



Addressing the State's Long-Term Inmate Population Growth

SUMMARY

The Issue

The California Department of Corrections' (CDC) latest estimates indicate that the state's inmate population will grow from 150,000 to 242,000 by June 2006. By that time, the inmate population is projected to exceed the system's housing capacity by about 70,000 inmates.

Options

For the last three years, the Legislature and the administration have been unable to reach agreement on how to address the growing prison population. In this brief, we examine options that would:

- ❖ *Increase the capacity of the system (adding capacity at existing prisons, new construction, and leasing).*
- ❖ *Reduce the inmate population growth rate (require certain nonviolent offenders to be punished at the local level, expand certain programs aimed at reducing recidivism, and change the time certain prisoners spend in prison).*

A Proposal

We offer a plan to address this housing gap that is weighted almost evenly between adding new prison capacity and enacting policy changes that would reduce the expected inmate population growth. We have chosen policy options that we believe are both cost-effective and minimize the risks to public safety.

We recommend that the Legislature authorize additional prison capacity in stages, beginning this year and continuing over the next four to five years. With regard to 1997-98, we recommend that the Legislature authorize two medium/maximum level prisons this year and appropriate funds needed to design these institutions. (Construction funds will not be needed until 1998-99.)

“ . . . [the] latest estimates . . . represent an increase of 92,000 inmates (or about 60 percent) by mid-2006. ”

INTRODUCTION

In this analysis, we (1) review the most current inmate population estimates from the California Department of Corrections (CDC), (2) describe how inmates are currently housed in the state prison system, (3) review the Governor’s proposal for expanding the prison system, and (4) describe options for addressing the pending inmate housing gap. We also present a plan to close the housing gap that combines several of the identified options.

CURRENT INMATE POPULATION ESTIMATES

The CDC recently released its biannual spring 1997 population projections, which estimate that the state’s prison inmate population will grow from its current level of almost 150,000 to 242,000 by June 2006. This is another downward revision in CDC’s projected growth rates. Figure 1 compares CDC’s projections of inmate population as shown in the department’s three most recent projections.

In our *Analysis of the 1997-98 Budget Bill* (page D-65), we discussed the reasons for the difference between the CDC’s spring 1996 projections and the much lower fall

1996 projections. (As shown in the figure, the fall 1996 estimate for mid-2005 is almost 50,000 less than the prior estimate for that date.) We indicated that there were two main reasons for the reduced estimate: (1) a reduction, based on actual data, in the assumed average length of prison terms received by “second strikers” (convicted under the “Three Strikes and You’re Out” law) and (2) a slower rate of growth in new admissions from court.

There is less change between the department’s fall 1996 and spring 1997 forecasts. The latest projection of inmate population for mid-2006 (the ending date of the last two projections) is about 8,000 less than the prior projection for that date. The CDC indicates that the primary reasons for this difference are reductions in their assumptions regarding the (1) rate of new admissions from court and (2) rate at which parole violators are returned to prison with a new term imposed by the courts.

Figure 1

Total Inmate Population Comparison of Recent CDC Projections

Selected Years ^a	Date of CDC Projections		
	Spring 1996	Fall 1996	Spring 1997
1997	158,684	150,970	150,197
2005	286,799	238,330	231,479
2006	— ^b	250,270	242,265

^a Population as of June 30 of each year shown.
^b Not estimated.

Even given the slower projected growth rates, these latest estimates still represent an increase of 92,000 inmates (or about 60 percent) by mid-2006—an average growth of about 10,000 inmates per year. As shown in Figure 2, the projections follow a growth trend that has

