs would require the support and cooperation of the Youthful Offender Parole Board—a separate agency from the Youth Authority. Only if the board members place sufficient wards in parole readiness furlough programs, or permit community-based detention in lieu of returning certain parole violators to Youth Authority institutions, would the bed savings estimated by the department be fully realized.

Implications For Future Youth Authority Support Costs. The rapid increase in ward population has and will continue to fuel an increase in overall Youth Authority support budget expenditures. If the bed savings programs which have been proposed in the Youth Authority's master plan are not successfully implemented, the department will face increasingly high levels of overcrowding, and may have to resort to a "full-scale" building program to accommodate its projected ward population. For example, last year the Youth Authority proposed to accommodate the projected ward population increase through a full-scale building program that involved the construction of five 600-bed institutions.

Chart 2 shows our projections of how two approaches—the full-scale building program, and adoption of the alternatives proposed in the Youth Authority's master plan—would affect the department's annual operating budget by 1993-94.

Chart 2

**Growth In Youth Authority Support Costs
1987-88 through 1993-94 (in millions)**



Source: Governor's Budget, Department of Youth Authority, and LAO projections.

As the chart indicates, the effect of the full-scale building program on the department's support budget could result in significantly higher costs than if the Youth Authority's master plan proposals were successfully implemented. This primarily is because the full-scale building program is based on the assumption that the Youth Authority's institutional ward population would continue to grow at the rate projected by the department. The Youth Authority's master plan, however, proposes to establish several programs to *reduce* the ward population by 625 annually, by 1990-91. Consequently, the full-scale building program would result in higher support budget costs primarily because it would have to accommodate a larger institutional ward population.

Population Management Plan Has Serious Shortcomings

We withhold recommendation on \$2,456,000 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 schedule (Item 5460-001-001).

We further recommend a General Fund reduction of \$1,590,000, because the department inappropriately has included in its population manage-

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ment request, numerous equipment items which should be funded as capital outlay projects (Reduce Item 5460-001-001 by \$1,590,000).

The budget proposes a net increase of \$4 million from the General Fund and 21 positions to accommodate ward population growth in the budget year. The Youth Authority's 1987-88 ward population management plan is summarized in Table 5.

Table 5
Department of the Youth Authority
1987-88 Ward Housing Plan

Department Facilities	County	1987-88 Population Management Plan			Overcrowding Status	
		1986-87 End-of-Year Population	Budget Adjust- ment	1987-88 End-of-Year Population	Revised Bed Capacity	Percent Over- crowded
Northern Reception Center Clinic	Sacramento	443	—	443	326	135.9%
Southern Reception Center Clinic	Los Angeles	475	—	475	350	135.7
Fred C. Nelles School	Los Angeles	793	151	944	650 ^a	145.2
O. H. Close School	San Joaquin	539	-18	521	379	137.5
Karl Holton School	San Joaquin	527	-15	512	388	132.0
El Paso de Robles School ..	San Luis Obispo	682	139	821	552 ^b	148.7
Ventura School	Ventura	767	—	767	576	133.2
Dewitt Nelson Training Center	San Joaquin	618	-18	600	400	150.0
Preston School of Industry	Amador	852	-22	830	620	133.9
Youth Training School	San Bernardino	1,830	—	1,830	1,200	152.5
Silverlake Pre-Parole Center	Los Angeles	45	—	45	45	100.0
Conservation Camps	various	654	18	672	572 ^c	117.5
<i>Other facilities</i>						
El Centro Training Center	Imperial	60	—	60	50	120.0
Federal Facilities	various	25	—	25	25	100.0
Northern County Leased Beds	Butte, Del Norte Siskiyou	25	—	25	25	100.0
Totals		8,335	235	8,570	6,158	139.2%

^a Includes the addition of a 100-bed Living Unit and Educational Facility.

^b Includes the addition of a 100-bed Youth Conservation Camp Facility.

^c The new Fenner Canyon Conservation Camp facility will increase total camp bed capacity by 18.

Ward Housing Plan for the Budget Year. As Table 5 indicates, the department anticipates that the increase of 235 wards in 1987-88 largely will be accommodated by increasing the populations of the Fred C. Nelles School and the Paso Robles School. This will be accomplished primarily by overcrowding new 100-bed housing units which will be completed at each institution in the budget year. In addition, the population of the department's conservation camps will be increased through the construction of a new facility at the Fenner Canyon Camp. The table shows that the department proposes to reduce ward population at the three Northern California Youth Center institutions—the Dewitt Nelson Training Center, the Karl Holton School, and the O. H. Close School—and the Preston School of Industry.

Population Management Plan Concerns. Our analysis indicates that the department's ward population request contains major uncertainties regarding the rate at which the ward population will grow, and the department's schedule for housing wards in new facilities.

As mentioned previously, our review indicates that the rate of growth in the institutional ward population has increased significantly, since the population projections used to develop the budget were prepared in September 1986. Consequently, it is likely that the population updates which are reflected in the May revision of the budget will be very different from what is reflected in the Governor's Budget.

In addition, the Youth Authority's population budget proposal is based on construction schedules that call for two new 100-bed facilities and the completion of a 120-bed replacement camp facility in 1987-88. Specifically, the department anticipates that the new Paso Robles and the replacement Fenner Canyon facilities will be completed in November 1987, and that the Nelles living unit and education facility will be completed in January 1988. According to the most recent Office of State Architect (OSA) construction master schedule, however, the Paso Robles and Fenner Canyon facilities are not scheduled to be completed until February 1988. In addition, the Nelles living unit and education facility does not even appear on the OSA master schedule. If the department cannot complete the construction of these new facilities as scheduled, new housing plans involving additional overcrowding will have to be developed to accommodate the increased ward population.

For these reasons, it is very likely that the department's population management request will be revised significantly, prior to the May revision. Pending receipt and analysis of the revision, we withhold recommendation on \$2,456,000 requested to accommodate the increase in ward population in 1987-88.

Equipment Funds Are Inappropriately Budgeted. As part of its population budget request, the Youth Authority also has included a total of \$1,590,000 for the purchase of new equipment relating to various capital outlay projects. Specifically, the request includes (1) \$336,000 to purchase new equipment for the 100-bed conservation camp facility at Paso Robles, (2) \$288,000 for the new 100-bed living unit and education facility at the Nelles School, (3) \$57,000 to purchase additional equipment for the new living unit at Fenner Canyon, (4) \$263,000 to purchase various vocational education equipment for the remodeled maintenance building at Paso Robles, and (5) \$646,000 for the "early purchase" of equipment for two new 100-bed conservation camp facilities at Preston and the Ventura School, which will be completed in 1988-89.

Section 6530 of the State Administrative Manual requires all proposals for new equipment which are related to specific construction projects, to be budgeted as major capital outlay requests. This requirement insures that the Legislature is advised of the total cost of all major capital outlay projects.

