

May 19, 2025

Honorable Scott D. Wiener, Chair Joint Legislative Budget Committee Senate Budget and Fiscal Review Committee

Honorable Anna M. Caballero, Chair Senate Appropriations Committee Honorable Jesse Gabriel, Chair Assembly Budget Committee

Honorable Buffy Wicks, Chair Assembly Appropriations Committee

Notification of Current Year Deficiency and Section 26.00 Request—California Department of Corrections and Rehabilitation Intra-schedule Transfers

This letter is to provide notification of a deficiency funding request from the California Department of Corrections and Rehabilitation (CDCR) and California Correctional Health Care Services (CCHCS). The department has overspent various appropriations as a result of structural and operational shortfalls and is requesting to remedy the deficiency by accessing unspent funds from prior years. Specifically, the Department requests a one-time reappropriation of \$357.8 million in 2024-25, including \$318.6 million in savings from the 2022 Budget Act and \$39.3 million from the 2023 Budget Act.

The proposed Governor's Budget addressed some of the structural shortfalls contributing to the current year deficiency, such as ongoing funding for workers' compensation, food for the incarcerated population, and overtime costs. These augmentations, coupled with other operational improvements identified in the May Revision, are expected to address these costs prospectively.

In addition, to align costs with actual spending by program, and pursuant to the provisions of Section 26.00, Budget Act of 2024, the Department requests a net-zero transfer of \$61.2 million between programs as described below. Pursuant to the provisions of Section 26.00:

Item 5225-001-0001

CDCR requests to transfer the following amounts totaling \$31,250,000 from the schedules specified below to Schedule (4) 4530-Adult Corrections and Rehabilitation Operations-General Security:

- \$7,000,000 from Schedule (2) 4505-Peace Officer Selection and Employee Development
- \$250,000 from Schedule (5) 4540-Adult Corrections and Rehabilitation Operations-Inmate Support

- \$20,000,000 from Schedule (7) 4555-Parole Operations-Adult Supervision
- \$4,000,000 from Schedule (9) 4565-Parole Operations-Adult Administration

The projected shortfall in Program 4530-General Security is primarily driven by lump sum retirement payouts, workers' compensation, and overtime.

Item 5225-002-0001

CCHCS requests to transfer the following amounts totaling \$30,000,000 from the schedules specified below to Schedule (1) 4650-Medical Services-Adult:

- \$2,000,000 from Schedule (2) 4655-Dental Services-Adult
- \$25,000,000 from Schedule (3) 4660-Mental Health Services-Adult
- \$3,000,000 from Schedule (5) 4670-Dental and Mental Health Services Administration-Adult

The projected shortfall in Program 4650-Medical Services-Adult is driven by increases in the per capita cost of contract medical.

The requested transfers exceed the limits of Section 26.00 subdivision (c) and are necessary to fund increased costs incurred within the General Security and Adult Medical Services programs.

Finance concurs with the necessity of this change to the approved budget and will be approving the Section 26.00 request not sooner than 30 days from the above date.

Attached you will find the requests submitted by CDCR and CCHCS, along with suggested provisional language to effectuate the requested reappropriations.

If you have any questions or need additional information regarding this matter, please call Lynne Ishimoto, Anthony Franzoia, or Ryan Weinberg, Principal Program Budget Analysts, at (916) 445-8913.

JOE STEPHENSHAW Director By:

Erika L.

ERIKA LI Chief Deputy Director

Attachment

cc: On following page

- cc: Honorable James Ramos, Chair, Assembly Budget Subcommittee No. 6 Honorable Laura Richardson, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
 - Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee

Honorable Heath Flora, Vice Chair, Assembly Budget Committee Gabriel Petek, Legislative Analyst

Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee Kirk Feely, Fiscal Director, Senate Republican Fiscal Office

Chrisopher W. Woods, Senate President pro Tempore's Office

Christian Griffith, Chief Consultant, Assembly Budget Committee

Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy and Budget

Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office Katja Townsend, Capitol Director, Assembly Republican Leader's Office Jason Sisney, Assembly Speaker's Office

