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Governmental Relations & Legislative Advocacy

To: All CLEARS Members

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Date: June 16, 2014

Re: Legislature Passes 2014-15 Budget

The Legislature approved the 2014-15 state budget last night, meeting the constitutional deadline of June 15. The final budget must be signed into law by July 1, 2014.

The spending plan includes \$108 billion in General Fund (GF) expenditures (\$156.4 billion in spending overall), a \$448 million reserve, and \$1.6 billion deposited in the rainy day fund. When Governor Brown took office, the state faced a massive \$26.6 billion budget deficit and estimated annual shortfalls of roughly \$20 billion. The budget reflects the Governor's stated desire to continue to be prudent in the way we spend public funds despite the more positive economic turn.

PUBLIC SAFETY DETAILS

Improving Jail Facilities

- Given the aging, overcrowded, and unsafe nature of many of California's jails and in recognition of the systemic county-state relationship in implementing Realignment, the Budget includes \$500 million in lease revenue bond capacity to address jail needs. The Legislature adopted trailer bill language that is largely similar to SB 1022, which, among other things, provides funding consideration to counties replacing compacted, outdated, or unsafe housing capacity OR seeking to renovate or build facilities to provide adequate program and treatment space. There is also language that seeks the Administration's reporting on long-term jail construction planning. The language also requires applicants for funding to report on their pre-trial population and whether they utilize a risk assessment-based pre-trial program.

In order to ensure that the bonds authorized pursuant to this item can ultimately be sold, the authorizing language needs to appear in its own bill, with no other unrelated provisions. Due to a drafting error, the jail bond language was included in the public safety trailer bill, which

contains numerous unrelated provisions. As such, and out of an abundance of caution, we understand that the Legislature will approve a standalone bill later this week to ensure that the jail funding program is not jeopardized by this technical drafting problem. We have received assurances from the Legislature and the Governor's Administration that this fix will take place and the Governor will not sign the budget or any other trailer bills until all of the budget bills – there are a couple of other non-public safety fixes that need to happen – are sent to him.

Population Management and Realignment

- **Long-Term Offenders** – Despite the best efforts of the Governor himself and Administration staff, the budget does not include a cap on the length of jail sentences for long-term offenders. Neither the Assembly nor the Senate formally considered this item through the subcommittee process and it was not ultimately part of the conference committee's proceedings. We will continue to work on this issue with the Administration and the Legislature and we believe there will be more to come, perhaps as early as later this year.
- **Split Sentences** – The Budget includes the Governor's proposal to create a presumption that a county jail felony sentence will be a split sentence unless a court finds that a straight sentence is in the interests of justice. Such is proposed with the goals of increasing supervision following a county jail sentence, boosting access to treatment services, and alleviating jail overcrowding. This would take effect January 1, 2015 and would apply prospectively to any person sentenced on or after January 1, 2015. There is also a requirement that Judicial Council promulgate rules of court by January 1, 2015.
- **Additional Court Security Funding** – \$1 million for additional court security needs resulting from new courthouse construction.
- **Local Alternative Custody Programs** – Similar to the authority CDCR currently possesses for female inmates, the Budget allows sheriffs to establish voluntary alternative custody programs in which offenders would be confined to a residence, residential treatment program, transitional care facility, or mental health clinic or hospital in lieu of confinement in a county jail. Participants would receive the same sentence reduction credits had they served their sentences in a county jail. The authority would be for male and female inmates who have been sentenced for misdemeanors or Realignment felonies and excludes inmates that are deemed to be at a high risk of future violence, have a history of escape, or are required to register as sex offenders. The language does not require the board of supervisors to approve a sheriff's desire to provide a program pursuant to this authority.
- **AB 109 Allocation** – AB 109 growth for the 2013-14 budget year is estimated to be \$50.8 million. Recall that growth for the current year is applied retroactively and not distributed until Fall 2014. This is due to the manner in which sales tax receipts are collected and final sales tax revenues are not known until August. As a result, the 2013-14 growth number is not known until August 2014, well after the 2013-14 budget year concludes (it is important to note that we will not know 2014-15 growth until August 2015). The Realignment Allocation

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- VINE – The Budget provides \$1.8 million per year for the next two years from the Victim Witness Assistance Fund to fund the statewide VINE system.

Three-Judge Panel and Prison Population

- SB 105 Spending – As a part of the SB 105 deal struck last year, a Recidivism Reduction Fund was established to be funded by any savings to the state based on receiving an extension from the federal courts, which then would eliminate the need to buy as many out-of-state beds to meet the population cap. Due to the court granting the two-year extension, the \$91 million in savings to the RRF will include the following spending:
 - Mentally Ill Offenders Crime Reduction (MIOCR) Grants – The Budget contains \$18 million in one-time competitive grant funds for adult and juvenile authorities to improve outcomes for offenders with mental health issues. Funding will be allocated in the first year, but can be used over three years, and provides \$9 million for adult offenders and \$9 million for juvenile offenders, distributed by the BSCC.
 - Community Recidivism Reduction Grants – The Budget contains \$8 million in one-time funding to county boards of supervisors to work in collaboration with CCPs to create a competitive grant program for nongovernment service providers in the community. The size of the county will determine individual grant awards to providers and 5% of the county allocation can be used for administrative services by the county or CCP.
 - Community Reentry Facilities – The Budget contains \$20 million in one-time funding for inmate reentry prior to release in the community. This funding could also be used for transitional housing or intermediate sanctions for probationers. There is a broad authority for CDCR to develop the program and stakeholders will be working to develop further implementation details.
- Medical and Elderly Parole – Pursuant to federal court orders imposed surrounding the prison population reduction plan, the Budget assumes implementation of plans to expand medical parole to inmates with a broader classification of infirmity and create an elderly parole system whereby inmates aged 60 years or older who have served at least 25 years

would be referred to the Board of Parole Hearings to determine suitability for parole. CDCR is currently developing plans to implement these items.