Consequently, and without prejudice to the projects, we recommend that the \$1,590,000 requested for this equipment be deleted from the department's General Fund support item, and that the equipment projects be funded as part of the department's capital outlay budget request. In addition, because the construction of each of these new facilities is proposed to be funded from the 1986 Prison Construction Bond Fund, we further recommend that any funding for this equipment be provided from the 1986 Prison Construction Bond Fund. We will advise the Legisla-

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ture on the appropriate amount of capital outlay funds which are needed for these equipment projects, at the time of budget hearings.

Institutional Bed Savings Are Not Accounted For

We recommend a General Fund reduction of \$894,000, because the department's budget does not account for the savings which will result from the establishment of two institutional bed savings programs in the budget year (Reduce Item 5460-001-001 by \$894,000).

Several of the alternative programs proposed in the Youth Authority's "Population Management and Facilities Master Plan" have already been implemented by the department. Specifically, these include substance abuse education and a revised rejection policy. In addition, a third program which proposes the statewide use of Employment Development Department (EDD) specialists to work with Youth Authority parolees, has been partially implemented in the current year at four Youth Authority field parole offices. The department estimates that full implementation of these three programs would result in a total of 150 institutional bed savings in 1987-88.

The Youth Authority indicates that the bed savings that it estimates will result from the revised rejection policy (75 beds) have already been taken into consideration in developing population projections for the budget year. Our analysis indicates, however, that the 50 institutional-bed savings which are estimated to result from the substance abuse education programs, and the 15 beds which will be saved from the partially-implemented EDD specialist program (full implementation of the EDD program as proposed in the master plan would save 25 institutional beds in 1987-88), have not been considered in developing 1987-88 population projections. Therefore, the budget includes funds for 65 more wards than the department will house in the budget year.

Consequently, we recommend that support for these wards be deleted, for a General Fund savings of \$894,000 in the budget year.

No Spending Plan for Additional Lottery Revenues

We recommend that the Department of the Youth Authority submit a proposal prior to budget hearings which outlines its plans for expending additional lottery funds which will accrue to the department in the budget year (Item 5460-001-814).

Chapter 1362, Statutes of 1986 (AB 3145), amended the California State Lottery Act to provide that a portion of lottery revenues shall be allocated to the Youth Authority for support of the department's various educational programs. The budget includes \$378,000 from the California State Lottery Education Fund to provide funding for a competency-based education curriculum and staff development (\$200,000), a new educational computer system (\$63,000), assessment and instructional services for non-English speaking wards (\$58,000), and new equipment for the vocational print shop at the Preston School of Industry (\$57,000).

Chapter 1362 became effective on January 1, 1987, and the Youth Authority began to accrue lottery revenues on that date. The Department of Finance (DOF) indicates that approximately \$154,000 in current-year lottery revenues will be available for expenditure by the department in 1987-88. In addition, DOF advises that it recently has revised its budget-year estimate of Youth Authority lottery revenues, and now estimates that

the department will receive \$434,000 from the California State Lottery Education Fund in 1987-88. Thus, the department will receive a total of \$588,000 in lottery revenues in 1987-88, or \$210,000 more than the budget anticipates.

To enable the department to spend the additional revenue, DOF proposes the adoption of Budget Bill language which would permit the Youth Authority to expend any additional lottery funds in excess of the amounts appropriated in the Budget Act, upon the written approval of DOF. This Budget Bill language is similar to language which has been included in the Department of Education, University of California, California State University, and California Community Colleges lottery budget items in the past two years, with the exception that for the Youth Authority, any additional lottery expenditures would require the written approval of the DOF.

Because DOF has identified an additional \$210,000 in lottery revenues which will be provided to the Youth Authority in 1987-88, we recommend that the department submit a proposal prior to budget hearings, which outlines its plans for expending these additional funds in the budget year. This would provide the Legislature with an opportunity to review the proposed projects and oversee the expenditure of these state funds.

Request For New Maintenance Positions Can Be Trimmed

We recommend a General Fund reduction of \$111,000 to eliminate three proposed new institutional maintenance positions and to delete unnecessary contract funds (Reduce Item 5460-001-001 by \$111,000).

The budget requests a net increase of \$181,000 from the General Fund to establish eight new institutional maintenance positions at various Youth Authority institutions. Our analysis indicates that three of the requested positions have not been justified and should be deleted from the budget. A specific discussion of each of these positions follows.

Plumber II—Youth Training School (YTS). The department requests funding to establish a plumber II position at YTS. The department indicates that the school is experiencing increased problems with a continuous build up of calcium in its water supply system, which requires the three existing plumbers to spend an increased amount of time cleaning and flushing water sources and outlets.

The request, however, fails to account for the recent establishment of a skilled laborer position, approved in the 1986 Budget Act. Part of the justification for this position was that the skilled laborer would be able to perform some of the routine maintenance work (such as cleaning and flushing water sources and outlets) which had been handled by the existing plumbers. The justification indicated that the additional position would free the plumbers to perform ongoing service and replacement tasks.

In addition, the department could not explain why four plumbers are needed to service this institution, when the Northern California Youth Center (NCYC) which has three separate facilities with a combined ward population which is roughly the same as YTS's, can get by with the two plumbers budgeted for it in 1987-88.

For these reasons, we recommend deletion of funding for the additional plumber II position.

Carpenter—Paso Robles School. The budget requests funding for a carpenter position at Paso Robles. Our analysis indicates that while this position is justified because the school does not have a carpenter, the

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department could redirect an existing carpenter position instead of establishing a new one.

Specifically, we note that the Preston School of Industry is budgeted for two carpenters. The department indicates that two carpenters are required at Preston because of the age of the facility and the difficulty of finding appropriate wards to work on carpentry projects. We note, however, that the Preston school houses a significant number of SB 821 correctional inmates who are eligible for the prison work credit program. These individuals are similar to inmates housed in state prison who are expected to perform a variety of institutional maintenance jobs, such as painting, cleaning, and carpentry projects.

In addition, the Fred C. Nelles school—which has a ward population relatively equal to Preston's—employs only one carpenter even though the school is as old as Preston and houses younger wards who are less likely to possess the required skills to assist with carpentry projects.

Consequently, we recommend that the department establish a new carpenter position at Paso Robles by redirecting an existing carpenter position from the Preston school.

Automotive Equipment Operator I—Youth Training School. The budget proposes funding for an additional automotive equipment operator I position at YTS. The school currently has three automotive equipment operator positions. The department indicates a fourth position is needed because the growth in ward population has increased the number of laundry deliveries to the nearby California Institution for Men, and the number of trash pick-ups and food deliveries to the various YTS living units. Our analysis indicates, however, that the department could redirect an existing automotive equipment operator position instead of establishing a new one.

Specifically, we note that the Ventura school employs three automotive equipment operators despite the fact that (1) the Ventura population is about 1,000 wards less than YTS, (2) Ventura washes its laundry within the institutional grounds, and (3) the department acknowledges that the demand on the Ventura operators' time is not as great as compared to the operations at YTS. Moreover, we note that the Preston school—which has a larger ward population than the Ventura school—employs only two automotive equipment operators.