Mark McKenzie, Staff Director, Senate Appropriations Committee Jay Dickenson, Chief Consultant, Assembly Appropriations Committee

Jeffery Macomber, Secretary, California Department of Corrections and Rehabilitation

Tammy Foss, Undersecretary, Operations, California Department of Corrections and Rehabilitation

Jennifer Barretto, Undersecretary, Administration, California Department of Corrections and Rehabilitation

Diana Toche, Undersecretary, Health Care Services, California Department of Corrections and Rehabilitation

Stacy Lopez, Director, Division of Administrative Services, California Department of Corrections and Rehabilitation

Cynthia Mendonza, Deputy Director, Budget Management Branch, California Department of Corrections and Rehabilitation

Chelsea Standish, Associate Director, Budget Management Branch, California Department of Corrections and Rehabilitation

J. Clark Kelso, Receiver, California Correctional Health Care Services

Lara Saich, Director, Health Care Policy and Administration, California Correctional Health Care Services

Duane Reeder, Deputy Director, Fiscal Management Section, California Correctional Health Care Services

James Cavasos, Assistant Deputy Director, Fiscal Management Section, California Correctional Health Care Services STATE OF CALIFORNIA - DEPARTMENT OF CORRECTIONS AND REHABILITATION

OFFICE OF FISCAL SERVICES

1515 S Street, Room 510-S Sacramento, CA 95811-7243



May 15, 2025

Ms. Amy Jarvis Program Budget Manager Corrections and General Government Unit Department of Finance 915 L Street, 8th Floor Sacramento, CA 95814

Section 26.00 – Fiscal Year 2024-25 Budget Revision, Program Realignment for Budget Item 5225-001-0001 and 5225-002-0001.

Pursuant to the provisions of Section 26.00, 2024 Budget Act, the California Department of Corrections and Rehabilitation (CDCR) and the California Correctional Health Care Services (CCHCS) respectfully submits a budget revision to realign funds between programs. This Budget Revision is necessary to align program funding with anticipated expenditures.

Item 5225-001-0001

The Department requests a transfer of \$7.0 million from Program 4505, \$250,000 from Program 4540, \$20.0 million from Program 4555 and \$4.0 million from Program 4565 to Program 4530 for a total of \$31.3 million. This revision would offset the projected shortfall in Program 4530 for the Adult Corrections and Rehabilitation Operations - General Security. The projected shortfall in Program 4530 – General Security is driven by lump sum retirement payouts, underfunded Other Post Employment Benefits (OPEB), Workers' Compensation, and Overtime. The projected surpluses in Programs 4505, 4540, 4555 and 4565 are driven primarily by salary savings.

| Program | Funding Movement |
|---|------------------|
| Peace Officer Selection and Employee Development (4505) | (\$7,000,000) |
| Adult Corrections and Rehabilitation Operations - General Security (4530) | \$31,250,000 |
| Adult Corrections and Rehabilitation Operations - Inmate Support (4540) | (\$250,000) |
| Parole Operations - Adult Supervision (4555) | (\$20,000,000) |
| Parole Operations - Adult Administration (4565) | (\$4,000,000) |

Item 5225-002-0001

The California Correctional Health Care Services requests a transfer of \$2.0 million from Program 4655, \$25.0 million from Program 4660 and \$3.0 million from Program 4670 to Program 4650 for a total of \$30.0 million. This revision would offset a portion of the projected shortfall in Program 4650 for the Medical Services – Adult. The projected shortfall in Program 4650 – Medical Services – Adult is driven by an increase in the per capita cost of contract medical. The projected surpluses in Program 4660 and 4670 are driven primarily by salary saving, while the projected surplus in Program 4655 is primarily driven by the delayed purchasing of equipment.

Section 26.00 – Fiscal Year 2024-25 Budget Revision Ms. Amy Jarvis Page 2

| Program | Funding Movement |
|--|------------------|
| Medical Services – Adult (4650) | \$ 30,000,000 |
| Dental Services – Adult (4655) | (\$ 2,000,000) |
| Mental Health (MH) Services – Adult (4660) | (\$ 25,000,000) |
| Dental & MH Services Admin – Adult (4670) | (\$ 3,000,000) |

If you have any questions for CDCR, please contact John Wesseling, Staff Services Manager III at (916) 790-7193.

