DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 5240-001-0001 and 5240-001-0890, Support, and Addition of Budget Bill Item 5240-493, Reappropriation, Department of Corrections

It is requested that Item 5240-001-0001 be decreased by $32,386,000 and Item 5240-001-0890 be increased by $209,000 to reflect the following adjustments:

Basic Correctional Officer Academy Expansion—Increase of $29,074,000 General Fund to increase the number of Basic Correctional Officer Academy cadets from 640 to 1,920 annually. The academy was deactivated in February 2004, based off of projected population decreases which have yet to fully materialize.

Post Relief Supervising Cooks—Decrease of $2,859,000 General Fund to reflect a correction in the number of supervisory cooks included in the 2005-06 Governor's Budget proposal which increases post relief for posted positions and medical technical assistants.

Statewide Offender Management System—Increase of $253,000 General Fund is proposed to partially fund the extension of 5.0 limited-term positions for two years, until June 30, 2007. The remainder of the necessary funds ($376,000 General Fund) for 2005-06 is proposed to be reappropriated from a previous appropriation. The extension of these positions is necessary to proceed with this critical project.

Protecting Inmates and Safeguarding Communities—Increase of $209,000 federal funds is requested to create a program designed to eliminate sexual assault in correctional facilities. The California Department of Corrections intends to use the funds to develop and implement standards for the detection, prevention, reduction, and punishment of prison rape. The funds are part of a $500,000 federal grant that will expire on June 30, 2007.

APR - 1 2005

Price Increase Adjustment—Decrease of $2,932,000 General Fund to revise the amount proposed in the 2005-06 Governor's Budget for this adjustment. With this revision, the Department's total price increase for 2005-06 will be $43,109,000 ($42,102,000 General Fund). This amount reflects a revised calculation based on the updated operating expenses and equipment budget of the Department, adjusted for significant one-time expenditures and revised staff benefits costs. This is consistent with the intent of Budget Letter 04-32.

Implementation of Proposition 69, DNA Testing—Decrease of $467,000 General Fund to revise the amount proposed in the 2005-06 Governor's Budget for the implementation of Proposition 69–the DNA Fingerprint, Unsolved Crimes, and Innocence Protection Act. This adjustment revises the total request to reflect a need for $3,129,000 General Fund for the collection of DNA samples during 2005-06. This revision is based on more accurate information collected by the Department as well as a revised parole implementation plan.

Pharmacy Health Care Management System, Phase III Implementation—Increase of $4,867,000 General Fund is requested to fund the Phase III Implementation of a pharmacy automated information system project to improve delivery of health care to inmates, pharmacy operation, medication management, and to comply with legal and regulatory requirements. Budget bill language prohibiting the expenditure of these funds until the Feasibility Study Report for this project is approved by the Department of Finance is also requested (Attachment I).

Institution Medical Contract Staffing—Increase of $712,000 General Fund is requested to address the increasing workload associated with the contract bidding processes of previously exempt medical services, required by Management Memo 05-04 released on January 26, 2005, by the Department of General Services.

Transfer of General Fund Resources to the Department of Mental Health—Decrease of $61,034,000 General Fund is requested to reflect a permanent funding transfer to the state hospital appropriation for the Department of Mental Health (Item 4440-001-0001). This technical adjustment reflects the departments' mutual effort to streamline administrative and reimbursement processes. A request for an increase of the same amount is included in a Finance Letter for the Department of Mental Health. This transfer will result in no net change to the General Fund.

It is requested that Item 5240-493 be added (Attachment II), to reflect the following re-appropriations:

- $376,000 General Fund for the development of the Statewide Offender Management System

- $1,535,000 Inmate Welfare Fund for the development of the Inmate Canteen, Restitution, and Banking System

APR - 1 2005

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Zlatko Theodorovic or Sarah Mangum, Principal Program Budget Analysts, at (916) 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

cc: Honorable Carole Migden, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Mr. Robert A. Horel, Chief, Fiscal Programs, Youth and Adult Correctional Agency
Ms. Jeanne Woodford, Director, Department of Corrections
Mr. David Lewis, Deputy Director (A), Financial Services Division, Department of Corrections
Mr. James Dong, Budget Officer, Department of Corrections

APR - 1 2005

Attachment I

Proposed Budget Bill Language

Item: 5240-001-0001

Insert under Provisions:

12. Funding appropriated in schedule (2) which is allocated for the purpose of implementing the Pharmacy Health Care Management System may not be expended until the Feasibility Study Report (FSR) for this project is approved by Finance. If the amount approved in the FSR is less than the amount appropriated, the Department shall only spend the amount approved in the FSR and any remaining funds shall be returned to the General Fund.