Consequently, we recommend that the department establish the additional automotive equipment operator position at YTS by redirecting an existing position from the Ventura school.

Pest Control Contract Funds Not Needed. The budget also proposes to establish a full-time pest control technician at the Fred C. Nelles school. Although our analysis indicates that the requested position is justified, the department has failed to delete \$12,000 in contract funds which the Legislature provided last year to provide for additional pest control services at the school. With the establishment of a full-time pest control technician position, these contract funds will not be needed.

In summary, we recommend the deletion of \$99,000 for three institutional maintenance positions, and \$12,000 for pest control contract services. This results in a total General Fund savings of \$111,000.

Effect of Parole Reorganization Plan on Parolees Is Unknown

We withhold recommendation on the department's proposal to reorganize its parole services branch, pending receipt of information which addresses the impact on Youth Authority parolees of (1) disrupting and eliminating various parole programs, and (2) reducing supervision and control over parole agent activities (Item 5460-001-001).

The budget proposes a General Fund decrease of \$943,000, and the deletion of 15 positions resulting from a major reorganization of the Youth Authority's parole services branch.

The Youth Authority's parole services reorganization proposal is comprised of two parts. First, the department proposes to close the Region IV parole services headquarters office in Orange County as well as two field parole offices. The remaining Region IV parole offices would be consolidated within parole services Region III (Los Angeles County), placing all southern California parole operations in one region. These actions are estimated to result in a savings of \$574,000 and the deletion of seven positions. Second, the department proposes to require all assistant supervising parole agent II positions to carry 40 percent of a standard parole agent I caseload. This would eliminate the need for eight parole agent I positions and result in a savings of \$369,000.

Our analysis indicates that there are several uncertainties regarding the proposed parole services reorganization.

Closure of Parole Region IV. The Youth Authority's parole services field operation is currently divided into four regions, each of which administers five to ten individual parole unit offices. Parole services Region IV administers five field parole offices in Santa Barbara, Riverside, San Bernardino, San Diego, and Orange County. Region IV also includes "Network"—a community-based residential placement program for Youth Authority parolees with specialized program needs. The department indicates that due to the declining parole population and corresponding reductions in parole staff, the administrative span of control is no longer sufficient to justify the retention of two parole services regions in southern California.

The department's proposal fails to address several important issues regarding the closure of parole services Region IV. For example, the department indicates that the closure of Region IV would result in the elimination and/or disruption of certain specialized caseload and community-based programs which are tied to individual field parole offices, and would require Youth Authority parolees to travel a greater distance to meet with parole agents. The department, however, has been unable to identify (1) which specific programs would be eliminated or disrupted, and (2) the effect of these actions on Youth Authority parolees.

Caseloads for Parole Agent Supervisors. The second part of the department's parole reorganization proposal would require parole agent assistant supervisors to carry 40 percent of a standard parole agent caseload (about 17 cases per supervisor based on the existing 1:43 workload ratio). The department indicates that this proposal would permit the elimination of eight parole agent I positions at various parole offices statewide.

Parole agent supervisors are responsible for a variety of casework management and supervisory functions in field parole offices. The department indicates that requiring supervisors to assume a portion of parole agent caseload responsibilities would result in (1) less supervision and guidance for parole agents in parolee case decisions, and (2) reduced monitoring

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and control over parole agent activities. The department, however, has not indicated what effect reduced supervision would have on the quality of parole agent performance or on parolee performance.

The department also indicates that requiring parole agent assistant supervisors to assume caseload duties would result in the disruption of certain parole programs and cause parolee adjustment difficulties. Again, the budget proposal does not provide any information to describe which particular parole programs would be affected, and the consequences of such disruptions on parole supervision and parolee performance.

In sum, we find that the Youth Authority's proposal leaves unanswered several important issues regarding the programmatic effects of the reorganization of the parole services branch. Accordingly, we withhold recommendation on the proposed reduction of \$943,000 and elimination of 15 positions, pending receipt of information which addresses the impact on Youth Authority parolees of (1) disrupting and eliminating various parole programs, and (2) reducing supervision and control over parole agent activities.

Overbudgeting for State Hospital Beds

We recommend a General Fund reduction of \$305,000 to eliminate overbudgeting for Youth Authority ward beds at state hospitals (Reduce Item 5460-001-001 by \$305,000).

Welfare and Institutions Code Section 1756 establishes a procedure which permits the Department of the Youth Authority to transfer any "mentally disordered, or developmentally disabled" ward to a state hospital under the jurisdiction of the Department of Mental Health (DMH) or the Department of Developmental Services (DDS) for care and treatment. The DMH is responsible for monitoring the number of Youth Authority wards in state hospitals, and submitting a claim for care and treatment costs to the Youth Authority.

The Youth Authority's proposed budget includes a total of \$4.1 million for payments to the DMH in 1987-88. This amount is based on the assumption that 60 wards will be treated in state hospitals at an average annual cost of \$67,550 per ward. The DMH's population projections for 1987-88, however, assume that the state hospitals will treat a total of 49 wards at an average annual cost of \$75,939 per ward for a total cost of \$3.7 million—\$322,000 less than the Youth Authority expects to pay the DMH.

Our analysis also indicates that the Youth Authority historically has overestimated the number of wards who are treated in state hospitals. During the last three years, for example, the number of beds overestimated ranged from 10 in 1984-85, to 25 in 1985-86. Table 6 shows actual bed usage since 1983-84.

As the table indicates, the number of wards receiving treatment at state hospitals has declined from 61 beds in 1983-84 to an estimated 43 beds in the current year. Despite these declines, the budgets submitted each year by the department have continued to assume that an average of 60 wards would be treated annually in state hospitals. The actual number of wards housed in state hospitals averaged 47 per year during the four-year period.

Table 6
Department of the Youth Authority
Overbudgeting for Contracted Beds in State Hospitals
1983-84 through 1987-88

	Number of Beds Budgeted	Number of Beds Used	Over (Under) Budgeting	
			Number	Percent
1983-84.....	60	61	(1)	(1.7%)
1984-85.....	60	50	10	16.7
1985-86.....	60	35	25	41.7
1986-87 ^a (est.)	60	43	17	28.3
1987-88 (proj.).....	60	—	—	—
Average total.....	60	47	13	21.7%

^a Population data through December 1986.

Because the department indicates that it is *not* contemplating any change in policy that might increase utilization of these beds in the future, our analysis suggests that the Youth Authority has overestimated the number of wards who will be treated in state hospitals in 1987-88. In our judgment, a more reasonable estimate would be to assume that 47 wards, rather than 60, will be treated in state hospitals during the budget year.

Consequently, we estimate that the amount budgeted for Youth Authority payments to the DMH can be reduced by \$484,000 to reflect more accurately the number of wards that will be treated by DMH in the budget year. However, an augmentation of \$179,000 also should be made to the Youth Authority's operating budget to provide sufficient funds to care for the wards in its institutions, rather than pay for their treatment at the DMH. Adoption of this recommendation should result in a net General Fund savings of \$305,000, and a budget that will more accurately reflect the department's funding needs for caring for its wards in state hospitals in the budget year.

