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TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo
Auditor-Controller

SUBJECT: **PROPOSITION 47 - ANALYSIS OF COST SAVINGS AND SERVICE IMPROVEMENTS (Board Agenda Item 3, December 1, 2015)**

On December 1, 2015, your Board of Supervisors (Board) instructed the Auditor-Controller (A-C) to:

- Conduct an analysis of Proposition 47 (Prop 47) to determine if the affected County departments possess a method of capturing, tracking, or measuring the costs, savings, and service improvements (or declines) associated with the implementation of Prop 47.
- Describe the approaches and methodologies used to assess Prop 47 savings and make available to the public the underlying data used.
- Identify if other peer counties possess a method of capturing such costs and savings that Los Angeles County could adopt as a best practice.
- Propose a methodology to reallocate future cost savings to assist the Public Defender (PD) and Alternate Public Defender (APD) in the timely filing of Prop 47 petitions and applications for sentence reductions.
- Obtain and consider input from interested research organizations during our analysis.

Background and Scope

On November 5, 2014, Prop 47 became law, reducing the classification of certain non-violent and non-serious drug possession and property crimes from felonies to misdemeanors. Individuals currently incarcerated for a conviction that qualifies under Prop 47, and who have no prior conviction for a specified violent or sexual offense, may file a petition to have their qualifying conviction reclassified as a misdemeanor and be resentenced. Individuals who are not currently incarcerated or under the Court's supervision for a Prop 47 qualified conviction, may apply to have their felony conviction reduced. Petitions and applications generally must be filed by November 2017.

We reviewed the impact of Prop 47 for eight County departments: Sheriff's Department (Sheriff), Probation Department (Probation), District Attorney (DA), PD, APD, Department of Health Services (DHS), Department of Public Health (DPH), and Department of Mental Health (DMH). Our review included discussions with departmental subject matter experts, analyzing available expenditures, staffing, and workload documentation, and preliminarily estimating the Fiscal Year (FY) 2015-16 cost savings (or increases), and the value of potential workload changes attributed to Prop 47. We also contacted neighboring counties and relevant agencies/organizations.

Review Highlights

Tracking of Costs, Savings, and Service Improvements (or Declines)

Our review noted that none of the eight affected departments reviewed have methods to capture, track, and measure the costs, savings, and/or service improvements (or reductions) attributed to the Prop 47 population. As a result, departments cannot accurately estimate and/or quantify the cost savings (or increases) and impact of Prop 47 to their current and future operations at this time.

While there is currently no mechanism to accurately quantify the impact of Prop 47 to each department, we attempted to estimate the costs, savings, and/or service improvements (or reductions) based on the limited amount of data available from each department at the time of our review. The estimates included in this report are not intended to be used or considered for budgetary or decision-making purposes since departments could not isolate the portion of workload changes that were attributed to Prop 47. In addition, in some instances, departmental resources were, or will be, redeployed from Prop 47 workload and shifted to other priorities and/or caseloads.

Estimates of Potential Costs and Savings

Sheriff and DPH indicated that they may have savings, and DMH indicated that they may have cost increases as a result of Prop 47. We preliminarily estimated the total net Prop 47 cost savings to be approximately \$9.2 million for FY 2015-16. Specifically:

- **Sheriff and DPH** - Estimated cost savings of approximately \$13.7 million and \$1.1 million, respectively. The Sheriff's savings are related to an estimated decrease in services and supplies expenditures for items such as food, laundry services, and medicine. DPH's savings are related to a decrease in substance abuse treatment services costs provided by contracted clinical service providers. The Sheriff indicated that not all of the amount identified can be attributed to Prop 47 since they would have reduced the number of jail beds in some overcrowded housing areas, and would have to address the increase in inmates diagnosed with mental health needs, irrespective of the enactment of Prop 47. Sheriff and DPH also indicated that any estimated cost savings were, or will be, used to address other service improvements, shortfalls, etc.
- **DMH** - Estimated cost increase of approximately \$5.6 million related to an increase in costs for mental health services provided by contractors.