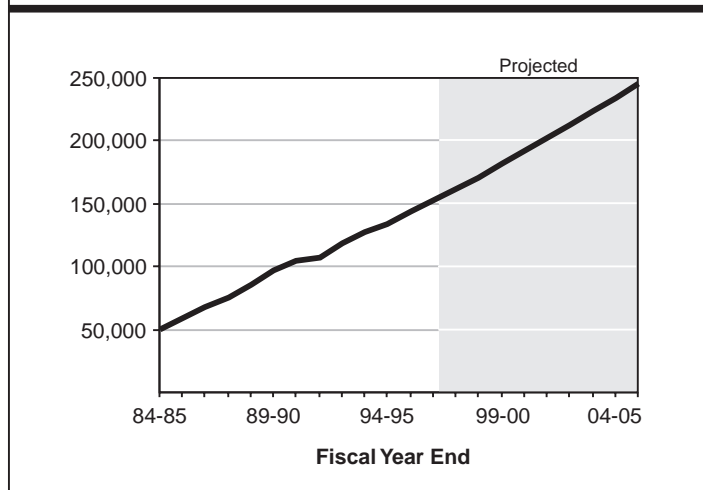
continued since the mid-1980s with little interruption. Of course, projections that extend out nine years are subject to considerable uncertainty. Thus, the actual 2006 population could be considerably higher or lower than the forecast. The CDC staff involved with the forecasts believe, however, that *given existing law and practices within the criminal justice system*, the inmate population will continue to grow at a steady, rapid rate.

CAPACITY OF THE PRISON SYSTEM

The vast majority of CDC's current inmate population—143,300 of the 150,000—is housed in the state's 32 prisons and 38 conservation camps. The remaining 6,700 inmates are housed as follows: (1) 5,600 inmates

Figure 2

Inmate Population to Continue Steady Growth



are in community correctional facilities operated by private firms, cities, or counties under contract with CDC; (2) 300 inmates are in state mental hospitals; and (3) 800 inmates are in a county jail currently leased and operated by the CDC.

Within the state prisons, most inmates are housed in cells and dormitories. Most of the general inmate population is housed two per cell and with double-bunking in dormitories. Housing is less crowded in certain specialized areas, such as administrative segregation, security housing, and psychiatric treatment. In addition to the cells and dorms, the CDC has placed inmates in bunk beds in most prison gymnasiums and in many housing unit dayrooms.

In the fall 1997, construction will be completed on the last prison authorized by the Legislature—the

“By mid-2006, the inmate population would exceed the prison system capacity by about 70,000 inmates.”

California State Prison at Corcoran II, which includes a substance abuse treatment facility for 1,500 inmates. In addition, community correctional facilities to house 2,000 inmates will be completed by spring 1998. Figure 3 summarizes the capacity of the system according to the housing arrangements described above after all funded housing is completed. The figure shows that the total capacity of the system is about 171,000.

In addition to this long-term capacity, the CDC will have additional space for about 7,200 inmates—mainly by adding third bunk beds in gymnasiums and dormitories and placing bunk beds on dayroom floors in celled housing units. The department believes, however, that these beds create a setting of undue risk of violence against staff and inmates, and thus they plan to use these beds only when necessary pending the availability of permanent housing.

Even without the “high risk” beds, the department will be operating a prison system with about 13,000 inmates in gymnasiums (10,500) and dayrooms (2,500). For many years the department has used gymnasiums to house inmates. In most prisons constructed since the early 1980s, restroom and shower facilities have been installed in the gymnasiums—in essence converting them to large dormitories. While it would be desirable to eventually replace these arrangements with permanent housing units, the state is facing signifi-

Figure 3

Prison System Capacity^a

State institutions	
Housing units (cells and dorms)	147,915
Gymnasiums	10,473
Dayrooms	2,507
Subtotal for institutions	(160,820)
Other facilities	
Community correctional facilities	8,186
Leased jails	1,650
Total capacity	170,731

^a When all currently authorized beds are completed (spring 1998).

cant inmate population growth. This means the existing prison system has to be used to the fullest extent possible, while still maintaining a safe environment for inmates and staff. Given this situation, we have included these housing arrangements in the estimated capacity of 171,000 for the funded prison system.

PRISON CAPACITY VERSUS POPULATION

Based on the projections shown in Figure 2, prison facilities will reach capacity by the end of 1999. After that time, CDC will have to house inmates in triple-bunk beds and take other short-term housing measures. By mid-2006, the inmate population would exceed the prison system capacity by about 70,000 inmates.