Northern County Leased Beds Are Underutilized

We recommend that the department report prior to budget hearings on (1) the reasons why it has been unable to place additional wards in its northern county leased facilities, and (2) its plans to maximize the use of these beds in the budget year.

For the past two fiscal years, the department has entered into lease agreements with three northern California counties for the purpose of placing up to 25 Youth Authority wards in local juvenile facilities. Specifically, the department currently is leasing up to 15 juvenile hall beds in Siskiyou County (three beds) and Butte County (12 beds), and up to 10 beds at the Bar-O Boys Ranch in Del Norte County. The purpose of the lease agreements is to reduce overcrowding in Youth Authority facilities by providing an alternative placement for juvenile court wards.

The cost of the lease agreements depends on the number of wards actually placed in each county juvenile facility. Under the terms of the three lease agreements, the total cost to house the 25 Youth Authority wards may not exceed \$393,000. This represents an average annual cost of approximately \$15,700 per ward, which is approximately \$12,500 less than the current average annual per capita cost to house wards in Youth Authority institutions and camps.

Since the inception of these lease agreements in 1985-86, the 25 northern county juvenile facility beds have been underutilized. Our analysis

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indicates that the total number of Youth Authority wards who have been placed in these facilities has averaged about 12 wards per month—less than one-half of the total number of northern county beds available to the department. Because the cost to house wards in these facilities is significantly less than the cost of Youth Authority institutions, we estimate that the department has incurred additional General Fund costs of \$163,000 per year due to its inability to fully utilize these less expensive county facilities.

Given the lower cost to house Youth Authority wards in these local facilities, and the fact that the use of these beds can relieve institutional overcrowding, we recommend that the department report prior to budget hearings on (1) the reasons why it has been unable to place additional wards in northern county leased facilities, and (2) its plans to maximize the use of these beds in the budget year.

Other Options Available for New Food Services Positions

We recommend a General Fund reduction of \$326,000 requested for 12 institutional food services positions, because the Youth Authority could provide the additional positions by (1) redirecting overbudgeted food services positions at other institutions, and (2) expanding the use of ward labor on institutional kitchen crews (Reduce Item 5460-001-001 by \$326,000).

The budget proposes a net increase of \$326,000 from the General Fund to establish 12 new food services positions and related temporary help at various Youth Authority institutions. Specifically, funding is included to establish seven food service worker I positions, a cook I, three cook II positions, and a supervising cook II. The department indicates that additional food services positions are needed as a result of the increase in ward population.

Food Services Positions Are Overbudgeted. Our analysis indicates that the requested institutional food services positions are not needed. For example, our review of existing Youth Authority food services staffing levels reveals apparent overbudgeting at two of the department's institutions. Specifically, we note that staffing for food service workers and cook II positions at the Southern Reception Center-Clinic (SRCC) is *two* times larger than staffing for similar positions at NRCC, despite the fact that both clinics have comparably-sized ward populations and physical plants. Redirecting this excess staff at SRCC could free up three cook II positions and five food service worker positions.

In addition, the Ventura School is currently budgeted for 19 cook I positions, which appears excessive when compared to the 12 cook I positions budgeted for the Nelles School which has an equivalent institutional ward population.

The department has not yet been able to provide an explanation for these food services staffing disparities. Therefore, in our judgment redirection of these overbudgeted food services positions at SRCC and Ventura could provide the department with sufficient personnel-years and funding to establish the five cook positions and five of the seven food service worker positions it requests for the budget year.

Department Could Use Additional Ward Labor. We also note that Youth Authority wards work in a variety of institutional food services positions which provide valuable experience to assist them in securing employment upon release on parole. In our judgment, the department

could also utilize additional ward labor in lieu of requesting additional food services positions.

The department indicates that the maximum number of wards who possess the necessary skill levels to work in the food services areas have already been included in its institutional kitchen work crews. In addition, the department indicates that the increased use of ward labor would be counter-productive on a security basis. However, the department has been unable to provide any information to support its position that no additional Youth Authority wards possess the required skills and abilities to perform basic food preparation and service chores. Further, the department has been unable to explain what specific security problems will arise by employing additional wards in food services positions, or whether there has been a relatively large number of security incidents involving wards in kitchen work crews.

Finally, we note that the Youth Authority has recently embarked on a major new employability skills program in order to improve the ability of wards to find and retain jobs in the community upon release on parole. Employing additional wards in food services positions should serve to enhance the department's employment preparation programs.

In sum, we find that the additional food services positions are not needed because the department (1) can redirect food services positions that are overbudgeted at other institutions, and (2) employ additional wards on its institutional kitchen crews. Accordingly, we recommend deletion of \$326,000 requested for 12 institutional food services positions.

Technical Budgeting Issues

We recommend that the General Fund appropriation be reduced by \$161,000 to eliminate overbudgeting as follows (Reduce Item 5460-001-001 by \$161,000 and increase reimbursements by \$83,000.)

- The department has underestimated the amount of reimbursements it will receive from counties in payments for juvenile court commitments to the Youth Authority. Based on the most recent juvenile court commitment population, county reimbursements are understated by \$83,000. Consequently, the department's General Fund support item should be reduced by \$83,000 with a corresponding increase in reimbursements.
- The department requests \$45,000 to fund two special repair projects which would upgrade existing institutional facilities. These projects should be budgeted as part of the Youth Authority's minor capital outlay program. Consequently, the department's support budget should be reduced by \$45,000. We will advise the Legislature on the appropriate amount of minor capital outlay funds which are needed for these projects at the time of budget hearings.
- The budget proposes \$33,000 to purchase an emergency command post vehicle and related communications equipment for the Youth Training School in Chino to enhance emergency operations capabilities, despite the fact that an Office of Emergency Services' emergency communications vehicle stationed in nearby Rialto could be used by YTS in the event of an emergency situation. Thus, the budget should be reduced by \$33,000.

Budget Should Include Institutional Cost Information

We recommend the adoption of supplemental report language directing the Department of Finance to include a summary of comparative per capita costs, and ward-employee ratios for Youth Authority institutions

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and camps in the budget document display for the Department of the Youth Authority.

For several years, the budget document display for the Department of Corrections has included a detailed summary of the costs of individual state prisons. Specifically, the budget document includes a comparison of inmate-employee ratios and per capita costs by institution for the prior, current, and budget years. This information is useful for the monitoring of staff and operational cost increases in the state's prison system.

The Legislature also has expressed concerns about the increased costs of operating Youth Authority institutions. For example, in 1984, a Senate Finance subcommittee held an oversight hearing to examine the per capita costs of housing wards in Youth Authority facilities. In addition, a recent hearing held by the Senate Select Committee on Children and Youth focused, in part, on the fiscal implications of Youth Authority overcrowding.

The budget document display for the Department of the Youth Authority, however, does not include any information on ward-employee ratios or institutional per capita costs. Because of the rapid growth of the state's youth corrections system, this information would be useful to the Legislature in monitoring Youth Authority staffing and operational cost increases.