APR - 1 2005

Attachment II

5240-493 – Reappropriation, Department of Corrections.
The balance of the appropriations provided in the following citations are reappropriated for the purposes provided for in the appropriations and shall be available for encumbrance and expenditure as cited below:

0001-General Fund
(1) Item 5240-001-0001, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 5240-493 of the Budget Act of 2004 (Ch. 208, Stats. 2004). Any unspent balance is reappropriated only for the purpose of the development of the Statewide Offender Management System and shall be available for expenditure until June 30, 2006. Any of the funds not used for this purpose shall revert to the General Fund.

0917-Inmate Welfare Fund
(1) Item 5240-001-0917, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 5240-493 of the Budget Act of 2004 (Ch. 208, Stats. 2004). Any unspent balance is reappropriated only for the purpose of the development and implementation of the Inmate Canteen, Restitution, and Banking System and shall be available for expenditure until June 30, 2006. Any of the funds not used for this purpose shall revert to the Inmate Welfare Fund.

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendments to Budget Bill Items 5240-301-0001, 5240-302-0001, 5240-302-0660, 5240-303-0747, 5240-303-0751, and 5240-495, Capital Outlay, Department of Corrections

It is requested that Item 5240-301-0001 be decreased by a net of $2,386,000 to reflect the following:

1. Decrease $153,000 for Preliminary Plans for a 15-station hemodialysis clinic at California Institution for Men, Chino. The CDC's recent update of its forecast for the need of hemodialysis indicates this project can be deferred to future years without adversely impacting the department's ability to provide hemodialysis to inmates that need it.

2. Decrease $1,308,000 for Construction for a prescreening facility at Wasco State Prison, Wasco. We have determined that this project may be funded from 1988 Prison Construction Fund.

3. Decrease $925,000 for Construction for a bar screen, pre-lift station at Pleasant Valley State Prison, Coalinga. We have determined that this project may be funded from 1990 Prison Construction Bond Fund.

It is requested that Item 5240-302-0001 be added in the amount of $35,457,000 to reflect the following:

1. Add $12.0 million for Preliminary Plans for a mental health facility at California Institution for Men, Chino. The CDC is required by the Coleman Court Order to provide adequate mental health service to seriously mentally disordered inmates. This project would help comply with the court's requirements by providing 1,500 beds for a growing population of seriously mentally disordered inmate-patients requiring mental health care from enhanced outpatient to acute inpatient levels.

2. Add $4,619,000 for Construction for an electrified fence at California Men's Colony, East, San Luis Obispo. This project would provide a lethal electrified fence and would result in eventual staff savings by reducing the need for guards in observation towers.

APR - 1 2005

3. Add $3.3 million for Study for a mental health facility at California Men's Colony, San Luis Obispo. The CDC is required by the Coleman Court Order to provide adequate mental health service to seriously mentally disordered inmates. This project would help comply with the court's requirements by providing 1,500 beds for a growing population of seriously mentally disordered inmate-patients requiring mental health care from enhanced outpatient to acute inpatient levels. These funds would be used to evaluate two potential locations at California Men's Colony, including an environmental impact report, architectural programming, pre-design, and schematic design.

4. Add $11,793,000 for Construction for an effluent disposal pipeline at Sierra Conservation Center, Jamestown. This project is necessary to provide adequate disposal capacity for the institution's wastewater effluent, as required by the Regional Water Quality Control Board, and includes an 8-mile pipeline, reservoir, and spray fields. This appropriation would replace an existing appropriation ($8,142,000), being proposed for reversion in Item 5240-495 below. Combined, the requested actions reflect a net cost increase of $3,381,000 for additional environmental mitigation and monitoring, additional design work for changes in pipeline routing, and increases in estimated construction and material costs.