Accommodating the expected growth solely through building new state prisons would cost about \$3.5 billion in one-time capital outlay expenditures to construct 14 new prisons, and would increase the CDC's annual operating budget by about \$3.1 billion by 2005-06, or roughly double the present annual funding level. This translates into an average annual growth rate of about 7.4 percent in the operating budget, compared with an annual 5 percent to 5.5 percent growth in General Fund revenues that would occur under sustained moderate economic growth over the same time period. (This does not account for annual General Fund debt service if bonds are used for capital outlay.)

Housing Gap by Security Level

The CDC uses a formal evaluation procedure to classify inmates based on the inmate's potential risk to

escape prison or to act aggressively against other inmates or staff. Factors used to determine an inmate's classification are length of prison sentence, age, marital status, education, military history, behavior during current and prior incarcerations, and a variety of other factors (such as enemies within the prison, need for a work crew, etc.). Through this classification process, the CDC determines in which of four security levels—Level I (minimum) through Level IV (maximum)—a male inmate should be housed within the prison system. (Women inmates are also classified, but because there are far fewer women's institutions, those with different classifications are often placed within the same housing units.)

Figure 4 compares the prison system capacity with the estimated inmate population in mid-2006 for each security level. The figure shows

Figure 4

**California Department of Corrections
Prison Housing Gap by Security Level**

	Capacity of Funded Prisons	June 2006 Inmate Population	Projected Housing Gap in 2006
Women	13,203	17,560	-4,357
Men			
Reception	20,526	28,298	-7,772
I	26,890	50,643	-23,753
II	40,929	46,907	-5,978
III	39,928	59,777	-19,849
IV	26,225	36,035	-9,810
Special Housing	3,030	3,045	-15
Totals	170,731	242,265	-71,534

that the largest housing needs will be in Levels I and III. We note that the capacities shown in Figure 4 include CDC's plan to convert about 8,500 cells for Level III inmates to instead house Level IV inmates. We assume that these conversions will remain in effect at least through 2006.

GOVERNOR'S PRISON PROPOSAL

The Governor proposes the construction of six new state prisons for about 30,000 male inmates at a cost of about \$1.6 billion. (About \$265 million of this cost is proposed to be offset by anticipated federal grants for prison construction.) Four of the six prisons would be for Level III and IV inmates and the other two prisons would include reception centers and Level III housing. (All six prisons also include housing for minimum security Level I inmates

that help support prison operations, including working outside the secure perimeter of the institution.) The Governor's proposal includes authorization for three prisons each in 1997-98 and 1998-99. Given the time necessary to design and construct a new prison, all six projects would be completed by mid-2001.

As noted above, the six prisons would accommodate about 30,000 inmates, assuming that inmates would be housed in the new prison gymnasiums. Figure 5 shows the impact of these new prisons on the 70,000 inmate housing gap by security level.

As shown in Figure 5, when compared to the expected population, the Governor's proposal would leave varying degrees of housing shortage in each housing level. The new prisons would increase the total capacity to about 200,000. This would accommodate the projected inmate

Figure 5

Impact of Governor's Prison Proposal on Housing Gap

	Projected Housing Gap in 2006	Capacity of Six Proposed Prisons	Housing Gap With Six New Prisons
Women	4,357	0	4,357
Men			
Reception	7,772	-5,130	2,642
I	23,753	-2,440	21,313
II	5,978	-0	5,978
III	19,849	-14,840	5,009
IV	9,810	-7,784	2,026
Special Housing	15	-0	15
Totals	71,534	-30,194	41,340

population until about September 2002, or about one year after completion of all six prisons. We estimate that adding additional capacity to meet the housing needs for the projected inmate population in mid-2006 would require eight more prisons costing about \$1.9 billion. Figure 6

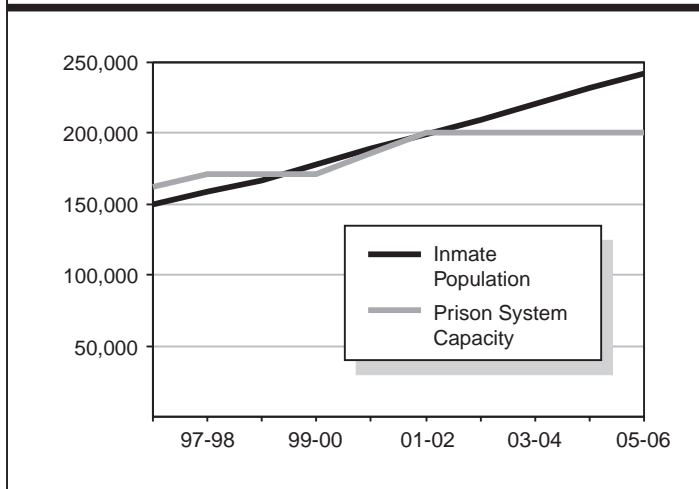
depicts how the six proposed prisons would address the projected inmate population growth and the future housing gap that would remain to be addressed.