Estimates of Workload Changes

Seven of the eight departments (all except DPH since all of their treatment services are contracted) appear to have seen changes in their workload due to Prop 47. While these workload changes do not result in realizable savings available for reallocation, we preliminarily estimated the value of the Prop 47 workload changes is approximately \$37.5 million for FY 2015-16. Specifically:

- **Sheriff** - The Sheriff's estimate a workload reduction attributed to Prop 47 of approximately \$41.6 million in FY 2015-16 based on hypothetical scenarios for major operational changes (i.e., the closure of jail facilities/areas). However, the Sheriff indicated that they are continuing to conduct many of their operations in excess of defined capacities, and reductions because of Prop 47 have allowed them to address emerging critical needs such as a higher volume of inmates with mental health needs.
- **Probation** - We estimate a workload reduction of approximately \$3.4 million due to a decrease in the number of probationers, primarily due to the Superior Court being responsible for monitoring misdemeanor probationers. However, Probation indicated that their caseload sizes continue to exceed national standards, and that they used the caseload efficiencies to increase their participation in other projects.
- **PD and APD** - We estimate workload increases of approximately \$3.3 million and \$728,000, respectively. PD and APD indicated that while there may be a reduction in Prop 47 felony cases, they have seen an offsetting increase in serious felony cases and an increase in misdemeanor workload. In addition, PD and APD have been tasked with filing Prop 47 petitions and applications.

- **DA** - DA management indicated that workload changes cannot be reasonably estimated at this time since they track caseloads at the local area office level and that each area office has unique caseload data metrics. In addition, similar to PD and APD, the DA has been tasked with reviewing all Prop 47 filings.
- **DHS and DMH** - We estimate that the value of the workload changes is a decrease of approximately \$767,000 and an increase of approximately \$4.2 million, respectively. DHS reported a reduction in costs for services provided to inmates in DHS facilities, and DMH reported an increase in services provided by DMH staff.

Best Practices to Quantify Cost Savings (or Increases)

We contacted the counties of Orange, Riverside, San Bernardino, and San Diego to identify best practices, and noted that all four counties did not track and quantify Prop 47 cost savings and/or increases at the time of our review.

Methodology for Reallocating Cost Savings

The Prop 47 County Taskforce (Taskforce) is responsible for formulating a Countywide plan to identify eligible residents, facilitate their filing of applications for resentencing, and explore the feasibility of extending or eliminating the application sunset date. As such, once the Taskforce's plan is developed, we recommend Sheriff and DPH calculate their anticipated cost savings that could assist (if available and needed) PD and APD with Prop 47 eligible resident petitions and applications.

The complete results of our review are included in Attachment I.

Review of Report

We discussed our report with each of the eight impacted departments. To expedite this report prior to consideration of next year's budget, we did not solicit written responses from each department for attachment to this report, as is typically our process. Departments have been advised that they may respond directly to your Board.

We thank management and staff from each department for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:PH:RS:JU

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Jim McDonnell, Sheriff
Jackie Lacey, District Attorney
Calvin C. Remington, Interim Chief Probation Officer
Ronald L. Brown, Public Defender
Janice Y Fukai, Alternate Public Defender
Robin Kay, Ph.D., Acting Director, Department of Mental Health
Mitchell H. Katz, M.D., Director, Los Angeles County Health Agency
Cynthia A. Harding, M.P.H., Interim Director, Department of Public Health
Lori Glasgow, Executive Officer, Board of Supervisors
Public Information Office
Audit Committee

**PROPOSITION 47
ANALYSIS OF COST SAVINGS AND SERVICE IMPROVEMENTS
FISCAL YEAR 2015-16**

Background

On November 5, 2014, California voter initiative Proposition 47 (Prop 47 or Proposition) became law, reducing the classification of certain non-violent and non-serious drug possession and property crimes from felonies to misdemeanors. Individuals who were convicted of these crimes prior to Prop 47 may have their sentence reduced or prior record updated if they also have no prior conviction for a specified violent or sexual offense, and file for a sentence reduction by the November 2017 deadline, except under certain hardship conditions. As detailed below, to file for a sentence reduction, individuals must either file a petition for resentencing or an application for reclassification.