5. Increase by $3,745,000 for Construction for an electrified fence at Sierra Conservation Center, Jamestown. This project would provide a lethal electrified fence and would result in eventual staff savings by reducing the need for guards in observation towers.

It is requested that Item 5240-302-0660 be added in the amount of $35,473,000 to reflect the following:

1. Add $7,955,000 for Construction for a mental health crisis bed facility at California Medical Facility, Vacaville. This appropriation would provide additional funds for construction of this 50-bed mental health crisis bed facility. While developing preliminary plans, the Department of Corrections identified a need for an additional 7,300 square feet, primarily because of the need for licensed ancillary hospital services at the Crisis Bed facility. The California Medical Facility's existing licensed facility does not have the capacity to provide these services to the new facility.

2. Add $27,518,000 for Preliminary Plans, Working Drawings and Construction for an additional 64-bed mental health facility at Salinas Valley State Prison, Soledad. This project would allow the Department of Corrections to construct a second 64-bed intermediate level of care facility to house seriously mentally ill inmates that require an inpatient level of care. The statewide need for licensed, intermediate inpatient mental health beds greatly exceeds current capacity. This facility would provide for additional onsite mental health inpatient treatment for the rapidly growing statewide population of male, maximum-security (level 3 and 4) inmates requiring inpatient mental health care beyond the short-term crisis level of care.

It is requested that Item 5240-303-0747 be added in the amount of $1,308,000 to reflect a fund shift from General Fund Item 5240-301-0001 for Construction for a prescreening facility at the wastewater treatment plant at Wasco State Prison, Wasco.

It is requested that Item 5240-303-0751 be added in the amount of $925,000 to reflect a fund shift from General Fund Item 5240-301-0001 for Construction for a bar screen, pre-lift station at Pleasant Valley State Prison, Coalinga.

It is requested that Item 5240-495 be added to revert the unencumbered balance of Item 5240-301-0001, Budget Act of 2001, for Construction for an effluent disposal pipeline at Sierra Conservation Center, Jamestown.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Michael Carter, Principal Program Budget Analyst, at 445-9694.

TOM CAMPBELL
Director

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

cc: Honorable Carole Migden, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Sheila Kuehl, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Fran Pavley, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Ms. J. S. Woodford, Director, Department of Corrections
Mr. Ernest C. Van Sant, Chief Deputy Director (A), Department of Corrections
Mr. George A. Sifuentes, Deputy Director (A), Facilities Planning and Finance Branch, Department of Corrections
Mr. Richard C. Powers, Chief, Facilities Planning and Finance Branch, Department of Corrections

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 5430-295-0001, Local Assistance, Board of Corrections

It is requested that Item 5430-295-0001 be amended to add a suspended mandate, Victims' Statements—Minors (Chapter 332, Statutes of 1981), and restore Provision 3 to this item (Attachment I). This mandate and language was not included in the Governor's Budget because it was erroneously believed to have been repealed.

The effect of my requested action is reflected on attachment.

If you have any questions or need additional information regarding this matter, please call Sarah Mangum, Principal Program Budget Analyst, at 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

cc: On following page

Attachment I

APR - 1 2005

Proposed Budget Bill Language

Item: 5430-295-0001

Insert under Schedule:

(2) 98.01.033.281-Mandate: Victims' Statements-Minors (Ch. 332, Stats. 1981) 0

Insert under Provisions:

3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of $0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2005-06 fiscal year:
(2) Victims Statements-Minors (Ch. 332, Stats. 1981)

APR - 1 2005

cc: Honorable Carole Migden, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Ms. Karen Stoll, Deputy Director, Board of Corrections
Mr. Bill Crout, Deputy Director FSOD, Board of Corrections
Mr. Eugene Louie, CFS, Department of General Services

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 5460-001-0001, 5460-011-0001, and Reimbursements, Support, Department of the Youth Authority

It is requested that Item 5460-001-0001 be increased by $43,590,000 and that Reimbursements be decreased by $24,976,000, and Item 5460-011-0001 be increased by $14,786,000 to reflect the following adjustments:

Technical Adjustment to Change Funding Source for County Reimbursements—An increase of $24,976,000 General Fund and a decrease of $24,976,000 Reimbursements are requested to reflect the permanent change of budgeting the amounts received from the counties as revenues instead of reimbursements. This technical adjustment will address cash flow and administrative problems experienced by the Department.