FILLING THE HOUSING GAP

The Legislature can address the projected inmate housing gap by increasing the capacity of the system and/or by enacting policies that will reduce the population growth rate, thereby requiring less expansion of the system. The first approach could include expansion of the state-owned prison system and/or leasing additional prison space from the public or private sector. The second approach includes a wide variety of policy changes affecting who is sent to state prison, how long they serve, and/or what they do while in prison.

Figure 6

Impact of Governor's Proposed Six New Prisons



Below, we discuss the various policy alternatives in more detail.

Increase Prison System Capacity

Add Capacity at Existing Institutions. The department indicates that its ability to further expand existing prisons is generally limited by the capacity of existing infrastructure systems that service the prisons—in particular wastewater treatment capacity. Given that the cost of new prisons average around \$50,000 per bed, it still may be cost-beneficial to modify existing infrastructure in order to increase housing capacity at certain institutions.

Two prior-year proposals by CDC to expand existing prisons that were not approved by the Legislature may merit reconsideration. One added

four dormitories (800 beds) at San Quentin for an estimated cost of about \$21,000 per bed (as compared to about \$44,000 per bed for a new Level II institution). The other project modified the Northern California Women's Facility to (1) add two dormitories and (2) convert the facility to a men's institution for an estimated \$8 million. This expansion and conversion would accommodate about 1,200 male inmates at a construction cost of about \$7,000 per bed. Of course, this proposal should only be adopted if alternative approaches are implemented that would alleviate the need to house the 760 female inmates that occupy this institution.

Construct New State Prisons. Since 1982, the Legislature has authorized 21 new prisons at a cost of more than \$4 billion. As discussed earlier, meeting the 70,000-bed housing gap in 2006 would require the construction of 14 prisons (5,000 beds each) at a cost of about \$3.5 billion. From the time that funding is first authorized, it generally takes CDC at least three and one-half years to open a new prison. Thus, to complete all 14 prisons by June 2006, the Legislature would need to authorize a number of prisons annually from 1997-98 through 2002-03.

Leasing Prison Space. The state could address the inmate housing gap in part by leasing (1) existing excess prison or jail capacity of other jurisdictions or (2) additional prison space to be provided by the public or private sector.

◆ **Short-Term Leasing.** When compared to designing and building new state prisons, leases for existing jail or prison space can provide additional inmate housing in a relatively short time period. The state currently leases 750 beds at the Santa Rita jail in Alameda County. The CDC also recently entered into a ten-year lease agreement for an additional 900 beds at the Pitchess Detention Center in Los Angeles County. Leasing of jails, however, may often provide only a short-term solution. This is because some counties may not want to "tie-up" jail space that they might need to use in the future.

◆ **Long-Term Leasing (Private Prisons).** In recent years, many states have contracted with the private sector to build and operate prisons to house their inmates. There are currently 104 private facilities either in operation or under construction in the United States with a total capacity of 77,000 inmates—of which 32,000 are housed in medium-security institutions. California, with the 12 community correctional facilities operated under contracts with either private companies or local governments, has used private prisons on a somewhat limited scale. These facilities house about 4,000, mostly minimum-security, inmates.

If used for the development of large prisons, these contracting arrangements could be advantageous for California. The privately built prisons can probably be constructed in somewhat less time than a state prison due to the state's legal processes for awarding design and construction contracts. In addition, because the private firms would bid on a competitive basis, the operating costs of the prisons should be less than the costs for a state-owned institution. We do not imply that contracting with private prison operators should be the *only* solution to addressing the inmate housing gap, but it could be one cost-saving component of the Legislature's overall strategy.

