

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/17)

| | | | |
|---|-----------------------|---|--|
| Fiscal Year 2018-19 | Business Unit 5225 | Department California Department of Corrections and Rehabilitation | Priority No. 3 |
| Budget Request Name 5225-301-BCP-2018-MR | | Program 4530 – Adult Corrections & Rehabilitation Operations – General Security | Subprogram 4530028 – General Security Overtime 4530037 – Health Care Access Unit Security Overtime |

Budget Request Description
 Overtime Base Budget Adjustment

Budget Request Summary

The California Department of Corrections and Rehabilitation requests \$16.5 million General Fund in 2018-19 and ongoing to adjust the base overtime budget to reflect approved salary increases.

| | | |
|---|--|------|
| Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Code Section(s) to be Added/Amended/Repealed | |
| Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i> | Department CIO | Date |

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. Project Approval Document: Approval Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

| | | | |
|---|------|----------------------------------|------|
| Prepared By Pedro Rubio | Date | Reviewed By Eric Swanson | Date |
| Department Director Kathleen Allison | Date | Agency Secretary Scott Kernan | Date |

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

| | |
|--|---|
| PPBA Original Signed By: Madelynn McClain | Date submitted to the Legislature 5/11/18 |
|--|---|

BCP Fiscal Detail Sheet

BCP Title: Overtime Base Budget Adjustment

BR Name: 5225-301-BCP-2018-MR

Budget Request Summary

| | FY18 | | | | | |
|---------------------------------|------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | CY | BY | BY+1 | BY+2 | BY+3 | BY+4 |
| Salaries and Wages | | | | | | |
| Overtime/Other | 0 | 16,503 | 16,503 | 16,503 | 16,503 | 16,503 |
| Total Salaries and Wages | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |
| Total Personal Services | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |
| Total Budget Request | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |

Fund Summary

| | | | | | | |
|--|------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fund Source - State Operations | | | | | | |
| 0001 - General Fund | 0 | 16,503 | 16,503 | 16,503 | 16,503 | 16,503 |
| Total State Operations Expenditures | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |
| Total All Funds | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |

Program Summary

| | | | | | | |
|---|------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Program Funding | | | | | | |
| 4530028 - General Security Overtime | 0 | 3,684 | 3,684 | 3,684 | 3,684 | 3,684 |
| 4530037 - Health Care Access Unit Security Overtime | 0 | 12,819 | 12,819 | 12,819 | 12,819 | 12,819 |
| Total All Programs | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |

Personal Services Details

Salaries and Wages

OT00 - Overtime (Eff. 07-01-2018)

Total Salaries and Wages

Total Personal Services

| | CY | BY | BY+1 | BY+2 | BY+3 | BY+4 |
|--|------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0 | 16,503 | 16,503 | 16,503 | 16,503 | 16,503 |
| | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |
| | \$0 | \$16,503 | \$16,503 | \$16,503 | \$16,503 | \$16,503 |

Analysis of Problem

A. Budget Request Summary

The California Department of Corrections and Rehabilitation requests \$16.5 million General Fund in 2018-19 and ongoing to adjust the base overtime budget to reflect approved salary increases. Since 2014-15, Bargaining Unit (BU) 6 base salaries have significantly increased, while the overtime budget has not been adjusted to reflect those increases.

B. Background/History

Resource History (Dollars in thousands)

| Program Budget | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--------------------------------|---------|---------|---------|---------|---------|
| Overtime Base Budget Authority | 206,050 | 201,237 | 141,415 | 127,991 | 131,022 |

General Security/Health Care Access Unit Security Overtime

In accordance with CDCR's mission, the Department is charged with the safe and secure incarceration of offenders. To carry out its mission, the Department must have sufficient staffing to supervise and treat inmates 24 hours a day, 365 days per year. Custody positions frequently incur unavoidable and necessary overtime while providing for medical guarding and transportation above and beyond their normal working hours, addressing crises, and conducting prison business. CDCR is not funded for permanent full-time positions for this sporadic workload and these activities are funded purely through overtime via the base overtime budget, which consists of the General Security Overtime and Health Care Access Unit Security Overtime programs. The 2018-19 proposed Governor's Budget for overtime is approximately \$133.6 million General Fund, which is comprised of the following components:

- General Security Overtime—\$57.8 million General Fund
- Health Care Access Unit Security Overtime—\$75.7 million General Fund

Resource History

In 2011-12, CDCR received \$379.6 million General Fund to address an existing structural shortfall in the Adult Corrections and Rehabilitation Operations — General Security Program. Of this amount, \$35.7 million was related to unfunded increases in overtime expenditures due to employee compensation salary increases prior to 2011-12. In 2014-15, CDCR realigned \$74.8 million of the General Security Overtime budget to help mitigate unbudgeted employee compensation and Lump Sum costs. Of the \$74.8 million realigned from Overtime, \$48.3 million was specifically designated for Lump Sum relief. CDCR indicates current lump sum expenditures will decrease by \$8.1 million to \$40.2 million in 2017-18 and ongoing. As a result, \$8.1 million in Lump Sum funding can be shifted to address a portion of the overtime base budget adjustment. The table below reflects the increases to employee compensation which have impacted BU 6 since 2014-15.

| Fiscal Year | General Salary Increase |
|-------------|-------------------------|
| 2014-15 | 4.00% |
| 2015-16 | 4.00% |
| 2016-17 | 3.00% |
| 2017-18 | 3.00% |
| 2018-19 | 3.00% |

Historically, these costs have been absorbed by redirecting internal resources, but this is no longer a viable option.