- **Petition** - Individuals currently incarcerated or under the Court's supervision (i.e., probation or parole) for a conviction that qualifies under Prop 47 may file a petition to have their qualifying conviction reclassified as a misdemeanor and be resentenced.
- **Application** - Individuals convicted of Prop 47 crimes who have completed their sentence may apply to have their felony conviction reclassified to a misdemeanor.

In addition, individuals whose cases are in the pre-conviction phase of a crime that qualifies under Prop 47 may request (generally through oral motions, no filing required) to have their pending charge reduced from a felony to a misdemeanor.

As detailed in Table 1 below, the number of petitions filed has decreased and the number of new applications filed has generally increased each quarter since Prop 47 became effective in November 2014. The trend of a reduced number of petitions in more recent quarters may be attributed to a surge after the initial passage of Prop 47 since incarcerated individuals could get their sentence reduced if their petitions were granted. In addition, as of November 5, 2014, all crimes that fall under Prop 47 are charged as misdemeanors. The increase in the number of applications filed quarterly may be due to a variety of factors, including increased awareness of eligibility, outreach, etc.

Table 1 Proposition 47 Petitions, Applications, and Pre-convictions Statistics November 2014 through December 2015						
	Nov to Dec 2014	Jan to Mar 2015	Apr to June 2015	July to Sept 2015	Oct to Dec 2015	Total
Petitions	5,410	7,445	3,287	2,171	1,191	19,504
Applications	2,128	3,294	3,598	4,820	4,045	17,885
Total New Filings:	7,538	10,739	6,885	6,991	5,236	37,389
Pre-convictions	4,764	1,985	720	415	208	8,092
Total Prop 47 Workload:	12,302	12,724	7,605	7,406	5,444	45,481

Source: Superior Court of California, County of Los Angeles (unaudited)

Prop 47 has an impact on the workload and/or expenditures of eight County departments, including the Sheriff's Department (Sheriff), Probation Department (Probation), Public Defender (PD), Alternate Public Defender (APD), District Attorney (DA), Department of Health Services (DHS), Department of Public Health (DPH), and Department of Mental Health (DMH).

Scope

On December 1, 2015, the Board of Supervisors (Board) instructed the Auditor-Controller (A-C) to:

- (a) Conduct an analysis of Prop 47 to determine if the affected County departments possess a method of capturing, tracking, or measuring the costs, savings, and service improvements (or declines) associated with the implementation of Prop 47.
- (b) Describe the approaches and methodologies used to assess Prop 47 savings and make available to the public the underlying data used.
- (c) Identify if other peer counties possess a method of capturing such costs and savings that Los Angeles County could adopt as a best practice.
- (d) Propose a methodology to reallocate future cost savings to assist the PD and APD in the timely filing of Prop 47 petitions and applications for sentence reductions.
- (e) Obtain and consider input from interested research organizations during our analysis.

Our review included discussions with subject matter experts within each of the impacted County departments and analyzing available documentation of expenditures, staffing, and workload changes. We also contacted neighboring counties, and other relevant

agencies/organizations: the Advancement Project, Legislative Analyst's Office (LAO), the County of Los Angeles Information System Advisory Board, the American Civil Liberties Union (ACLU), and the RAND Corporation.

In addition, we preliminarily estimated the Fiscal Year (FY) 2015-16 cost savings (or increase), and the value of potential workload changes attributed to Prop 47 that appear to have been reallocated and/or reinvested to create other efficiencies, improve services, address other needs, etc.

LAO Prop 47 Impact Analysis to Counties

The LAO is a nonpartisan government agency that provides fiscal and policy advice to the State Legislature, and whose function includes analyzing the Governor's annual budget and reporting on special topics of interest to the Legislature. In February 2015, the LAO issued "The 2015-16 Budget: Implementation of Proposition 47" report that included an analysis of the impact of Prop 47 to both the State and counties.