Overcrowd Community Correctional Facilities. The state potentially could increase its systemwide capacity by placing additional inmates in existing community correctional facilities. (This could be done by using bunk beds instead of single beds.) This arrangement would, of course, be subject to reaching agreements with the respective contracting entities, and in the case of some publicly operated community correctional facilities, resolving ongoing legal disputes over their compensation by the state. We estimate that if bunk beds were added or other steps taken to create space, at least 2,000 additional minimum-security inmates could be accommodated.

Modify Classification System. There may be changes to the state's

inmate classification system that could be made (see accompanying box on page 10). While such changes would not increase capacity of the system, it could significantly reduce the costs involved.

Reducing Inmate Population Growth

The previous section provides several options to expand the prison system capacity. Below, we discuss ways to reduce the growth in the prison inmate population. A variety of such options are summarized in Figure 7 (see page 11). Many of these options have been previously suggested by our office and/or have been included in several recent legislative proposals. The figure shows the impact of these options on the estimated inmate population for June 2006 and the associated state savings. The fiscal impact on local government is discussed later in this brief. The options in Figure 7 generally involve the following three types of policy or programmatic changes:

- ◆ ***Require Offenders Currently Sent to State Prison (and Then Kept Under State Parole Supervision) to Instead Be Punished at the Local Level.*** Examples include (1) shifting from state to local government the punishment for specified offenses, such as petty theft with a prior; (2) keeping in county custody those inmates with less than a specified time to serve, instead of sending them to state prison;

Can the Costs of New State Prisons Be Reduced By Changing Classification Outcomes?

Prison construction costs vary considerably by the type of housing and associated security arrangements. For example, the combination Level III/IV prisons that the California Department of Corrections (CDC) is proposing to build are estimated to cost almost \$40 million more than a comparably sized Level II prison. The need for the more expensive, higher security prisons is based on existing capacity and the CDC's projected number of Level III and IV inmates as determined by the department's inmate classification system. Classification of inmates into the various security levels is based on a scoring system that takes several factors into account.

The current classification system was developed in the mid-1980s. The department hired a consultant to assess whether this scoring system places inmates in the appropriate security level. The department's consultant recently concluded that, while the current system is basically sound, fine-tuning of the system is possible. The consultant identified the following factors as the best indicators of misbehavior in prison: age, term, commitment offense, prior criminal history, past behavior in prison, and other risk factors such as gang affiliation or psychiatric history. In addition, the consultant indicated that there is not enough history with the second- and third-striker population to determine how well they fit within the existing scoring system.

The CDC is reviewing the consultant's work to determine how and whether to proceed with any modifications to the existing system. Based solely on the above findings, we would not expect that any changes the department would implement would significantly alter inmate classification. Nevertheless, even a small reduction in classification outcomes could result in significant capital outlay and operational savings. The department should therefore begin evaluating the impact of changing its scoring system based on the main indicators identified by the consultant.

We believe that the department should also look at its classification system in terms of external security—involving protection of the general public from those incarcerated in a prison—and internal security—protection of staff and inmates from aggressive behavior on the part of other inmates. A highly secure perimeter, such as those provided at new CDC prisons, significantly reduces the potential for escape and protects the public regardless of whether inmates are housed in cells or dorms within the institution. The department should refine the classification system to maximize the number of inmates that can be housed in less costly dormitory settings while maintaining a safe environment.

Figure 7

Options for Reducing Inmate Population Growth

(Dollars in Millions)