If you have any questions for CCHCS, please contact Duane Reeder, Deputy Director, Fiscal Management Section, at (916) 691-6584.

Sincerely,

Signed by: Diana Toche

Diana L. Toche, D.D.S. Undersecretary Health Care Services

Stacy L. Lopez Director, Division of Administrative Services

cc: Jeff Macomber, Secretary, California Department of Corrections and Rehabilitation J. Clark Kelso, Receiver California Correctional Health Care Services Jennifer Barretto, Undersecretary, Administration Lara Saich, Director, Health Care Policy and Administration Cynthia Mendonza, Deputy Director, Office of Fiscal and Business Services Chelsea Standish, Associate Director, Budget Management Branch Duane Reeder, Deputy Director, Fiscal Management Section James Cavasos, Assistant Deputy Director, Fiscal Management Section John Wesseling, Staff Services Manager III, Budget Management Branch Jeffrey Elam, Staff Services Manager III, Budget Management Branch Kristin Drummond, Staff Services Manager III, Budget Management Branch Kimberly Harbison, Assistant Program Budget Manager, Department of Finance Lynne Ishimoto, Principal Program Budget Analyst, Department of Finance Ryan Weinberg, Principal Program Budget Analyst, Department of Finance Anthony Franzoia, Principal Program Budget Analyst, Department of Finance

| EPARTMENT NAME 225 CORRECTIONS AND REHABILITATI | DN | GENERAL FUND 5225-001-0001 | | | | | DOCUMENT NUMBER BR-09 FISCAL YEAR 2024-25 |
|---|--|---|--------------------|---------------|--------------------|--|--|
| SOURCE OF FUNE | | | | AMOUNTS | 1 | NCREASE (+) OR D | ECREASE (-) |
| SOURCE OF FUNL | 2 | | | AVAILABLE | REVISION REQUESTED | | REVISION APPROVED (Dept. of Finance USE ONLY) |
| PPROPRIATIONS (List Adjustment in detail): | | | | | | | (bope of mande obe one r) |
| Item 5225-001-0001, Budget Act of 2024 | (Ch. 35, Stats. of 2024) | | \$ | 8,396,668,000 | | | |
| | | | | | | | |
| PPROPRIATIONS TOTAL below) | TOTAL (Must equal APPROPRIATIONS T | | \$ | 8,396,668,000 | \$ | - | |
| ST OF PROGRAMS, CATEGORIES OR PROJECTS ISCHEDULED APPROPRIATION: (1) 4500-Corrections and Rehabilitatic (2) 4505-Peace Officer Selection and (3) 4510-Department of Justice Legal (7) 4530-Adult Corrections and Rehat (9) 4550-Adult Corrections and Rehat (10) 4555-Parole Operations - Adult Su (11) 4560-Parole Operations - Adult Su (12) 4565-Parole Operations - Adult Ad (13) 4570-Sex Offender Management E (17) Reimbursements to 4500-Correctiv (18) Reimbursements to 4500-Correctiv (18) Reimbursements to 4500-Adult Cc (20) Reimbursements to 4550-Adult Cc (21) Reimbursements to 4550-Adult Cc (22) Reimbursements to 4550-Adult Cc (23) Reimbursements to 4550-Parole C (24) Reimbursements to 4550-Parole C (25) Reimbursements to 4560-Parole C (26) Reimbursements to 4565-Parole C (27) Reimbursements to 4565-Parole C (28) Reimbursements to 4560-Parole C (29) Reimbursements to 4565-Parole C | Employee Development Services litation Operations - Ge litation Operations - Inn litation Operations - Inn nitistration Deard and SARATSO Re ns and Rehabilitation A ficer Selection and Emp rections and Rehabilita rections and Rehabilita rections and Rehabilita rections and Rehabilita rections - Adult Super perations - Adult Comm | ate Support itution Administration s view Committee dministration Joycee Development tion Operations - General Security tion Operations - Inmate Support tion Operations - Institution Administration rision unity Based Programs | ****************** | | \$ \$ \$ \$ \$ | (7,000,000) - 31,250,000 (250,000) - (20,000,000) - (4,000,000) - - - - - - - - - - - - - - - - - - | |
| | | NET APPROPRIATION TOTAL | \$ | 8,396,668,000 | \$ | | |