Post Relief Factor—An increase of $6,579,000 General Fund is requested to fund the appropriate amount of relief for posted positions. This increase is primarily attributable to an increase in the relief needed to fund the accrual amounts for vacation and sick leave for posted positions.

Improvements in the Hiring Process—An increase of $750,000 General Fund is requested to ensure that the Department has sufficient resources to recruit, test, and hire qualified staff.

Substance Abuse Treatment Funding—An increase of $1,417,000 General Fund is requested to backfill lost federal funds that were previously used to fund substance abuse treatment programs. This funding will continue these programs at the existing level.

***Farrell v. Allen* Consent Decree**—An increase of $1,730,000 General Fund is requested to pay for costs related to oversight, monitoring, and implementation of the activities required by the consent decree. Budget Bill language providing authority to augment this item to pay for the cost of attorney fees pursuant to the consent decree is also requested (Attachment I).

APR - 1 2005

Comprehensive Classification System—An increase of $250,000 General Fund is requested to develop assessment instruments that measure the level of risk and needs of the Department of the Youth Authority (CYA) wards and classify wards according to custody and security levels. These tools will be critical in implementing various aspects of the *Farrell v. Allen* lawsuit.

Ward Information Network—An increase of $1,062,000 General Fund is requested to update the Ward Information Network information technology system to ensure that CYA has access to ward data needed to implement various aspects of the *Farrell v. Allen* lawsuit.

Ward Grievance System—An increase of $1,109,000 General Fund is requested to improve the system for addressing ward grievances at CYA facilities. This funding is needed to comply with the *Farrell v. Allen* lawsuit.

Meet Educational Needs for Wards in Special Management Programs—An increase of $555,000 General Fund is requested to replace the use of Special Program Areas with the presence of a Youth Correctional Officer in classrooms where there are wards in Special Management Programs.

Use of Force Management and Review Process—An increase of $360,000 General Fund is requested to improve the monitoring and evaluation of use of force incidents in CYA facilities. This funding is needed to comply with the *Farrell v. Allen* lawsuit.

Training Needs Assessment and Training Resources—An increase of $1.5 million General Fund is requested to conduct a comprehensive assessment of the staff training necessary to implement various aspects of the *Farrell v. Allen* lawsuit and to provide backfill funding to train staff in posted positions once the needs assessment is complete and the training delivery method is determined.

Programmatic Review of Facilities—An increase of $1.0 million General Fund is requested to conduct a study of the Department's long-term facility needs.

Educational Remedial Plan Resources—An increase of $17,088,000 General Fund, of which $14,786,000 is Proposition 98 and $2,302,000 is non-Proposition 98, is requested to implement the Education Remedial Plan required by the *Farrell v. Allen* lawsuit and submitted to the Court on March 1, 2005.

APR - 1 2005

The effect of my requested actions is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Sarah Mangum, Principal Program Budget Analyst, at 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

cc: Honorable Carole Migden, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Mr. Tim Sutherland, Interim Deputy Director, Administration, Department of the Youth Authority
Mr. Robert Horel, Chief Deputy Secretary, Fiscal Programs, Youth and Adult Correctional Agency

APR - 1 2005

Attachment I

Proposed Budget Bill Language

Added to Item 5460-001-0001

Provisions:

3. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in Schedule (1) of this item in excess of the amount appropriated for purposes of funding attorney fees required by the Farrell v. Allen consent decree. The Director of Finance may not approve any expenditure unless approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations no later than 30 days prior to the effective date of approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.