	Population Reduction (for June 2006)	Annual Operations Savings	Capital Outlay Savings (One-Time)
Reject short-term commitments. Inmates with less than a specified term would remain in county custody or be released.			
◆ Six months or less to serve.	2,200	\$60	\$100
◆ Nine months or less to serve.	14,500	340	650
◆ One year or less to serve.	27,500	650	1,300
Send directly to state parole. Inmates with less than a specified term would begin immediate supervision in the community on parole.			
◆ Six months or less to serve.	2,200	\$50	\$100
◆ Nine months or less to serve.	14,500	320	650
◆ One year or less to serve.	27,500	610	1,300
Increase good time/work time credits.			
	4,800	\$100	\$220
◆ Two days credit for each day an inmate works in camp, and			
◆ One day off for each day eligible inmates in reception centers work in prison jobs, and			
◆ One day off for inmates who are involuntarily unassigned.			
Punish offenders at the local level instead of state prison for the following ten specified nonviolent and nonserious offenses:			
	(30,500)	(\$670)	(\$1,360)
◆ Petty theft with a prior.	3,000	70	140
◆ Driving under the influence.	2,400	60	100
◆ Perjury, bookmaking, bribery, other property crimes.	300	10	20
◆ Drug possession.	9,000	200	40
◆ Marijuana offenses.	1,200	30	50
◆ Receiving stolen property.	1,400	30	60
◆ Drug possession for sale.	9,000	200	400
◆ Vehicle theft.	2,500	60	110
◆ Grand theft.	1,000	20	50
◆ Forgery/fraud.	750	20	30
Upon release from prison, parole supervision would be provided only for felons convicted of:			
◆ Violent offenses.	16,300	\$490	\$730
◆ Violent or drug sale offenses, or prior violent or serious offenses.	9,400	270	420
◆ Violent or serious offenses, or prior violent or serious offenses but with county supervision.	7,800	130	350
Place inmates above age 60 in home or community facility detention.			
◆ All but violent and serious felons.	1,800	\$90	\$80
◆ All but registered sex offenders.	4,000	170	180
Increase substance abuse treatment services for felons within the prison system.			
◆ Serve an additional 5,000 inmates.	2,350	\$40	\$110
◆ Serve an additional 10,000 inmates.	4,700	80	210
Expand and enhance commitment of offenders to prison as civil addicts.			
◆ Add 3,000 beds over five years.	3,800	\$50	\$170
Improve inmate work and education programs.			
◆ LAO proposed PIA reform.	4,800	\$100	\$220
◆ Joint Venture program expansion.	1,200	30	50

“ . . . we offer a plan to address the 70,000-bed housing gap that is weighted almost evenly between adding new prison capacity and reducing the expected inmate population growth. ”

and (3) eliminating state parole supervision for nonviolent offenders, placing them instead under county parole.

- ◆ **Change the Amount of Time Certain Inmates Serve in Prison.** Examples include increasing good time/work credits so that inmates are released earlier and releasing certain inmates over age 60 to home or medical detention programs.
- ◆ **Offer More Programs and Services That Would Reduce the Recidivism of Inmates.** Examples include **offering proven drug treatment programs to more inmates** and improving inmate work and education programs, such as our 1996 proposal to reform the Prison Industry Authority.

As shown in Figure 7, the options would reduce the inmate population by varying amounts, thereby resulting in differing amounts of savings in prison construction and operations. It is also important to note that the estimated savings shown in Figure 7 are based on the impact of each individual option. As several options are combined, the *total impact* on population would be somewhat less because various options would affect some of the same inmates.

Some of the options, such as expansion of substance abuse treatment programs, are likely to enhance public safety by reducing criminal

recidivism. Other changes shown in Figure 7 are not without some risk to public safety. The Legislature and the Governor would want to weigh this risk in selecting options to reduce population growth.

AN LAO PROPOSAL TO ADDRESS THE HOUSING GAP

For the last three years, the Legislature and the administration have been unable to reach agreement on how to address the growing prison population. The state has been fortunate in that the slower growth in the CDC's population projections has postponed the date when the prison system will reach its capacity. This, however, has by no means eliminated a major challenge facing the state.

Given the impending housing shortage in the prison system and the time required to build new prisons, we believe that the Legislature and the Governor should take actions to address the long-term housing gap. There is no one clear-cut solution to the challenge of accommodating 70,000 additional inmates by mid-2006. In Figure 8, we offer a plan to address the 70,000-bed housing gap that is weighted almost evenly between adding new prison capacity and reducing the expected inmate population growth.