Accordingly, we recommend that the Legislature adopt the following supplemental report language directing the Department of Finance to include a summary of the comparative costs of Youth Authority institutions and camps in the annual budget document.

"It is the intent of the Legislature that beginning with the 1988-89 Governor's Budget, the Department of Finance shall include a summary display of comparative per capita costs and ward-employee ratios for individual Youth Authority institutions and camps. This information shall be provided annually for the prior, current, and budget years."

Physical Fitness Pay

Last year during budget hearings, the Legislature expressed concerns about a provision in the department's Unit 6 collective bargaining agreement relating to physical fitness incentive pay. Specifically, the agreement required the state, beginning January 1, 1987, to pay eligible peace officers an additional \$65 per month for successfully completing a physical fitness test. As a result of the agreement, the state is required to pay employees an additional \$780 per year merely because they are physically able to perform the jobs for which they were hired. Those who are not physically able to perform their jobs will not get the bonus. They will just get their regular salary. The administration advised the Legislature that the provision was included in a bargaining agreement that covered 1985-86 and 1986-87, and that the issue would be reviewed again during collective bargaining negotiations for 1987-88.

Neither the Youth Authority's budget request nor the employee compensation item in the 1987-88 Budget Bill contains any funds for fitness pay for the department for the budget year, although the Department of Personnel Administration advises that it is likely that the fitness pay provision will be included in the 1987-88 bargaining agreement. To the extent that the agreement includes this employee benefit, the Youth Authority's budget may be underfunded by about \$1.4 million from the General Fund in the budget year, and may require a deficiency allocation. We discuss

this issue in greater detail in our analysis of the employee compensation item (please see Item 9800).

LOCAL ASSISTANCE

The budget provides a total of \$92.7 million from the General Fund and the County Correctional Facility Capital Expenditure Bond Fund for the Youth Authority's local assistance programs in 1987-88. This is an increase of \$19.3 million, or 26 percent, above estimated current-year expenditures. Table 7 provides a summary of local assistance funding, by program, for the past, current, and budget years.

Table 7
Department of the Youth Authority
Local Assistance Programs
1985-86 through 1987-88
(dollars in thousands)

<i>Program</i>	<i>Actual 1985-86</i>	<i>Est. 1986-87</i>	<i>Prop. 1987-88</i>	<i>Percent Change from 1986-87</i>
<i>General Fund</i>				
1. County Justice System Subvention	\$66,632	\$67,298	\$67,298	—
2. Delinquency prevention.....	2,284	2,307	2,307	—
3. Transportation of wards	81	95	95	—
4. Detention of parolees	3,367	3,211	3,211	—
5. Regional Youth Education Centers	500	500	—	-100%
Subtotals, General Fund	\$72,864	\$73,411	\$72,911	-0.7%
<i>County Correctional Facility Capital Expenditure Bond Fund</i>				
1. Construction/reconstruction of local juvenile facilities.....	—	—	\$19,800	NMF ^a
Totals	\$72,864	\$73,411	\$92,711	26.3%

^a Not a meaningful figure.

As shown in the table, the increase in local assistance expenditures from the current to the budget year arises entirely from an increase of \$19.8 million from the County Correctional Facility Capital Expenditure Bond Fund. These monies will be allocated by the Youth Authority to local governments for the construction and remodeling of local juvenile facilities pursuant to the provisions of Ch 1519/86.

Table 7 also shows that the budget does not propose any additional funding for cost-of-living adjustments for the County Justice System Subvention Program and delinquency prevention programs. Cost-of-living adjustments ranging from one percent to four percent have been provided for these programs during the past three fiscal years.

Regional Youth Education Centers. Partially offsetting the budget year increase in local assistance expenditures is a decrease of \$500,000 resulting from the expiration of funding for Regional Youth Education Centers. Chapter 1455, Statutes of 1984, authorized a pilot project to establish one or more regional youth education centers to provide an alternative placement for juvenile court wards who are not committed to the Youth Authority. The measure appropriated \$1 million from the General Fund to the Youth Authority to provide matching funds to counties for the establishment of pilot regional youth education facilities. According to the department, one regional youth education facility was established in San

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Bernardino County, and matching funds for this project will be fully expended in the current year.

Chapter 1455 also required the department to evaluate the effectiveness of the pilot project, and to report its findings to the Legislature by January 1, 1987. The Youth Authority indicates that this report will be submitted to the Legislature in February 1987.

Parolee Detention Funding is Overbudgeted

We recommend a General Fund reduction of \$367,000 in funding to local governments for parolee detention costs, because the proposal fails to reflect a projected decrease in Youth Authority's parole violator population in the budget year (Reduce Item 5460-101-001 by \$367,000).

Existing law (Welfare and Institutions Code Section 1776) requires the Department of the Youth Authority to reimburse counties for the costs of housing Youth Authority parolees who have been detained in juvenile halls and county jails pending parole revocation hearings. Counties are reimbursed at daily rates which are approved annually by the Department of Corrections for county jails, and by the Youth Authority for juvenile halls.

The budget requests a total of \$3.2 million from the General Fund to reimburse counties for detaining parolees in 1987–88. This amount is identical to the level of funding provided for this purpose in the current year. We question the need for all of these funds because both the number of parole violators and the costs of detaining them are expected to decline in the budget year.

Specifically, the department's most recent population projections indicate that the number of parole violators in Youth Authority institutions will decline from 1,345 to 1,200 between 1986–87 and 1987–88. This is a decline of 145 parole violators.

Furthermore, we also note that the costs of detaining certain Youth Authority parole violators has declined in the current year. Specifically, Los Angeles County's juvenile hall and jail rates (excluding hospitals) for detaining Youth Authority parole violators have decreased by 15 percent and 6 percent, respectively. Because the majority of Youth Authority parole violators are detained in Los Angeles County, it is likely that the department will incur additional parolee detention savings in the current year.

Our analysis indicates that total costs to detain parole violators in local facilities should also decline in the budget year. Using the projected average annual cost of detaining Youth Authority parole violators, we estimate that a reduction of 145 parole violators should result in a corresponding reduction of \$367,000 in payments to counties for detaining these parole violators. Consequently, we recommend a reduction in the amount requested to reimburse counties for detaining parole violators, for a savings of \$367,000 from the General Fund.

Approval of this recommendation would be consistent with the Legislature's action on the 1986 Budget Bill when it reduced the Youth Authority's local assistance budget by \$156,000 to reflect another projected decline in the parolee population.

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY

Items 5460-301 from the General Fund, Special Account for Capital Outlay, and the 1986 Prison Construction Fund (bonds)

Budget p. YAC 58

Requested 1987-88	\$17,305,000
Recommended approval	13,476,000
Recommended reduction	1,690,000
Recommendation pending	2,139,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Facilities for the Increasing Youth Authority Population. Recommend that the Legislature consider other options to reduce the future capital and operating costs of housing the projected increase in the Youth Authority ward population.

