

July 30, 2020

**COVID-19 Interim Fiscal Update:
California Department of Corrections and Rehabilitation**

This memorandum contains an interim fiscal update on emergency actions of the Administration to mitigate the spread of COVID-19 in the state prison system. While the California Department of Corrections and Rehabilitation (CDCR) separately provided details of its operational plans, this memorandum provides an update on the fiscal impacts of CDCR's efforts in this area.

As of June 30, 2020, CDCR has reported costs of \$137.6 million related to COVID-19. These costs include \$103.4 million for inmate and staff testing, personal protective equipment, and deployment of tents for housing and health care, as well as \$34.2 million in 2019-20, to reimburse counties for housing inmates due to the temporary stoppage of prison intake (\$31.2 million), and supervising offenders released in April 2020 on an accelerated basis to help decompress the prison population (\$3 million). CDCR's response efforts are done in collaboration with the Receiver overseeing inmate medical care, known as the California Correctional Health Care Services (CCHCS). The protocols in place for adult institutions and juvenile facilities are consistent with recommendations for COVID-19 response in a correctional setting set forth by the California Department of Public Health and the Centers for Disease Control and Prevention. In addition, CDCR and CCHCS are working closely with the California Office of Emergency Services and with local public health departments as warranted.

CDCR has incurred or will incur costs associated with several operational or policy actions that have the potential to result in significant unbudgeted costs, as described below and further detailed in the attachment. Please note that while we are closely tracking these cost drivers, the majority of CDCR's COVID-19 related costs have not yet been formally reported to the Department of Finance. Therefore, the \$137.6 million figure cited above will grow significantly once these costs have been fully accounted for:

- Expanded Employee Testing—In June 2020, CDCR entered into a 13-month, \$42.9 million contract to expand employee testing for COVID-19 at institutions with skilled nursing facilities, consistent with guidance from the California Department of Public Health. CDCR completed baseline testing of all these employees by the end of June and is now conducting serial and surveillance testing at various frequencies depending on whether institutions have active outbreaks. Beginning in July 2020, CDCR also entered into a \$150 million contract to expand separate employee testing protocols to the remaining institutions without skilled nursing facilities. This contract includes baseline testing of all staff,

followed by regular surveillance testing. It is important to note that the costs associated with employee testing are highly variable and depend on several factors including the costs of the tests and processing, the frequency of testing, and whether an institution has an active outbreak. For example, the protocol for frequency of subsequent employee testing for institutions without skilled nursing facilities is still being refined, and costs could increase to \$300 million to \$400 million.

- Inmate Testing—The Receiver's current inmate testing policy is to prioritize testing for symptomatic patients who are at the highest risk of progression (i.e., over age 65 or medical comorbidities), at risk of being exposed, or at high risk for transmission to other people (e.g., inmate workers with multiple contacts or those residing in dormitory housing), or within seven days of an inmate's release. CDCR has spent approximately \$3.5 million dollars on inmate testing. Similar to employee testing, as protocols for frequency of inmate testing changes to address outbreaks, the associated future costs are uncertain, but could ultimately exceed \$20 million.
- San Quentin—Given the significant outbreak at San Quentin, CDCR took immediate actions to address the crisis, including, but not limited to:
 - *Emergency Medical Staffing*—CDCR recently signed a \$22.3 million contract for emergency medical staffing services and associated costs at San Quentin through October 6, 2020. The additional staff are providing care to COVID-19 positive inmates that may otherwise be treated in a community hospital. CDCR has done some contingency planning for expansion of emergency medical staffing and bed capacity at San Quentin that could increase costs by approximately \$15 million, and to the extent the contract needs to be extended, total monthly costs are expected to be approximately \$10 million. In the event that any other institution was to experience a significant outbreak over a short period of time similar to San Quentin, CDCR is making the necessary preparations to expand emergency medical staffing as needed, which could increase costs significantly.
 - *Increased Registry Rates*—In addition to contracted emergency medical staffing, CDCR has also temporarily increased pay rates for registry staff at San Quentin (including for Primary Care Providers, Registered Nurses, Licensed Vocational Nurses, Certified Nursing Assistants, and Medical Assistants), on a six-month basis beginning July 1, 2020. This emergency action is necessary in order to supplement existing nursing staff and emergency medical staffing to treat patients and do vital sign checks twice daily. The estimated cost of the registry rate increase is approximately \$6.2 million.
 - *Deep Cleaning Services*—In light of the outbreak at San Quentin and consistent with recommendations from the California Department of Public Health, CDCR entered into a contract to conduct a one-time deep cleaning service at a cost of \$1.6 million.
 - *Inmate Meals*—To minimize the spread of COVID-19, CDCR closed San Quentin's kitchen and food preparation services. The California Prison

Industry Authority (CALPIA) was providing inmates with three cold boxed meals per day. To provide hot meals, CDCR entered into a contract with an outside vendor at a cost of \$7.1 million. CDCR has since implemented policies and procedures to safely redirect inmates to the kitchen to resume food preparation services.