Reducing Inmate Population

As discussed earlier, there is a wide range of policy options from which

Figure 8

An LAO Plan for Addressing Inmate Housing Gap

	Reduction in Mid-2006 Population
Reduce population growth	
Prison Industry Authority reform (assume reduces recidivism by 20 percent).	4,800
Expand substance abuse treatment for 10,000 inmates (phase in over seven years).	4,700
Expand and enhance the civil addict program by adding 3,000 beds over five years.	3,800
Place inmates over age 60 to home or community facility detention except violent and serious felons.	1,300
Direct placement to parole for inmates with six months or less to serve.	2,200
County supervision rather than parole for inmates convicted of nonviolent or nonserious offenses with no prior violent or serious offenses.	7,800
Punish offenders at the local level instead of state prison for:	
◆ Petty theft with a prior	3,000
◆ Grand theft	1,000
◆ Marijuana offenses	1,200
◆ Drug possession	9,000
Subtotal	(38,800)
Reduce total impact by 10 percent for overlapping effect	-3,880
Total population reduction	(34,920)
Increase System Capacity	36,080
Total	71,000

the Legislature could choose in order to reduce the expected growth in the inmate population. We have attempted to choose those options that we believe are both cost-effective and minimize the risks to public safety. Our approach includes measures that

(1) are likely to decrease recidivism through enhancement of work programs and substance abuse treatment programs, (2) shift certain groups of offenders to incarceration or supervision in the community, and (3) change sentencing laws for certain nonviolent and nonserious offenses carrying relatively short terms so that these individuals are punished at the local level instead of being placed in state prison. None of the elements of our plan would involve amendment of the “Three Strikes” law enacted by the Legislature and the voters.

Plan Consistent With State Policy.

Our plan is consistent with state policy established by the Legislature and the Governor. For example, Chapter 41, Statutes of 1994, First Extraordinary Session (AB 99x, Rainey), provides a framework under which criminals convicted of relatively low-level offenses could be diverted from state prison to alternative punishment options within local communities. The AB 99x policy recognizes that it makes sense to prioritize expensive state prison space for the most serious offenders—generally those with long terms convicted of violent or serious crimes and career criminals.

Assistance to Counties Is Warranted. Some of our recommendations would result in additional direct costs to counties, which would assume responsibility for those offenders no longer under state jurisdiction. (Other recommendations would have indirect impacts on counties—both

“ . . . with our proposed policy changes, the state would still need to expand the system over the next nine years to house around 36,000 inmates.”

savings and costs.) Given these impacts, it is important to consider the current fiscal condition of counties and the challenges they would face in assuming these responsibilities. For instance, as we indicated in our *Analysis of the 1997-98 Budget Bill*, almost all county jails are currently overcrowded. In 23 counties (representing over 70 percent of the state's total jail capacity), the federal courts have imposed limits on the number of people that can be held at any one time. These limits often require early release of inmates—an estimated 29,000 statewide each month.

Assuming adoption of our proposal, we believe that the state should provide funding to counties to address their additional criminal justice costs. There are a number of ways to accomplish this. Our proposal for replacing state parole supervision with county supervision of certain low-level offenders, for instance, assumes the state would provide a subsidy to county governments to help defray supervision costs. The state also could provide funding for additional jail construction and for alternative punishment programs—such as mandatory substance abuse treatment, day reporting centers, and electronic monitoring—as contemplated in AB 99x.

The Legislature should also consider increasing support for local efforts to reduce incidents of crime—particularly efforts that focus on juveniles. This is especially true at this time, given the coming surge

in the state's juvenile population. Over the long run, effective programs to reduce crime by juveniles, as well as adults, will provide savings for all elements of the criminal justice system and will improve public safety for society in general. From a state fiscal perspective, such efforts could directly impact the pressure to expand the prison system.

State Savings With Plan. We estimate that adopting our plan would save the state about \$1.6 billion in one-time capital outlay costs for new prisons and \$700 million in annual operating costs for the CDC by 2005-06. (This estimate assumes state financial assistance for county supervision of state parolees. Annual savings would be offset further to the extent the state provides additional funding for local entities.) Average annual growth in operating costs for the CDC would be reduced from 7.4 percent (assuming no policy changes) to 6.1 percent—an amount that would still exceed overall General Fund revenue growth (assuming moderate economic growth in California over this time period).