890
2. New 600-Bed Institution. Withhold recommendation on \$2 million requested under Item 5460-301-746(1) for a new youth institution pending receipt of (1) completed environmental reports, schematics, site suitability reports, and architectural programming for three sites, (2) an indication by the department which of the three sites is the department's preferred site and (3) the department's evaluation of alternatives to construction of this new institution.

894
3. Electric Door Locks, Preston School of Industry. Withhold recommendation on \$42,000 requested under Item 5460-301-746(4) for design of electric door locks pending receipt of (1) existing fire safety procedures, (2) changes in procedures as a result of this project and (3) the number and locations of other units under similar fire safety conditions.

894
4. *Pre-Camp Equipment—Preston School of Industry.* Reduce Item 5460-301-746(3) by \$317,000. Recommend deletion because the requested equipment is not needed until 1988-89.

895
5. *Living/Unit Education Facility, Equipment—El Paso de Robles School.* Reduce Item 5460-301-746(7) by \$368,000. Recommend deletion because the requested equipment is not needed until 1988-89.

895
6. *Public Service Living Unit, Equipment—Ventura School.* Reduce Item 5460-301-746(9) by \$428,000. Recommend deletion because the requested equipment is not needed until 1988-89.

895
7. *Minor Projects.* Reduce Item 5460-301-746(10) by \$577,000. Recommend a reduction for nine projects which have been previously funded or for which the need has not been substantiated.

896
8. Minor Project. Withhold recommendation on one minor project (\$97,000) pending receipt of additional information.

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DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued**ANALYSIS AND RECOMMENDATIONS**

The budget requests \$17,305,000 from the General Fund, Special Account for Capital Outlay (\$927,000), and the 1986 Prison Construction Fund (\$16,378,000) for 11 major and 31 minor (\$200,000 or less per project) capital outlay projects.

Facilities for the Increasing Youth Authority Population: The Department's Plan and Other Options

We recommend that the Legislature consider other options to the department's Facilities Master Plan to reduce the future capital and associated operating costs of housing the projected increase in Youth Authority ward population.

Recent History. The Youth Authority's existing institutions (including temporary and leased space) were designed to accommodate 5,915 wards without overcrowding. During hearings on the 1986-87 Governor's Budget, the Youth Authority (YA) indicated that ward population would increase from 6,632 (717 wards—12 percent—over the design capacity) in June 1985 to 9,250 (3,335 wards—56 percent—over the design capacity) by June 1991. In partial response to this anticipated population, the department requested planning and/or construction funds for new facilities to accommodate about one-third (1,118 wards) of the projected overcrowded population. The Legislature appropriated \$12,995,000 for the following:

- Construct 218 beds (\$8,472,000) at three institutions,
- Prepare environmental reports, preliminary plans and working drawings for 300 beds (\$1,017,000) at three institutions, and
- Prepare environmental reports, schematics, site suitability reports and architectural programming and secure purchase options on three sites for a new 600-bed institution (\$606,000). In addition, \$2.9 million to prepare preliminary plans for this institution was appropriated by Ch 532/86.

The department estimates that it will cost \$12.5 million to complete the 300 beds currently in design and between \$53 million and \$63 million (excluding equipment) to complete the new 600-bed institution—a total of \$65.5 million to \$75.5 million to complete currently budgeted projects.

The Department's Population Management and Facilities Master Plan. In light of the major policy and fiscal implications of the department's proposed capital expansion program, the Legislature directed (in supplemental report language) the department to prepare a Facilities Master Plan. The plan was to include (a) a framework of policies and objectives, (b) options available to meet the projected increase in population, including options to reduce commitments and lengths-of-stay, (c) a list of projects, in priority order, with estimated costs and schedules and how each of the projects relates to the policies and objectives of the master plan, and (d) an assessment of what projects and/or actions would be needed if the underlying assumptions were to change over time.

The department's master plan (submitted in November 1986) projects a ward population of 9,015 by June 1991. This is 235 wards (2.5 percent) below the spring 1986 projections. This projection, however, is 3,100 (52 percent) higher than the design capacity of existing institutions. The department proposes to accommodate the increased population by:

- completing the projects to house 1,118 wards for which planning

and/or construction funds were appropriated in 1986 (estimated future cost \$65.5 to \$75.5 million excluding equipment),

- constructing a second institution for 600 wards (estimated future cost \$57 to \$67 million excluding equipment),
- implementing alternative programs (no capital costs) which will free up housing for 625 wards and save \$59 to \$70 million in institution construction costs (please see Item 5460 for a discussion of these programs), and
- operating the institutions at 10 percent above the design capacity (757 wards) which will save \$72 to \$85 million in institution construction costs.

Based on the department's data, the capital costs associated with the master plan range between \$122 and \$142 million (\$71,000–\$82,700 per bed).

The department estimates that annual support/operations costs for the program will total at least \$45 million as follows:

- \$42.6 million annually (\$24,800 per ward) for the 1,718 additional beds.
- \$2.4 million (\$3,800 per ward) for the alternative programs (the Governor's 1987–88 Budget does not include funding for the alternative programs.)
- Unspecified annual costs for overcrowding the institutions.

Other Options. The master plan considers 11 programmatic options to address projected capacity needs. Several alternative programs, as indicated above, are proposed to accommodate 625 wards.

The plan also indicates that alternative facilities, such as leased facilities, surplus military facilities, and state hospitals, might provide additional capacity. The department, however, concludes that no such alternative facilities are currently available.

We believe there are other less costly and/or more responsive options to the program needs of the wards. We recommend that the Legislature consider these when addressing the projected population and the department's proposal to construct a new 600-bed youth institution, as discussed below. These options include, but certainly should not be limited to, the following cost-saving and programmatic options.

Cost-Saving Options

Overcrowd Facilities. The department's plan allows for 10 percent overcrowding. The Department of Corrections indicates that 20 percent is an acceptable level of overcrowding. It is not clear, however, what an appropriate level of overcrowding, if any, would be for the YA. If the Youth Authority used the same level of overcrowding as the Department of Corrections, a second 600-bed institution would not be needed in the near future. This would reduce future capital outlay costs by at least \$57 million and significantly offset the related \$18 million annual operating costs.

Build less costly facilities. A proposal to build less-costly facilities could include use of low security facilities to house re-entry and parole violator programs that are currently housed in existing institutional bed space but could be housed in a low security facility similar to camp facilities at reduced cost. The department indicates that approximately 1,500 wards (20 percent) are classified as limited custody/security, eligible for pre-release or camp programs. The department, however, only has approximately 550 beds in low security facilities (camps) or 950 beds less than indicated by the population.

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

The capital costs of two 100-bed camp units currently in design by the department average \$41,700 per bed, including food service, visitor and administration facilities, and a perimeter fence. On this basis, 600 beds would cost about \$25 million, \$32 million to \$42 million less than the department's estimated cost for a 600-bed institution. Moreover, the annual operating cost would be about \$23,300 per ward, or \$7,300 (24 percent) less than a new institution—a potential \$4.4 million annual savings.