The LAO report estimated that counties spend several hundred million dollars on workload that will be eliminated by Prop 47, and that "local decisions on how to respond to this workload reduction will determine whether it results in cost savings or improvements to the administration of local criminal justice systems." For example, the LAO's report indicated that Prop 47 will free up county jail beds. However, since many counties were overcrowded before Prop 47, the decrease in workload will allow certain inmates to serve a higher percentage of their sentence, instead of being released early due to jail overcrowding.

In the sections below, we identify areas where departments may have some realizable cost savings, and other areas where departments appear to have workload reductions attributed to Prop 47 that have been reallocated or reinvested, but no cost savings.

(a) Tracking of Prop 47 Cost Savings

All eight departments indicated that they do not track cost savings (or increases) and/or service improvements (or reductions) attributable to Prop 47. We noted that departments currently do not have methods to capture, track, and measure the costs, savings, and/or service improvements (or reductions) attributed to the Prop 47 population.

Several departments expressed concerns with the difficulty in isolating the Prop 47 impact to their workloads because of other concurrent factors (e.g., normal fluctuations, changing demographics, impact of other funding/programs, etc.), and thus are concerned about the accuracy and reliability of data they provide on Prop 47 impacts. Some departments also indicated that they may have a lack of infrastructure (i.e., information systems capable of isolating Prop 47 data) or legal restrictions (e.g., mental health client privacy rights, etc.) that hinder their ability to track Prop 47's impact. In addition, in some instances, departmental resources were, or will be, redeployed from

Prop 47 workload to other Board or departmental priorities, and/or to high need or emerging caseloads. It is important that such workload shifts be measured, documented, and reported.

However, to improve the accountability and transparency of any realizable cost savings (or increases) and the value of workload changes attributed to Prop 47, departments should immediately implement procedures and mechanisms to accurately track workload changes and impacts specific to Prop 47, and consider the tracking mechanisms identified in Attachment II. Once departments implement these tracking mechanisms, they should estimate and/or project any anticipated cost savings (or increases) and potential impacts to their current and future operations, and report the results to the Board at least annually. Departments that do not believe they currently have the ability to track future Prop 47 savings should report their tracking challenges and potential solutions to the Board. Departments should also consider including other contextual data/information (e.g., crime statistics, recidivism rates, etc.) as it relates to Prop 47 in their reports to the Board.

Recommendations

County departments impacted by Proposition 47:

- 1. Immediately implement procedures and mechanisms to accurately track workload changes and impacts specific to Proposition 47, and consider the tracking mechanisms identified in Attachment II.**
- 2. Estimate and/or project any cost savings (or increases) due to Proposition 47 and potential impacts to their operations, and report the results to the Board of Supervisors at least annually. If departments do not believe they currently have the ability to track future Proposition 47 savings, they should report their tracking challenges and potential solutions to the Board of Supervisors.**
- 3. Consider including other contextual data/information as it relates to Proposition 47 in their reports to the Board of Supervisors.**

(b) Estimated Potential Cost Savings and the Value of Workload Changes

While there is currently no mechanism to accurately quantify the impact of Prop 47 to each department, we estimated the potential cost savings (or increase), and the value of workload changes based on the limited data available and provided by each department at the time of our review.

The amounts identified are meant to be preliminary estimates and are not intended to be used or considered for budgetary or decision-making purposes since sufficient data is not available to determine at this time the portion of the workload decrease/increase that is uniquely attributed to Prop 47. Once departments develop sufficient historical

Prop 47 data/information, they will be able to report more accurate and reliable estimates of cost savings and impacts to their respective workloads.

Estimated Potential Cost Savings/Increases

Our review noted that two of the eight departments (Sheriff and DPH) indicated that they may have cost savings, and one department (DMH) indicated that they may have potential cost increases. While we were not able to precisely determine the source of the cost savings (or increases), based on our review of available data, we preliminarily estimated the total net Prop 47 cost savings to be approximately \$9.2 million for FY 2015-16. Details of each department's cost savings/increases are indicated below.