Analysis of Problem

C. State Level Considerations

CDCR incarcerates the most violent felons, supervises those released to parole, and provides rehabilitation programs to help them reintegrate into the community. The Department provides safe and secure detention facilities and necessary support services to inmates, including food, clothing, academic and vocational training, as well as health care services. The requested resources will provide \$16.5 million in necessary resources for CDCR's overtime base budget in 2018-19 and ongoing. CDCR's 24-hour operation requires coverage for all mandated posts.

D. Justification

CDCR's overtime budget has not been adjusted to account for increases in employee compensation since 2014-15. Since then, Correctional Officers, Sergeants, and Lieutenants have received salary increases totaling approximately 17 percent or approximately 18 percent compounded over the previous five years. In 2014-15, the Department's overtime authority supported roughly 2.6 million hours of overtime. In 2017-18, the overtime authority only supports 2.2 million hours of overtime. By providing the requested overtime increases, it restores CDCR's ability to purchase 2.6 million hours of overtime.

To augment for the past increases, CDCR's overtime requires an increase of \$24.6 million. This need is offset by \$8.1 million due to the realignment of excess lump sum funding, resulting in an increase of \$16.5 million. This results in a total overtime budget of \$150.1 million (Attachment A). The augmentation will allow the overtime budget to support the employee compensation increases that have occurred annually, since 2014-15.

E. Outcomes and Accountability

Approval of this request will provide an increase to the overtime base budget consistent with salary increases, reversing the erosion of the value of overtime.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve \$16.5 million General Fund to adjust the overtime base budget to reflect the approved salary increases from 2014-15 through 2018-19.

Pros:

- The adjusted overtime base budget will align with the salary increases which have occurred annually since 2014-15 through 2018-19.

Cons:

- Additional General Fund resources

Alternative 2: Approve \$8.3 million General Fund to adjust the overtime base budget to reflect a portion of the increase in salaries from 2014-15 through 2018-19.

Pros:

- Allows CDCR to partially fund overtime expenditures.

Cons:

- Additional General Fund Resources
- The overtime base budget will continue to be underfunded.

Analysis of Problem

Alternative 3: Approve \$5.5 million General Fund to adjust the overtime base budget to reflect a portion of the increase in salaries from 2014-15 through 2018-19.

Pros:

- Allows CDCR to partially fund overtime expenditures.

Cons:

- Additional General Fund Resources
- The overtime base budget will continue to be underfunded.

Alternative 4: Approve \$24.6 million General Fund to account for increases in employee compensation since 2014-15 without realigning funding from lump sum.

Pros:

- Maintains \$8.1 million in General Fund resources previously offset due to the realignment of excess lump sum funding.

Cons:

- Increase to General Fund resources

G. Implementation Plan

CDCR is requesting approval of \$16.5 million General Fund in 2018-19 and ongoing.

H. Supplemental Information

Attachment A – Overtime Base Budget Analysis

I. Recommendation

Approve \$16.5 million General Fund in 2018-19 and ongoing to adjust the overtime base budget to reflect approved salary increases.

Overtime Base Budget Adjustment

| Fiscal Year | Process/Date | Issue Title | General Security Overtime | Health Care Access Unit Security Overtime | Total |
|--|------------------------|---|------------------------------|--|--------------------|
| 2014-15 | Base Overtime Budget | | 59,593,977 | 72,789,666 | 132,383,643 |
| 2014-15 | July 1, 2013 | 4% Employee Salary Increase | 2,383,759 | 2,911,587 | 5,295,346 |
| 2014-15 | Budget Adjustments | Various Adjustments to the Base Overtime Budget | 9,031,000 | - | 9,031,000 |
| 2014-15 | January 1, 2015 | 4% Employee Salary Increase | 2,840,349 | 3,028,050 | 5,868,399 |
| 2015-16 | Budget Adjustments | Various Adjustments to the Base Overtime Budget | (16,815,977) | 2,952,334 | (13,863,643) |
| 2016-17 | Budget Adjustments | Various Adjustments to the Base Overtime Budget | 6,024,000 | - | 6,024,000 |
| 2016-17 | May 11, 2016 | 3% Employee Salary Increase | 1,891,713 | 2,450,449 | 4,342,162 |
| 2017-18 | July 1, 2017 | 3% Employee Salary Increase | 1,948,465 | 2,523,963 | 4,472,428 |
| 2018-19 | July 1, 2018 | 3% Employee Salary Increase | 2,006,919 | 2,599,681 | 4,606,600 |
| Adjusted Overtime Authority with Salary Increases | | | 68,904,205 | 89,255,730 | 158,159,935 |

| | | | |
|---|------------------|-------------------|-------------------|
| Current Overtime Authority per 2018-19 Governor's Budget | 57,833,000 | 75,742,000 | 133,575,000 |
| Subtotal, Difference between Current and Adjusted Overtime Adjustment | 11,071,205 | 13,513,730 | 24,584,935 |
| Adjustment for Lump Sum Realignment | (7,386,801) | (694,696) | (8,081,496) |
| TOTAL OVERTIME ADJUSTMENT | 3,684,404 | 12,819,034 | 16,503,438 |