PURPOSE OF REVISION (List in detail, including workload, fiscal history of capitol outlay, and cross-reference supporting and related documents.)

In accordance with Section 26.00 of the Budget Act of 2024, Chapter 35, Statutes of 2024 (SB 108), the California Department of Corrections and Rehabilitation is requesting realignment of budget authority between programs to cover remaining expenditures for fiscal year 2024-25.

| REQUESTED BY | | RECOMMENDED BY (Department) | APPROVED BY (Dept.of Finance) | | | |
|--------------------------|------------------|-----------------------------|-------------------------------|----------------------------------|-----------|--|
| NAME | - Devulgand by: | NAME | | NAME | | |
| Daniel Cruz-Roveda | David (ny-kou da | Kim Ly | | Kimberly Harbison | | |
| TITLE | DATE | TITLE | DATE | | DATE | |
| Information Supervisor I | 5/15/2025 | Staff Services Manager II | 5/15/2025 | Assistant Program Budget Manager | 5/15/2025 | |

Docusign Envelope ID: D90335A4-FFD5-408B-B35D-F91406F2A257 STATE OF CALIFORNIA - DEPARTMENT OF FINANCE

| DEPARTMENT NAME | FUND | | | OCUMENT NUMBER | | | | |
|---|------------------|---------------------|-------------------|--|--|--|--|--|
| 5225 CORRECTIONS AND REHABILITATION | | RAL FUND 02-0001 | | BR-10 FISCAL YEAR | | | | |
| | 5225-0 | 02-0001 | | 024-25 | | | | |
| | | AMOUNTS | INCREASE | (+) OR DECREASE (-) | | | | |
| SOURCE OF FUNDS | | AVAILABLE | REVISION REQUESTE | D REVISION APPROVED (DEPT. OF FINANCE USE ONLY) | | | | |
| APPROPRIATION (List adjustments in detail): | | | | | | | | |
| Item 5225-002-0001, Budget Act of 2024 (Ch. 35, Stats. of | 4,018,290,000.00 | | | | | | | |
| | | | | | | | | |
| TOTAL (Must equa APPROPRIATION | | 4,018,290,000.00 | 0.00 | 0.00 | | | | |
| UNSCHEDULED APPROPRIATIONS: | | | | | | | | |
| LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION: | | | | | | | | |
| (1) 4650-Medical Services-Adult | | 2,715,693,000.00 | 30,000,000.00 |) | | | | |
| (2) 4655-Dental Services-Adult | | 179,154,000.00 | -2,000,000.00 |) | | | | |
| (3) 4660-Mental Health Services-Adult | | 696,366,000.00 | -25,000,000.00 | 0 | | | | |
| (4) 4665-Ancillary Health Care Services-Adult | | 415,386,000.00 | | | | | | |
| 5) 4670- Dental and Mental Health Services Administration | n-Adult | 72,797,000.00 | -3,000,000.00 |) | | | | |
| (6) Reimbursements to 4650-Medical Services-Adult | | -60,906,000.00 | | | | | | |
| (7) Reimbursements to 4665-Ancillary Health Care Service | s-Adult | -200,000.00 | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

PURPOSE OF REVISION (List in detail, including workload, fiscal history on capital outlay, and cross-reference supporting and related documents.)