Sheriff - Inmates released or never incarcerated as a result of Prop 47 will cause a decline in expenditures for services and supplies (S&S), such as food, clothing, laundry, and medical and dental services/supplies. Based on an estimate of \$20.35 per inmate per day for these incremental costs (marginal cost rate), and an average reduction of 1,840 jail inmates per day (see Table 3), we preliminarily estimate the savings to be approximately \$13.7 million for FY 2015-16.

The Sheriff indicated that not all of the amount identified can be attributed to Prop 47 since they would have reduced the number of jail beds by converting two-person cells to single-person cells in some of the more severely overcrowded housing areas, and would have to address the increase in the number of inmates diagnosed with mental health needs, irrespective of the enactment of Prop 47. In addition, the Sheriff indicated that any cost savings from reductions of S&S costs were used to address other service improvements and/or Custody shortfalls, such as Public Safety Realignment Act (AB109), unanticipated pricing increases in food and medicine, etc. Subsequent annual cost savings will also vary depending on changes to the marginal cost rate and the average reduction of inmates per day. We further discuss the Sheriff's future cost savings in the "Methodology for Reallocating Cost Savings" section.

DPH - DPH reported a decrease in costs for substance abuse treatment services provided by contracted clinical service providers. Specifically, payments to contracted providers decreased by approximately \$1.1 million or 8% of the \$13.7 million in total payments. This decrease is based on a comparison of pre-Prop 47 (November 4, 2013 to September 30, 2014) and post-Prop 47 (November 4, 2014 to September 30, 2015) payments to providers. DPH management indicated that any cost savings from the reduction in contractor payments were and continue to be redirected to fund other treatment services and residential care for the Substance Abuse Prevention and Control Program.

DMH - DMH reported a slight increase in costs for mental health services provided by contractors. Specifically, payments to contracted providers increased by \$5.6 million or 0.6% of payments totaling \$884.8 million, in the 12 months after Prop 47 compared to the 12 months prior. DMH does not have mechanisms in place to conclusively link these payment increases to the impact of Prop 47.

The remaining five departments (Probation, PD, APD, DA, and DHS) indicated they do not have any cost savings (or increases) attributed to Prop 47 since they have not had, nor plan to have layoffs or staffing reductions. In addition, any reductions to S&S costs are not material.

Workload Changes Attributed to Prop 47

We identified areas from seven of the eight departments (all except DPH since all of their treatment services are contracted) where overall workload changed after Prop 47 took effect. While we were not able to determine the source of the cost savings (or increases) at this time, we preliminarily estimated the value of these changes to be approximately \$37.5 million for FY 2015-16.

As mentioned, the values identified in Table 2 below are not realizable savings available for reallocation, but rather the potential value of the overall workload decreases/increases. Any workload reductions may also have resulted in other operational improvements, efficiencies, and/or offset needs. Details of the potential value of the changes in each department's workload due to Prop 47 and the reallocation/reinvestment of those resources are described below.

Table 2 Potential Value of Overall Workload Changes For FY 2015-16	
<u>Department</u>	<u>Est Value of Workload Decrease/(Increase)</u>
Sheriff	\$ 41,600,000
Probation	3,400,000
Public Defender	(3,300,000)
Alternate Public Defender	(728,000)
District Attorney	(A)
Mental Health	(4,200,000)
Health Services	767,000
Countywide Total Potential Value	\$ 37,539,000
(A) The District Attorney could not provide data to estimate the potential value of overall workload changes. This is discussed further below.	

Sheriff - The Sheriff indicated that to estimate the impact of Prop 47, the reduction in costs must be measured through hypothetical scenarios for major operational changes (i.e., the closure of jail facilities/areas). The Sheriff preliminarily estimates that major operational changes could result in a reduction of costs of approximately \$41.6 million for FY 2015-16.

However, the Sheriff indicated that they could not realize cost reductions because they are continuing to utilize all of their facilities, and since staffing levels are primarily dictated by the logistics of where the staff are deployed rather than clients served. For example, security checks for a module within a jail require the same number of staff regardless of the number of beds occupied. In addition, the Sheriff indicated that they remain over their maximum jail capacities, and that any reductions in the number of inmates attributed to Prop 47 allowed the Sheriff to increase the percentage of time served for higher risk inmates, and to address the higher volume of inmates with mental health needs, as discussed further below.

