THE GOVERNOR'S FY 2016-17 PROPOSED BUDGET

Overview

On January 7, the Governor presented his FY 2016–17 budget proposal to the Legislature. The Proposed Budget:

- Increases revenue estimates by $5.9 billion for 2014–15 through 2016–17 combined;
- Provides $122.6 billion in State General Fund expenditures;
- Makes constitutional required deposit of $2.6 billion into rainy day reserve;
- Proposes extra deposit of $2 billion into rainy day reserve;
- Increases discretionary reserve by $1.1 billion; and
- Spends other discretionary funds to one–time infrastructure spending (including a transportation package of $3.6 billion).

As noted above, the Governor's Budget prioritizes building up State reserves. As proposed the Governor's budget would bring the State's total reserves to over $10.0 billion.

Public Safety

2011 Public Safety Realignment Funding

- $1.2 billion Statewide for program base funding
  (slight increase from the $1.1 billion in FY 2015-16)
- estimates $96.8 million statewide in FY 2015-16 growth funds
- anticipates $103.4 million statewide in FY 2016-17 growth funds
  (decreases from the $173.4 million statewide in FY 2014-15 growth funds)
- $7.9 million in one-time planning grants for local Community Corrections Partnerships

Community Corrections Performance Incentive Grant

- $129.7 million statewide for SB 678 payments to county probation departments
  (a $4.6 million statewide increase from FY 2015-16)
- Based an updated performance based formula.

Correctional Facility Funding

- $250.0 million for competitive grants to those counties that have previously received only a partial award or never received an award for State correctional facility funding.
- The Administration's commitment to continue working with Los Angeles County to identify ways in which to create a more collaborative State and local corrections system.

Proposition 47 of 2014

- Estimates that Prop 47 lowered the 2015-2016 State prison population by approximately 4,700 inmates.
- Projects a Statewide savings of $29.3 million.
- These savings will be allocated to the following grant programs:
  - $2.9 million for victim services programs (10 percent);
  - $7.3 million for truancy programs (25 percent); and
  - $19.0 million for local recidivism prevention programs (65 percent).

Attachment: The State Department of Finance shared the attached, which provides the estimated costs and savings considered in projecting the Prop 47 State savings. The estimates project the savings yielded in the current fiscal year, which would be allocated in subsequent fiscal year. These estimates will be further refined by DOF as more data becomes available.

Three-Judge Panel and Prison Population Reduction

- The State Prison population is currently under the February 2016 benchmark set by the Federal three-judge panel.
- However, because the inmate population is projected to grow in future years, the State plans to continue current population reduction measures...
- and is looking to implement others, including a potential ballot measure that would:
  - grant broader authority to the Secretary of Corrections to award credits for completion of rehabilitative programming;
  - make violent offenders eligible to receive increased credits;
  - make an estimated 1,600 to 1,700 prisoners immediately eligible for parole (violent offenders would be released on parole; non-violent offenders on PRCS).

Offender Rehabilitation Siting Incentive Grants

- $25.0 million for incentive payments to cities and/or counties that approve, between January 1, 2016 and June 30, 2017, new long-term permits for hard-to-site facilities that would provide offenders with rehabilitation services.
- Administration plans will work with city and county stakeholders during the spring to develop an allocation methodology.

Next Step. The Legislature considers their priorities for reserves, one–time spending, and ongoing budget commitments.

Proposition 47 Savings Estimate

(2016-17 Governor's Budget)

Costs	2015-16	2016-17	2017-18
CDCR - Parole Population	$6,542,401	$2,056,493	$735,125
Courts - Resentencing	$26,900,000	$21,400,000	$ -
Miscellaneous - State Staff*	$ -	$ -	$ -
Subtotal Costs	**$33,442,401**	**$23,456,493**	**$735,125**

Savings	2015-16	2016-17	2017-18
CDCR - Adult Inmate Population	$52,244,199	$53,390,869	$47,741,350
Courts - Misdemeanor vs. Felony Sentencing	$1,744,186	$1,744,186	$1,744,186
State Hospitals - Patient Population	$8,745,534	$8,745,534	$8,745,534
Subtotal Savings	**$62,733,919**	**$63,880,589**	**$58,231,070**
Estimated Savings	**$29,291,518**	**$40,424,095**	**$57,495,945**

*State staffing costs tied to implementation are currently to-be-determined but expected to be minimal.

Workload Impacts

	2015-16	2016-17	2017-18
CDCR:			
CDCR Parole Population	1,669	525	188
CDCR Adult Inmate Population	-4,712	-4,044	-3,533
Courts:			
Statewide Misdemeanor Filings	74,000	74,000	74,000
Statewide Felony Filings	-80,000	-80,000	-80,000
DSH:			
State Hospitals Population	-73	-73	-73

Methodology

Costs

CDCR - Parole Population Impact: Calculated as the average daily population (ADP) impact multiplied by an estimated marginal cost of $3,920 per parolee.

Courts - Resentencing: Reflects budget adjustments for court resentencing workload.

Savings

CDCR - Adult Inmate Population Impact: Calculated as the ADP impact multiplied by a blended marginal and contract rate of $11,087 per offender (rate changes in out-years).

Courts - Misdemeanor vs. Felony Sentencing: Calculated as the net decrease in filings multiplied by 15 minutes per filing. Resulting workload is converted to judgeships (77,400 minutes per judgeship) and multiplied by $1.5 million per judgeship.

State Hospitals Impact: Calculated as the estimated ADP equivalent (40) of the 73 patient reduction multiplied by an estimated cost of $221,078 per patient.