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## State Prison System \$277 Million in the Red

By DAN MORAIN, TIMES STAFF WRITER

SACRAMENTO -- The California Department of Corrections has overspent its budget by \$277 million, adding to Gov. Gray Davis' deficit woes and prompting a state Senate subcommittee Wednesday to vote down the governor's proposal for a new \$500 million-plus prison.

Corrections Director Edward S. Alameida has said in past hearings that the department is working on ways of resolving cost overruns, but brushed aside inquiries after Wednesday's session, telling reporters that he was taking up the issue internally with the Davis administration and cutting off questions by saying: "Gentlemen, I have to take lunch."

Analysts attributed much of the overrun to personnel costs. If that is the case, the problem may only get worse in light of the new labor pact negotiated by the Davis administration and the California Correctional Peace Officers Assn., one of the governor's biggest campaign contributors. The agreement, signed by Davis in January, will cost the state more than \$500 million and possibly as much as \$1 billion a year by 2006, when it takes full effect, according to legislative analysts.

Alameida did not provide the senators with the department's analysis of the labor agreement.

The Department of Corrections, which is supposed to operate on a \$4.8-billion annual budget, has had deficits before: \$52 million in the 2000-01 fiscal year and \$106 million in 1998-99.

But the \$277-million overrun is by far the largest within the department and comes as Davis and legislators grapple with a 2002-03 budget shortfall now projected at about \$20 billion.

"They've never been challenged," state Sen. Richard Polanco (D-Los Angeles) said of corrections officials.

"They don't care whether we appropriate \$4 billion," he said. "They know they're going to come to the trough and get an automatic approval for whatever dollar amount they need. It's like automatic pilot. It is horrible."

Polanco, chairman of the budget subcommittee that oversees the prison system, told Alameida that approving the new prison might add to future overruns. "All we're going to do is build on the problem you have" by authorizing what would be the state's 34th prison, he said.

The cost-overrun numbers come as the state prison population declines, to 156,000 inmates

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from a high of 162,000.

Department officials say they need the new prison because the number of maximum-security prisoners is rising and about 9,000 high-security inmates are kept in cells and bunks meant for lower-security prisoners.

A decision to block the new prison would require a vote of the full Legislature. It would save a relative pittance, about \$1.4 million requested for planning in the coming year.

But to finance construction, the state would have to sell \$311 million worth of bonds already approved by the Legislature, to be paid off over 20 years, and would spend \$100 million a year to operate the facility once it opened in 2004.

Polanco and state Sen. Joe Dunn (D-Santa Ana) also rejected Davis' plan to shut five private prisons housing about 1,400 low-security inmates.

The department estimates that the move would save the state \$2.8 million. However, the nonprofit California Taxpayers Assn. said a decision to close the private prisons could end up costing the state \$16 million annually.

One reason for the higher cost, according to the organization, is that inmates transferred back to state prisons would end up serving longer sentences, in part because they would not accumulate "good time" by participating in educational and job programs. State prisons have waiting lists for such programs, and there would be no openings for 90% of the inmates now housed in private prisons, the taxpayers' group said.

"There is no question it alarms me," Sen. Dunn said of the \$277-million deficit.

"Certainly, we have not had some unexpected spike in inmate population. We have not had any unexpected spike in expenses.... Why we now find ourselves in this deficit is shocking."

Dunn left open the possibility that he may change his mind about the new prison at Delano and the private prisons later this summer as the scope of California's budget problem becomes more clear.

Alameida suggested after the hearing that he wasn't responsible for the cost overruns, saying he has been director for only five months. Davis appointed Alameida, a career corrections official, in September.

The nonpartisan legislative analyst's office attributes the cost overrun to "ongoing structural problems with the department's budget."

The analyst said a large number of vacancies within the department and heavy use of overtime and sick leave by prison employees strain the department's budget, as do pay hikes negotiated in past years that have not been fully funded by the governor and Legislature.

The department has been accused in state audits of mismanaging its sick leave and overtime policies.

Alameida has submitted a document to the state Department of Finance justifying the \$277-million overrun and seeking payment.

Finance spokesman Sandy Harrison said department officials are "analyzing it to determine if it is justified and appropriate," and will address the issue next month when Davis releases his

revised budget proposal.

Steve Green of the state Youth and Adult Correctional Agency said the deficit is part of an "ongoing problem" that dates back to the early 1990s. Each year, he said, the department turns to the Legislature for additional money.

"We will have a 'deficiency bill,' as we do every year," Green said, referring to the particular type of legislation that departments seek when they overspend their budgets.

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