Early Releases Due to Jail Overcrowding

The Sheriff indicated that while Prop 47 freed jail space, the space vacated was immediately filled with inmates who were previously being released early due to jail overcrowding. As noted in Table 3 below, based on Sheriff data/information, early releases due to housing capacity have declined by approximately 14,300 inmates in the year after Prop 47 took effect. The Sheriff also provided data to demonstrate that for several of their jail facilities, they continue to exceed the “Rated Capacity” as defined by an independent statutory agency (the Board of State and Community Corrections), and that they have taken steps to reduce the number of jail beds to help comply with jail regulatory standards.

In addition, while the Sheriff has the legal authority to release or refuse inmates due to jail overcrowding (*May 1988 Dennis Rutherford vs. Sherman Block court order/stipulation*), they do not appear to have legal authority to release inmates early for cost or funding considerations.

Table 3 Sheriff Inmate Population Before and After Prop 47 Implementation			
	Nov 2013 to Oct 2014	Nov 2014 to Oct 2015	Difference
Estimated Average Daily Inmate Population	18,990	17,150	(1,840)
Number of Early Releases (Due to Housing Capacity)	34,800	20,500	(14,300)
Estimated Average Monthly Inmate Population with Mental Health Needs	3,460	3,610	150
<i>Source: Sheriff's Replicated Automated Jail Information System (RAJIS) (unaudited)</i>			

Increase in Inmates with Mental Health Needs

The Sheriff indicated that the decrease in the inmate population attributed to Prop 47 was also offset with a growing population of inmates with mental health needs. These inmates require more housing space since they generally cannot be housed with other inmates, and require additional monitoring/oversight than the general inmate population. Based on Sheriff data/information, the average number of inmates with mental health

needs increased by approximately 150 inmates (4%) per month in the year after Prop 47 took effect, and as of December 2015, the Sheriff had 3,992 inmates with mental health needs.

Sheriff management indicated that they have converted more jail housing space to accommodate the change in the mental health demographics of the inmate population (e.g., Twin Towers, portions of Men's Central Jail, etc.), and as a result the maximum jail capacity at these facilities has declined. The Sheriff also indicated that inmates with mental health needs cost more to house since they generally require more security checks, medications, and have dietary restrictions. Sheriff management indicated that they are currently working with the Chief Executive Office to obtain funding for overtime costs related to these additional security checks.

Probation - The \$3.4 million in workload reduction for Probation is a result of a reduced number of probationers and is primarily due to the Superior Court being responsible for monitoring misdemeanor probationers. We estimated these costs by calculating the hypothetical staffing savings given the decrease in caseload per Deputy Probation Officer (DPO). Specifically, Probation could save approximately 28.5 DPO II positions, at an annual salary and employee benefits cost of approximately \$121,000 each, to maintain the pre-Prop 47 caseload levels.

While Probation's workload has decreased, Probation management indicated that they still remain above national standards, as recommended by the American Probation and Parole Association. In addition, we contacted probation departments in four other counties (Orange, Riverside, San Bernardino, and San Diego), and noted that Los Angeles County's Probation caseloads are generally higher than those in the other counties. As a result, the slight decrease in workload has helped Probation caseloads drop closer to caseload standards, and closer to the current practices of other counties. Probation workloads are generally categorized into high, medium, and low risk, and AB109 probationers. See Table 4 below for the change in caseload per DPO by risk level.

Table 4 Probation Caseload per DPO by Risk Level Workload Reduction			
	As of Sept 2014	As of Oct 2015	Increase/ (Decrease)
High Risk	91	79	(12)
Medium Risk	52	55	3
Low Risk	688	639	(49)
AB109	42	38	(4)
<i>Source: Probation (unaudited)</i>			

Probation management also indicated that the decrease in workload has resulted in additional resources available to increase their effectiveness and involvement in other

initiatives. For example, Probation management indicated that they have increased their involvement in various homelessness, mental health, and diversion initiatives.