One major benefit at the state level from implementing our plan would be to reduce the considerable impacts on the CDC's operations resulting from large inflows and outflows of inmates. In 1995-96, the total inmate population grew by about 10,000. Over the entire year, however, CDC took in almost 127,000 inmates and released 117,000 inmates. These huge

“... we recommend that the Legislature authorize two new Level III/Level IV prisons this year (accommodating about 10,000 inmates).”

flows through the system create a significant challenge for the department in performing such functions as classification, placement, transportation, and employment of inmates. To the extent that our recommendations reduce the number of offenders who are sent to prison for very short time periods, this strain on the department's operations would be less.

Impact on the Housing Gap by Security Level. Figure 9 shows the estimated impact on the projected housing gap for each security level if our proposals to reduce inmate population were adopted. It indicates that the proposals would have the most impact on lower-security male inmates and women, with little impact on higher-security inmates. In addition, the reduction in the numbers of what are currently short-term offenders going to state prison should reduce admissions and hence the need for reception center housing. Policy changes would more than

address the housing gap for Level II inmates. This space could then be used to address a portion of the gap for Level I inmates.

Increasing Prison System Capacity

Even with our proposed policy changes, the state would still need to expand the system over the next nine years to house around 36,000 inmates. If the system were to be expanded solely by building *new* state prisons, the state would have to construct at least seven prisons (to house the 36,000 inmates) over the next nine years at a cost of about \$1.9 billion. In order to be completed by mid-2006, all prisons would have to be authorized and begin development by early 2003. Recognizing this timing factor, the Legislature should authorize additional prison capacity in stages beginning this year and continuing over the next four to five years. This would give the Legislature an opportunity to periodically reassess systemwide expansion needs based on (1) the *actual* impacts of any adopted policy changes on inmate population growth, (2) what effect any changes in CDC's classification system would have on the types of housing to be built, and (3) the CDC's semiannual projections of inmate population.

Therefore, coupled with our recommended policy changes to reduce inmate population, we recommend that the Legislature authorize two new Level III/Level IV prisons this

Figure 9

Impact of Proposed Policy Changes On Housing Gap

	Projected Housing Gap in 2006	Impact of Policy Changes	Prison System Expansion Needs
Women	4,357	-3,870	487
Men			
Reception	7,772	-6,570	1,202
I	23,753	-11,385	12,368
II	5,978	-10,035	-4,057
III	19,849	-2,070	17,779
IV	9,810	-990	8,820
Special Housing	15	-0	15
Totals	71,534	-34,920	36,164

year (accommodating about 10,000 inmates). The Legislature needs to develop a financing plan for these prisons. Financing options include the General Fund, general obligation bonds, lease-payment bonds, and federal crime bill grants. However, based on the time that will be required to design the prisons, the Legislature would only need to fund the design costs (approximately \$20 million) at this time. Federal funds are available for this purpose. Funding for construction would not be needed until fiscal year 1998-99.

For expansion beyond the two prisons, we believe that a portion of the housing capacity needs could be met by means other than new state institutions. We therefore recommend that the Legislature direct the department to develop the following for legislative review for the 1998-99 budget.

- ◆ Provide a report by December 1, 1997 on the potential for expanding *existing* institutions. The report should discuss any limitations to such expansion, such as infrastructure capacity, and provide an assessment as to the cost-effectiveness of expansion.
- ◆ Provide information describing how the CDC would propose to contract with the private sector to build and operate institutions of the type that would meet the state's inmate

housing needs. This information should delineate the CDC's and the private sector's oversight and management responsibilities under such contracts.

- ◆ Report on how changes to its inmate classification system, including external versus internal security differences, would alter the mix of additional housing that would be needed for the various security levels.

The Legislature can then review this information next year and determine how to authorize and finance additional capacity.

CONCLUSION

The Legislature faces a daunting challenge of accommodating the continued growth of the state prison population. We have presented a plan that addresses the projected inmate housing gap by balancing the provision of additional prison capacity with actions that would reduce inmate population growth. This plan offers considerable savings both in one-time capital outlay costs and in ongoing operations costs associated with expanding the state prison system. Even if our plan were implemented, however, the state still would have to continue expanding the prison system each year for at least the next decade to accommodate about 5,000 additional inmates annually.

This report was prepared by Chuck Nicol, with the assistance of Daniel Carson, under the supervision of Gerald Beavers and Craig Cornett.

Publications:
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