- *Employee Volunteers*—Approximately 200 employees from other institutions are volunteering at San Quentin to fill behind temporarily vacant positions and fill staffing needs. These employees are eligible for travel reimbursement while they are on approved travel status and live farther than 50 miles. This includes the cost of lodging and per diem. Costs for a 60-day period are expected to be approximately \$1.8 million to \$2.4 million.
- **Temporary Stoppage of Prison Intake**—Currently, \$31.2 million has been set aside to reimburse county sheriffs for holding inmates due to the temporary stoppage of prison intake. The estimated payment for the period of March 25, 2020, through June 30, 2020, is \$14.4 million. Intake has been delayed until August 9, 2020, but could be extended beyond that date. As of July 20, 2020, 4,104 inmates are being held by counties and awaiting transfer to a CDCR institution. The cost for counties to hold 4,104 inmates for 30 days is approximately \$11.5 million. Consequently, we expect to exceed the \$31.2 million set-aside for this purpose.
- **Community Supervision of Inmates Released to Decompress Institutions**—CDCR recently began releasing inmates who are within 180 days of release. In addition, CDCR is expanding the criteria to include inmates who are within one year of release at eight institutions that serve inmates with the highest medical risk. Eligible inmates are those not serving a current sentence for a violent or domestic violence offense, or sex crime. County probation offices will be provided funding for increased workload related to supervising these individuals, most of whom will be placed on Post Release Community Supervision. Our preliminary estimate is that the cost could be in the range of \$7 million to \$15 million.
- **Reentry Housing**—CDCR is exploring options to provide housing for individuals released to decompress the prison system who would otherwise be at risk of becoming homeless. Our preliminary estimate is that such housing costs could be in the range of \$15 million to \$20 million over a six-month period. The Board of State and Community Corrections awarded CDCR \$15 million of the \$58.5 million in federal Coronavirus Emergency Supplemental Funding (CESF) for reentry housing. The CESF federal funds are available to state, local governments, and tribes to respond to COVID-19.
- **Tents and Field Hospitals**—Physical infrastructure, including housing capacity for social distancing and health care treatment space, is critical to CDCR's COVID-19 mitigation strategy. For example, the department must quarantine inmates who are COVID-19 positive, or who have potentially been exposed to the virus. At some prisons, the ability to adequately quarantine such inmates has been limited by infrastructure constraints. In these instances, the department has started to contract with private companies to quickly stand up tents to provide

additional space to house inmates and provide additional health care services. Currently, the department is using tents at four prisons—San Quentin (7 tents, as well as medical surge bed capacity in existing infrastructure); the California Institution for Men in Chino (6 tents originally which declined to two, but CDCR is activating 10 additional tents for health care needs, including accessible tent sheltering for inmates with Americans with Disabilities Act needs); the California Medical Facility in Vacaville (12 tents); and Folsom State Prison (4 tents). The costs for these tents vary depending on certain factors, such as whether they are used for housing or health care, but are typically around \$100,000 or more monthly per tent or \$600,000 per institution based on the average of tents currently deployed. This monthly cost for tents also includes add-on equipment such as HVAC, cots/bedding, and associated water services such as showers and handwashing stations. The department is planning to expand the use of tents to other facilities as necessary, which could drive additional costs.

The attached table provides a summary of CDCR's actual costs through June 30, 2020, as well as preliminary estimates of additional costs. I want to emphasize that the above and attached estimates are based on the best information available at this time and will change as conditions in the prison system dictate.

Wherever possible we will seek to maximize the use of federal funding, such as federal disaster relief matching funds, to minimize the impact to the state's General Fund. We will also continue to closely monitor CDCR's expenditures and identify savings, such as those related to lower than expected inmate population levels, that are available to offset increased costs in other areas.

If you have any questions or need additional information regarding this matter, please contact Robert Nelson or Krystal Acierto, Principal Program Budget Analysts, at robert.nelson@dof.ca.gov or krystal.acierto@dof.ca.gov or 916-445-8913.