PD, APD, and DA - The \$3.3 million in PD cost increases is based on the increased overall caseload for the PD's felony offices. Overall, the PD has seen an increase in serious felony cases that are more labor intensive for the PD to defend. While there is no evidence to indicate the increase is related to the passage of Prop 47, this has more than offset any decrease in felonies due to Prop 47. We estimated these costs by calculating the hypothetical staffing needs of their felony offices based on the increased felony workload. Specifically, PD has seen an average increase of approximately 6% in their workload, and would need an additional 15.6 attorney positions, at an estimated average annual salary and employee benefits cost of approximately \$211,000 each, to maintain the pre-Prop 47 caseload levels. Due to the lack of available data, we were not able to estimate the impact on PD's misdemeanor offices.

The \$728,000 in APD cost increases is based on the increased overall caseload for all of the APD's offices. For the 12 months after Prop 47, APD reported a decrease in felonies of 19%, increase in misdemeanors of 21%, and a decrease in juvenile cases of 17%. We estimated the cost increases by calculating the staffing needs based on the changes in workload. Specifically, APD hypothetically would need an additional 3.18 attorney/paralegal positions, at an estimated average annual salary and employee benefits cost of approximately \$229,000 each, to maintain the pre-Prop 47 caseload levels.

PD and APD both indicated that in addition to changes in their regular workload, they have been tasked with reviewing, filing, and processing Prop 47 petitions and applications. Due to the limited data available, neither department could estimate the cost impact of this additional workload. See Table 5 below for the additional workload incurred due to Prop 47 petitions and applications from November 2014 through February 2016.

Table 5 PD and APD Petitions and Applications Increased Workload Attributed to Prop 47 November 2014 through February 2016		
	<u>PD</u>	<u>APD</u>
Petitions/Applications Resolved in the Courts	27,400	5,000
Estimated Petitions/Applications Pending, Denied, etc.	32,600	9,000
Total Petitions/Applications Workload	60,000	14,000
<i>Source: Information System Advisory Board, Public Defender, and Alternate Public Defender (unaudited)</i>		

At the current workload, the APD indicated that they do not need additional staffing, while PD indicated that they need additional resources. However, if the County does outreach and receives an influx of Prop 47 applications, the departments will need to

reevaluate their staffing and other needs. We further discuss departments future needs in the "Methodology for Reallocating Cost Savings" section.

The DA indicated that Prop 47 has resulted in a decrease in felony filings, but similar to PD and APD, they have seen a rise in serious felonies that are more labor intensive (the DA is responsible for prosecuting all felonies in the County). However, we could not estimate the value of any overall workload change to their operations at this time. Specifically, DA management indicated that each area office has unique caseload data metrics and their own internal databases. Therefore, there is no department-wide data available to reasonably estimate the impact.

Similar to PD and APD, the DA has seen an increase in workload due to Prop 47 applications and petitions. The DA is responsible for reviewing all filed petitions and applications to ensure individuals are eligible for reclassification. In addition, the DA is responsible for reviewing all Prop 47 pre-conviction filings. As detailed in Table 1 above, the DA has reviewed approximately 45,500 Prop 47 petitions, applications, and pre-conviction filings. Due to the limited data available, we could not estimate the cost impact of this additional workload.

All three departments also indicated that after resolving Prop 47 petitions and applications, staff will return to their normal work duties/responsibilities, which will likely be beyond the November 2017 filing deadline since petitions and applications require additional work subsequent to filing. The caseloads for the responsibilities to which staff return will need to be reassessed based upon the volume of case filings at the time.

DMH - Reported an increase in mental health services provided by DMH staff for the 12 months after Prop 47 compared to the 12 months prior. Specifically, the cost of directly operated services increased by approximately \$4.2 million (or 1.6% of \$263 million). Costs for directly operated services are based on billing rates approved by the Board annually. DMH provided a report from their Integrated System that automatically calculates directly operated service costs using these approved billing rates based on the type and length of service entered by the clinical staff. DMH management indicated that they cannot determine if/how much of these changes in workload were the direct result of Prop 47 and/or other factors.