Expand Lease Arrangements for Local Facilities. Data in the master plan indicate that in calendar year 1985, juvenile probation camp bed capacity exceeded average daily population by nearly 500 beds. Moreover, the Youth Authority reports that in 1984 (the latest year for which data are available) juvenile hall beds exceeded their average daily population by 815 beds.

The department currently contracts with four counties to provide bed space for up to 85 Youth Authority wards at a total cost of \$987,000 (average annual cost per bed of \$11,600). Based on the department's contract costs and the apparent availability of bed space in juvenile halls and camps, expanding lease arrangements with counties for Youth Authority bed space would benefit the state by providing additional ward housing without any additional capital outlay costs and at a significantly reduced annual cost.

Programmatic Options

Psychiatric/Psychological Treatment Facilities. The department estimates that 20 percent of new commitments (approximately 760 youths) are psychotic, borderline psychotic, or severely disturbed. The department currently has only 270 beds designated for intensive treatment and special counseling—approximately 500 less beds than are indicated by the population. The department's plan, however, proposes to add only 200 intensive treatment/special counseling beds by 1991 even though the need for such beds will have grown proportionately with the population. Thus, the department needs to consider how it would accommodate this population in its capital expansion program.

Other Specialized Facilities. Similarly, Youth Authority institutions house other special populations including sex offenders, substance abusers, and SB 821 cases (referred to the department pursuant to Welfare and Institutions Code Section 1731.5(c)). Although the master plan identifies the number in each of these ward populations, the department does not propose construction of facilities specifically designed to meet the specialized caseload needs.

1987-88 Major Capital Outlay Program

The budget requests \$14.8 million from the General Fund, Special Account for Capital Outlay (\$295,000) and the 1986 Prison Construction Fund (\$14.5 million) for 11 major capital outlay projects. A discussion of the department's program follows.

Projects Recommended for Approval

We recommend approval of \$11,638,000 for six major capital outlay projects under Item 5460-301-036 and Item 5460-301-746 as shown in Table 1.

We recommend approval of \$11.6 million requested from the 1986 Prison Construction Bond Fund (\$11.3 million) and the General Fund, Special Account for Capital Outlay (\$295,000). These projects are summarized in Table 1.

Table 1
Department of the Youth Authority
1987-88 Major Capital Outlay
Projects Recommended for Approval
Items 5460-301-036 and 5460-301-746
(dollars in thousands)

<i>Item/Project</i>	<i>Location</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Analyst's Recom- mendation</i>	<i>Est. Future Cost^b</i>
Item 5460-301-036 (Special Account for Capital Outlay):					
(1) Expand Visitor's Facility	El Paso de Robles School	pw	\$42	\$42	\$498
(2) Visitor's Security Entrance	Youth Training School	pwc	253	253	—
Subtotals			\$295	\$295	\$498
Item 5460-301-746 (1986 Prison Construction Bond Fund):					
(2) Pre-Camp	Preston School of Industry	c	2,926	2,926	—
(5) Living Unit/Education Facility	El Paso de Robles School	c	4,313	4,313	—
(6) Living Unit/Education Facility—Sewer Fees ..	El Paso de Robles School	o	99	99	—
(8) Public Service Living Unit	Ventura School	c	4,005	4,005	—
Subtotals			\$11,343	\$11,343	—
Totals, All Funds			\$11,638	\$11,638	\$498

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

^b Department's estimate.

Construction funds of \$11.2 million are requested for three projects—Pre-Camp at Preston, Living Unit/Education Facility at El Paso de Robles and Public Service Living Unit at Ventura—previously approved by the Legislature as shown in Table 1. The project scope and costs of these projects are consistent with prior legislative approval of scope/cost and we recommend approval. As noted below, two of the projects are estimated to cost *less* than the approved amount.

Three projects totaling \$394,000 are new projects. These include (1) an expanded visitor facility at El Paso de Robles to accommodate the increased ward capacity at this institution, (2) a 1,795 asf addition to the visitors' facility at the Youth Training Facility, Chino, to increase security and provide adequate public facilities and (3) payment of a sewer connection fee to the City of El Paso de Robles for the new living units at this institution. The proposed work and associated cost for each project is reasonable and we recommend approval.

Finally we note that the department's requests for two construction projects are substantially *below* the project cost approved by the Legislature in the *Supplemental Report of the 1986 Budget Act*. The Public

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

Service Living Unit at the Ventura School is proposed at an estimated construction cost that is \$189,000 (4.5 percent) below the previously approved amount. The Pre-Camp at the Preston School of Industry is now estimated to cost \$689,000 (17 percent) less to build than the previously approved amount.

Projects For Which Recommendation is Withheld**New 600-Bed Institution**

We withhold recommendation on \$2 million requested under Item 5460-301-746(1) to prepare working drawings for a new youth institution pending receipt of (1) completed environmental reports, schematics, site suitability reports, and architectural programming for three sites, (2) an indication by the department which of the three sites is the department's preferred site, and (3) the department's evaluation of options to the construction of this new institution.

The budget requests \$2 million to develop working drawings for a new 600-bed youth institution. The proposed facility would accommodate a portion of the projected housing needs of the department.

The department proposes to construct a 600-bed complex consisting of six 100-bed (single room) housing units, academic/vocational education areas, administrative offices, and support facilities. The department's estimated future cost to construct the complex is between \$53 million and \$63 million.

Background. In the 1986 Budget Act, the Legislature appropriated \$606,000 for environmental reports, schematics, site suitability reports, an architectural programming and purchase options on three potential sites for a new 600-bed youth institution. In appropriating these funds, the Legislature approved the construction of an additional 600 beds. The Legislature, however, did *not* specify the physical or programmatic configuration of these beds. The Legislature directed the department (supplemental report language) to complete this work prior to submittal of the 1987-88 Governor's Budget. In addition, Ch 532/86, appropriated \$2.9 million from the 1986 Prison Construction Bond Act to prepare preliminary plans for the new youth institution.

At the time this analysis was prepared, the department had not submitted any of the information funded in the 1986 Budget Act. Lacking such information, we cannot provide the Legislature with a recommendation on the department's proposal. The department indicates that this information will be available prior to budget hearings. Thus, we withhold recommendation pending receipt of the prescribed information.

Finally, in order for the Legislature to have the information it needs to consider the configuration of these beds, as mentioned in our discussion above, we recommend that the department provide to the Legislature, prior to budget hearings, an evaluation of the capital and operating costs of the psychiatric and specialized facilities options listed in our *Analysis*.

Preston School of Industry, Electrically Activated Door Locks for Living Units

We withhold recommendation on \$42,000 for preliminary plans and working drawings to provide electrically activated door locks for living units pending receipt of information which documents (1) existing fire safety procedures at these living units, (2) changes in procedures under the proposal, and (3) the number and locations of other living units under similar fire safety conditions.

The budget requests \$42,000 for preliminary plans and working drawings for a project to provide electrically activated door locks in two living units at the Preston School of Industry. The department's estimated future cost is \$658,000.