In accordance with Section 26.00 of the Budget Act of 2024, Chapter 35, Statutes of 2024 (SB 108), the California Correctional Health Care Services is requesting a realignment of funds to provide funding for the Medical Services Program expenditure shortfall.

| | (for additional space, see reverse) | | | | | | | | | | |
|--------------------------|--|------------------|--------------------------------------|--|---|-------------------|--|--|--|--|--|
| R | EQUESTED BY | 1 | RECOMMENDED BY (Depa | Department) APPROVED BY (Dept. of Finance) | | | | | | | |
| NAME Duane Reeder | Ducasigned by: Ducase Redes Becomessare way Becomessare way | | | NAME Kimberly Harbison | | | | | | | |
| TITLE Deputy Director | | DATE 05/15/25 | TITLE Undersecretary, HC Services | DATE 05/15/25 | TITLE Assistant Program Budget Manager | DATE 5/15/2025 | | | | | |

| | 2024-25 Ref 001 - General | | | | | | | | | | | | | | | |
|---------|--|------------------------|---------------|------------------------|--------------|----|---------------------|---------------|---|---|---|---|----|------------|--|----------------------------------|
| Program | Description | Authority ¹ | | Authority ¹ | | | 24-25 ıs/Deficit | Fron | Reappropriation n 2022-23 001-0001 2024-25 001-0001 | Reappropriation From 2022-23 008-0001 To 2024-25 001-0001 | Reappropriation From 2022-23 002-0001 To 2024-25 002-0001 | Reappropriation From 2023-24 008-0001 To 2024-25 001-0001 | | Section 26 | | 2024-25 Total Surplus/Deficit |
| 4500 | Administration | \$ | 667,743,000 | \$ | (6,489,000) | \$ | 5,000,000 | | | \$ | 5,000,000 | | \$ | 3,511,000 | | |
| 4505 | Peace Officer Selection and Employee Development | \$ | 121,609,000 | \$ | 7,404,000 | | | | | | | \$ (7,000,000) | \$ | 404,000 | | |
| 4510 | Dept of Justice - Legal Services | \$ | 73,024,000 | \$ | (829,000) | \$ | 829,000 | | | \$ | 250,000 | \$ - | \$ | 250,000 | | |
| 4530 | Adult Corrections & Rehab Ops - Gen Security | \$ | 4,687,404,000 | \$ (2 | 230,899,000) | \$ | 130,000,000 | \$ 50,000,000 | | \$ | 26,000,000 | \$ 31,250,000 | \$ | 6,351,000 | | |
| 4540 | Adult C&R Ops - Inmate Support | \$ | 1,286,122,000 | \$ | 343,000 | | | | | \$ | 5,000,000 | \$ (250,000) | \$ | 5,093,000 | | |
| 4550 | Adult C&R Ops - Inst Admin | \$ | 568,810,000 | \$ | (8,496,000) | | | \$ 8,000,000 | | \$ | 2,000,000 | | \$ | 1,504,000 | | |
| 4555 | Parole Ops - Supervision | \$ | 351,475,000 | \$ | 21,771,000 | | | | | | | \$ (20,000,000) | \$ | 1,771,000 | | |
| 4560 | Parole Ops - Adult Comm Based Prog | \$ | 98,486,000 | \$ | (794,000) | | | \$ 750,000 | | \$ | 1,000,000 | \$ · | \$ | 956,000 | | |
| 4565 | Parole Ops - Adult Admin | \$ | 80,698,000 | \$ | 4,899,000 | | | | | | | \$ (4,000,000) | \$ | 899,000 | | |
| 4570 | CA Sex Offender Mgmt Board | \$ | 951,000 | \$ | (9,000) | | | \$ 9,000 | | \$ | 5,000 | | \$ | 5,000 | | |
| | TOTAL | \$ | 7,936,322,000 | \$ (; | 213,099,000) | \$ | 135,829,000 | \$ 58,759,000 | \$- | \$ | 39,255,000 | \$ - | \$ | 20,744,000 | | |