California Department of Corrections and Rehabilitation - COVID Cost Tracking
July 30, 2020

Description/Category of Expenditure	Activity Details (e.g. contract terms, vendor, etc.)	Actual Expenditures To-Date (through June 2020)	Additional Contract Amounts/Estimated Costs (Note: some portion of these costs may be double counted to the extent there have been actual expenditures to-date)	Comments/Caveats
Administrative Time Off/Overtime	N/A	\$ 13,768,843	N/A	
Cleaning	Various; deep clean contract for San Quentin is with ServPro	\$ 1,989,857	\$ 1,600,000	CDCR entered into a contract in July for one-time deep cleaning at San Quentin for approximately \$1.6 million.
Feeding	Various; 30-day contract at San Quentin is with Nourish, Inc.	\$ 7,368,465	N/A	CDCR entered into a 30-day contract in July for hot meals at San Quentin for approximately \$7.1 million.
Information Technology	N/A	\$ 16,889,957	N/A	
Personal Protective Equipment	N/A	\$ 24,232,960	N/A	There is no contract for PPE; rather, they are individual/one-time purchases for goods. Due to supply chain issues, many vendors have been unable to provide requested goods, experience significant delays, or can only provide smaller quantities at various time frames.
Registry Services	Management Solutions	\$ 85,040	\$ 6,200,000	CDCR has temporarily increased pay rates for registry staff at San Quentin on a six month basis beginning July 1, 2020, at a cost of approximately \$6.2 million.
Inmate Testing	Various	\$ 3,536,265	\$ 21,600,000	Total estimated monthly tests for 2020-21 is 18,000 tests at a cost of \$100 per test with an annual projection of 216,000 tests and \$21.6 million. However, the actual testing amount and costs are unknown and dependent on outbreaks.
Staff Testing	Multiple vendors: Mobile Med, EOMC, MiraDX; 13-month skilled nursing facility (SNF) contract began in June 2020; non-SNF contract began in July 2020.	\$ 3,880,740	\$ 192,900,000	SNF contract amount is \$42.9 million, but could increase to approximately \$68.6 million depending on outbreaks and need to test weekly. Non-SNF contract amount is \$150 million, but could be upwards of \$300 million to \$400 million depending on outbreaks and need to test weekly. For example, testing at San Quentin was increased to weekly for a three week period and could be extended.
Tents and Field Hospitals	Various; tents currently active at San Quentin, California Institution for Men, California Medical Facility, and Folsom State Prison; contract with Cobalt Engineering Services at San Quentin	\$ 22,132,360	\$ 39,805,820	Estimated contract amount of \$7.6 million includes tent rental for San Quentin; \$12 million for California Institution for Men; \$13.9 million for California Medical Facility; and \$6.3 million for Folsom State Prison for 2020-21. Average monthly tent/equipment rentals: \$100,000 - \$600,000.
Temporary Stoppage of Prison Intake	Control Section 36; reimbursement to counties	\$ 31,215,233	Likely tens of millions of dollars.	The estimated payment for the period of March 25, 2020 through June 30, 2020 is \$14.4 million. Intake has been delayed until August 9, 2020, but could be extended beyond that date. As of July 20, 2020, 4,104 inmates are being held by counties and awaiting transfer to a CDCR institution. The cost for counties to hold 4,104 inmates for 30 days is approximately \$11.5 million. Consequently, we expect to exceed the \$31.2 million set-aside for this purpose.
Reentry Housing	Reimbursement authority from the Board of State and Community Corrections (BSCC) to provide housing for individuals released to decompress the prison system	N/A	\$ 15,000,000	Estimated costs are between \$15 million and \$20 million for a six month period. The BSCC awarded CDCR \$15 million of the \$58.5 million in federal Coronavirus Emergency Supplemental Funding (CESF) for reentry housing.
Community Supervision	Reimbursements to county probation for inmates released within 180 days of release to decompress the prison system	\$ 2,971,219	\$7 million to \$15 million	Approximately \$3 million was set aside in 2019-20 to reimburse counties for supervising offenders released in April 2020. As of July 2020, CDCR began releasing inmates who are within 180-days of release.
Emergency Medical Staffing	Contract with VXL through October 6, 2020, to provide CDCR and CCHCS all labor, including travel and per diem, materials, non-consumable supplies, transportation, equipment, etc. at San Quentin	N/A	\$ 22,270,633	Contingency to expand staffing/bed capacity could increase costs by approximately \$15 million. Expansion to other institutions could cost approximately \$10 million monthly.
Employee Volunteers	Costs of lodging, per diem, etc. at San Quentin for a 60-day period	N/A	\$1.8 million to \$2.4 million	
Facility/Construction Delays		\$ 2,666,669	N/A	
Other/Miscellaneous Supplies		\$ 4,047,782	N/A	