The department indicates that the electrically activated locks are necessary because (1) staff are endangered when they open the doors to single rooms occupied by two wards, and (2) the electric locks will allow staff to rapidly unlock the doors in the event of a fire.

The department, however, has not indicated what security problems have occurred as a result of this condition or what the current security/fire protection procedures are. Moreover, the estimated cost of altering the doors and locking mechanisms for these living units (\$7,000 per cell) appears high relative to similar projects. For example, the Department of Corrections is installing automatic locking devices at Deuel Vocational Institution at a cost of \$4,100 per cell.

Based on the department's information, there may be a need for changes in the existing locking devices and/or fire safety procedures. Consequently, we withhold recommendation pending receipt of information which documents (1) existing fire safety procedures, (2) changes in these procedures under the proposal and (3) the number and locations of other living units in the Youth Authority under similar fire safety conditions. Finally, the department should reevaluate the estimated cost of the proposal.

Recommended Reductions/Deletions

Equipment for New Facilities—Preston, El Paso de Robles and Ventura Schools

We recommend deletion of \$1,113,000 requested under Items 5460-301-746(3), (7) and (9) for advance purchase of equipment.

The budget requests \$1.1 million to equip three new living units that the department proposes to occupy between September 1988 and November 1988. The department indicates that the advance purchase of equipment is necessary to insure that the equipment is delivered and available upon completion of construction. The proposed equipment includes office materials such as desks, tables, chairs, photocopiers, and miscellaneous items; dormitory equipment such as beds, lockers, linens, televisions, and weight training equipment; security alarms and walkie-talkies; serving kitchen equipment such as refrigerators, toasters, ice machines, and work tables; classroom materials including desks, tables, shop equipment, and book shelves; and new vehicles.

Our review of the department's proposal indicates that the advance purchase of equipment is not necessary. The department hopes to occupy these facilities between September 1988 and November 1988. The Office of State Architect (OSA), however, has not scheduled construction for these projects. The OSA schedule is appropriate because the 1986 Prison Construction Bonds, which finance these projects, have not been sold and working drawings have not begun. Thus, the department's scheduled occupancy date is questionable.

DEPARTMENT OF THE YOUTH AUTHORITY—CAPITAL OUTLAY—Continued

Under Government Code Section 15792, the department may, with Department of Finance approval, order long lead time equipment in 1987–88 without a specific appropriation if the Legislature has already appropriated construction funds. Funding would then be included in the 1988–89 budget. Consequently, given this authority and the status of the projects, there is no need at this time to appropriate funds to purchase equipment.

Moreover, the department should reevaluate its current equipment list and substantiate items such as:

- Microwave ovens in dormitories,
- A \$2,000 stereo system, and
- A four-wheel drive vehicle.

Thus, in view of the authority to order long-lead time equipment and the need for the department to reevaluate the current equipment lists, we recommend deletion of \$1,113,000. Reduce Item 5460-301-746(3) by \$317,000, Item 5460-301-746(7) by \$368,000 and Item 5460-301-746(9) by \$428,000.

Minor Capital Outlay Projects

The budget requests \$2.5 million from the General Fund, Special Account for Capital Outlay (\$632,000), and the 1986 Prison Construction Bond Fund (\$1.9 million) to finance 31 minor capital outlay projects.

Department Redirects Minor Capital Outlay Funds. Our review of the department's minor capital outlay expenditures during the 1984–85 and 1985–86 fiscal years indicates that the department has redirected significant amounts of the minor capital outlay funds appropriated by the Legislature. In 1984–85, the department redirected \$252,000 (19 percent) of \$1.3 million appropriated in the 1984 Budget Act. These redirected funds financed projects other than those presented to and approved by the Legislature. Similarly, in the 1985–86 fiscal year, \$665,000 (37 percent) of the \$1.8 million appropriated in the 1985 Budget Act was redirected. Given the department's record in completing the minor projects approved by the Legislature, the department should reevaluate its process for determining its minor capital outlay project needs.

A. Minor Projects Recommended for Approval

We recommend approval of 21 minor projects (\$1,838,000).

The budget includes \$1.8 million for 21 minor projects ranging from \$10,000 for flammable material storage sheds to \$197,000 for a zone perimeter security system. These projects are warranted and we recommend approval.

B. Minor Projects Recommended for Deletion

We recommend deletion of \$577,000 for nine projects which have been previously funded or for which the need has not been substantiated.

Five of the department's proposed minor projects (\$290,000) have been previously funded. In fact, two of the proposed projects are funded in the current year. The projects are: (1) Modify Ward Barracks, Phase II, Pine Grove Camp, \$58,000; (2) Addition to Ward Canteen, Youth Training School, \$64,000; (3) Dorm Building Drainage, Preston School of Industry,

\$53,000; (4) Visitor Parking, Fred C. Nelles School, \$82,000; and (5) Enclose Dining Room Entrance, Fred C. Nelles School, \$33,000. Consequently, we recommend deletion of funding for these projects.

The department also proposes four new projects which have not been substantiated or for which specific cost data have not been provided. On this basis, we recommend deletion of \$287,000 for these projects.

Our specific recommendations on each of the new projects is as follows:

- **Seal Water Well No. 3, Ventura School.** The department proposes to seal a water well that has not been used for approximately four years. It is not clear why a well which is not in use and which has posed no problem in the past four years must be closed at a cost of \$27,000.
- **Strengthen Walls in Dorms 1 and 2, Northern Reception Center and Clinic.** This project would install a three-sixteenth inch steel covering on both sides of the hallway in Dorms 1 and 2. The department indicates that the existing hallways are made of plaster which require frequent patching and repair. The department, however, has provided no data on the frequency or cost of this repair work to substantiate the expenditure of \$120,000 to install steel covering at a height of nearly seven feet on both sides of the hallway.
- **Enlarge Parking Lot, Ventura School.** This \$43,000 project would provide a 96-space parking lot to accommodate (1) 60 vehicles that will be relocated to another area of the institution when the Public Service Living Unit is completed, and (2) 36 overflow parking spaces. The department, however, has not substantiated the need for additional parking at the facility. Moreover, when the department proposed the Public Service Living Unit, no mention was made of the need to add or replace parking.
- **Remodel Commissary Warehouse, Preston School of Industry.** This \$97,000 project would (1) remodel the interior of the warehouse and (2) consolidate the commissary, maintenance warehouse and laundry at one location. The department has not indicated what problems exist with the current facilities other than to indicate that staff will be able to assist one another during vacation and sick time if they are located at the same facility.

C. Minor Project for Which Recommendation is Withheld

We withhold recommendation on a minor project to expand the water treatment plant (\$97,000) at Preston School of Industry pending receipt of additional information.

The department requests \$97,000 for a project to expand the water treatment plant at Preston School of Industry. The department's proposal was submitted to the Legislature on February 6, 1987. We withhold recommendation pending review of the department's recent submittal, and receipt of information which substantiates water use at the institution and how the Department of Correction's new water line to the prison at Ione will affect the school's water system.