- Enhanced Credit Earning – The Budget also provides that non-violent second strikers may earn 33.3% good-time credits (currently limited to 20%) and milestone credits for completing specified programs (currently prohibited from earning these credits). Inmates receiving these enhanced, prospective credits will be on PRCS upon their accelerated release and revocations would be served in county jail. The budget includes \$11.3 million for probation departments to offset the costs of supervising these offenders earlier than anticipated.

Community Corrections

- SB 678 – The spending plan funds SB 678 (Community Corrections Performance Incentives Act) at \$128 million in 2014-15, which represents an increase of \$86 million.
- City Law Enforcement Funding – In addition to the existing and growing Realignment funding, the Budget includes \$40 million for cities for front line law enforcement activities. Under this program, the BSCC allocates funds to individual cities within each county that receives funds.

Department of State Hospitals (DSH)

- Patient Management Unit – To centralize DSH admissions and transfers, the Budget establishes a Patient Management Unit and allocates \$1.1 million to do so. This item is intended to improve utilization of beds and direct patients to the state hospital that most appropriately fits their needs.
- Incompetent To Stand Trial – The Governor’s January Budget included \$27.8 million to address the incompetent to stand trial (IST) backlog (which is currently approximately 300 persons) by increasing DSH bed capacity by 105 beds. The May Revision additionally included \$3.9 million to expand the restoration of competency program by 45-55 beds in county jails. The budget adopts the funding levels for both proposals and includes language providing flexibility as to how the programs are implemented.
- Enhanced Treatment Program – Because state hospitals were not designed to accommodate a largely forensic population, and due to the fact that over 90% of the DSH population now comes from the criminal justice system (sexually violent predators, mentally disordered offenders, not guilty by reason of insanity, incompetent to stand trial, etc.), the Budget contains \$2.1 million to design and plan for specialized short-term housing units to accommodate more violent and complex offenders.

Miscellaneous

- Judicial Branch – The Budget includes \$222 million to augment the Judicial Branch’s budget. The Governor’s January budget proposal was a \$100 million increase and the May Revision proposal called for \$167 million. The version ultimately approved by the

Legislature for trial court operations exceed both of the Governor’s proposals and includes \$15 million for collaborative court programs.

- State Mandate Reimbursements – The state owes local governments \$900 million in reimbursable mandates that accrued prior to 2004. To speed up the repayment of the monies owed, the May Revision proposed a \$100 million payment toward this debt. The budget adopts this proposal and additionally provides that any revenues that exceed the Governor’s projections in fiscal year 2014-15, after Proposition 98 funds are held out, are directed toward paying down the additional \$800 million owed for pre-2004 mandates.
- POST Funding – The Governor’s Budget reduced funding for POST by \$7.7 million to maintain the solvency of the Peace Officers’ Training Fund. The budget restores \$3.2 million of this cut and requires POST to report on future sustainable funding options.
- Marijuana-Related Enforcement – The Budget spends \$1.5 million from various special funds and allocates seven positions to investigate and enforce violations of illegal streambed alterations and the Endangered Species Act associated with marijuana production. The spending plan further provides \$1.8 million from the Waste Discharge Permit Fund and 11 positions to improve the prevention of illegal stream diversions, discharges of pollutants into waterways, and other water quality impacts associated with marijuana production. Currently, marijuana cultivation is threatening water supply, water quality, and the sensitive habitat of endangered species. This proposal will be a coordinated effort between the Water Board and the Department of Fish and Wildlife.

BUDGET AND RELATED TRAILER BILL LIST

Below is a list of budget related bills, some of which are in print and others that are pending final language.

<u>Bill Number</u>	<u>Subject</u>	<u>Link to Bill Language:</u>
SB 852	2014-15 State Budget (Main budget bill)	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_852_bill_20140612_proposed.pdf
SB 853	Transportation	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_853_bill_20140612_amended_asm_v98.pdf
SB 854	State and Local Government	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_854_bill_20140612_amended_asm_v98.pdf
SB 855	Human Services	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_855_bill_20140613_amended_asm_v98.pdf
SB 856	Developmental Services	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_856_bill_20140612_amended_asm_v98.pdf

SB 857	Health	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_857_bill_20140612_amended_asm_v98.pdf
SB 858	Education Finance: omnibus bill	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_858_bill_20140612_amended_asm_v98.pdf
SB 859	Education local control funding formula	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_859_bill_20140612_amended_asm_v98.pdf
SB 860	Higher Education	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_860_bill_20140612_amended_asm_v98.pdf
SB 861	Public Resources	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_861_bill_20140613_amended_asm_v98.pdf
SB 862	Cap and Trade	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_862_bill_20140613_amended_asm_v98.pdf
AB 1468	Public Safety	http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_1451-1500/ab_1468_bill_20140615_enrolled.pdf
AB 1469	State Teachers Retirement	http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_1451-1500/ab_1469_bill_20140612_amended_sen_v98.pdf
SB 865	Budget Act of 2013: supplemental appropriation	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_865_bill_20140613_amended_asm_v98.pdf
SB 869	School facilities construction	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_869_bill_20140612_amended_asm_v98.pdf
SB 870	Health	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_870_bill_20140613_amended_asm_v98.pdf
SB 871	Solar Tax	http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_871_bill_20140613_amended_asm_v98.pdf

Thank you and if you have any questions or concerns about any legislative matters, please do not hesitate to contact us at 916-443-7318.