| | 2024-25 Ref 002 - Medical/Dental/Mental/Pharmaceutical | | | | | | | | | | | | |
|---------|--|----|------------------------|----------------------------|-------|---|---|----|--|---|-----------------|-----------------------------|-----------|
| Program | Description | | Authority ¹ | 2024-25 Surplus/Deficit | | Reappropriation From 2022-23 001-0001 To 2024-25 001-0001 | Reappropriation From 2022-23 008-0001 To 2024-25 001-0001 | | Reappropriation rom 2022-23 002-0001 To 2024-25 002-0001 | Reappropriation From 2023-24 008-0001 To 2024-25 001-0001 | Section 26 | 2024-25 Tot Surplus/Defi | |
| 4650 | Medical Services - Adult | \$ | 2,631,447,000 | \$ (143,653,38 | 2) | | | \$ | 115,000,000 | | \$ 30,000,000 | \$ 1, | L,346,618 |
| 4655 | Dental Services - Adult | \$ | 178,775,000 | \$ 2,276,29 | 4 | | | \$ | - | | \$ (2,000,000) | \$ | 276,294 |
| 4660 | Mental Health Services - Adult | \$ | 692,554,000 | \$ 25,526,56 | 4 | | | \$ | - | | \$ (25,000,000) | \$ | 526,564 |
| 4665 | Ancillary Health Care Services - Adult | \$ | 414,788,000 | \$ (8,394,07 | 1) | | | \$ | 9,000,000 | | \$- | \$ | 605,929 |
| 4670 | Dent & Ment Hlth Services Admin - Adult | \$ | 72,309,000 | \$ 3,453,81 | 9 | | | \$ | - | | \$ (3,000,000) | \$ | 453,819 |
| | TOTAL | \$ | 3,989,873,000 | \$ (120,790,77 | 6) \$ | - | \$- | \$ | 124,000,000 | \$- | \$ - | \$3, | 3,209,224 |

| | FOR REFERENCE - Ref - 008 Rehabilitative Programs | | | | | | | | | | |
|---------|---|----|------------------------|----|----------------------------|--|--|--|--|--|--|
| Program | Description | | Authority ¹ | | 2024-25 Surplus/Deficit | | | | | | |
| 4560 | Parole - Adult Community-Based | \$ | 113,810,000 | \$ | 1,351,000 | | | | | | |
| 4585 | Adult Educ, Voc & Off Prog - Adult Educ | \$ | 258,848,000 | \$ | 7,350,000 | | | | | | |
| 4590 | Adult Educ, Voc & Off Prog - Adult Subst Abuse ² | \$ | 295,333,000 | \$ | 65,291,000 | | | | | | |
| 4600 | Adult Educ, Voc & Off Prog - Adult Admin | \$ | 29,187,000 | \$ | 1,241,000 | | | | | | |
| | TOTAL | \$ | 697,178,000 | \$ | 75,233,000 | | | | | | |

 1 Reflects 2024 Budget Act and current year adjustments (Employee Compensation, Retirement, 4.05 and 4.12 Efficiencies). 2 Large surplus associated with rolling funding through June 30, 2027 to support community reentry expansion.

CDCR BB Jr. – Draft Language

5225-49X – Reappropriation, Department of Corrections and Rehabilitation. \$58,759,000 of the appropriation provided in Item 5225-008-0001, Budget Act of 2022 (Chs. 43, 45, and 249 Stats. 2022) is reappropriated to support inmate and parolee rehabilitation programs until June 30, 2025. At such time, any unencumbered balances remaining from the \$58,759,000 reappropriated by this item may be transferred to and in augmentation of Item 5225-001-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) upon order of the Department of Finance.

5225-49X – Reappropriation, Department of Corrections and Rehabilitation. \$39,255,000 of the appropriation provided in Item 5225-008-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) is reappropriated to support inmate and parolee rehabilitation programs until June 30, 2025. At such time, any unencumbered balances remaining from the \$39,255,000 reappropriated by this item may be transferred to and in augmentation of Item 5225-001-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) upon order of the Department of Finance.

5225-49X – Reappropriation, Department of Corrections and Rehabilitation. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2025:

- 0001 General Fund
 - (1) \$135,829,000 in Item 5225-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249).
 - (2) \$124,000,000 in Item 5225-002-0001, Budget Act of 2022 (Chs. 43, 45, and 249).