DHS - Reported a reduction in the costs for services provided to inmates in the DHS facilities from FY 2013-14 to FY 2014-15 (since monthly data was not available). Specifically, costs for services decreased by approximately \$767,000 (or 1% of \$84.6 million). These costs are estimated using a per-service cost model developed by DHS for inpatient and outpatient care. Specifically, while the inpatient workload slightly decreased (1,194 less patient days), the inpatient cost per visit increased by \$131 per day, resulting in a net decrease of costs. In addition, both the outpatient workload and cost per visit increased; the outpatient visits increased by 775 and the cost per visit increased by \$30. DHS management indicated that they cannot determine if/how much of these changes in workload were directly impacted by Prop 47 and/or other factors.

(c) Best Practices to Quantify Cost Savings (or Increases)

The Board directed the A-C to examine best practices used by other counties to quantify savings. We contacted the counties of Orange, Riverside, San Bernardino, and San Diego to identify and analyze how each county tracks and quantifies Prop 47 cost savings.

At the time of our review, we noted that all four counties indicated that they do not track and quantify Prop 47 cost savings or increases. We also contacted the ACLU (a nonprofit organization that works to protect and promote civil liberties), who issued a report on Prop 47 in November 2015, in an attempt to identify other counties that they may be aware of that are tracking Prop 47 cost savings. The ACLU indicated that they were not aware of any county that currently tracks cost savings from Prop 47.

(d) Methodology for Reallocating Cost Savings

The Prop 47 County Taskforce (Taskforce), comprised of representatives from local criminal justice and social service agencies, is responsible for formulating a Countywide plan to identify eligible residents and facilitate applications for resentencing, and to explore the feasibility of extending or eliminating the application sunset date. As such, once the Taskforce's plan is developed, we recommend the following to ensure that PD and APD have sufficient resources to file petitions and applications before the three-year deadline (November 2017):

- Sheriff calculate the anticipated Prop 47 services and supplies cost savings for inmate marginal costs such as food, laundry, medicine, etc.
- DPH calculate the anticipated cost savings related to decreased public health admissions for contracted clinical services.
- PD and APD reevaluate their anticipated staffing and other needs to ensure that all applications received for sentence reductions are filed before the deadline. As mentioned above, these departments need more data on the additional workload to determine their staffing needs. These departments also need to plan for the timing and source of their staffing (e.g., permanent staff and/or contracted services) to be responsive to the workload estimated by the Taskforce and/or the actual workload experienced.

We reiterate that while the Sheriff and DPH have experienced some savings, they are unable to determine at this time if the savings are solely due to Prop 47 or from a range of other causes. Sheriff management also indicated that any cost savings from Prop 47 are used to cover other Custody shortfalls, such as AB109, unanticipated price increases for food and medicine, etc.

Recommendations

- 4. Sheriff's Department and the Department of Public Health each report to the Board of Supervisors the anticipated cost savings attributed to Proposition 47 once more accurate and reliable estimates are available and/or at least annually thereafter.**
- 5. Public Defender and Alternate Public Defender analyze and report to the Board of Supervisors their anticipated future workload changes and resource needs to expeditiously file applications received by the November 2017 deadline.**

(e) Input From Interested Research Organizations

The Board instructed the A-C to obtain and consider input from interested research organizations during our analysis. As part of our review, we discussed our audit scope with representatives from the Advancement Project (a civil rights organization that uses tools and strategies to inspire community-based solutions and impact policy changes), and the RAND Corporation (a nonprofit institution that uses research and analysis to develop solutions to public policy issues). Our final report incorporates relevant suggestions from the Advancement Project and RAND Corporation on our audit scope and methodologies for calculating cost and workload savings/increases. We have expressed to these organizations our availability to share the data that supports our findings.

In addition, we contacted the LAO and ACLU to discuss portions of their prior Prop 47 reports.

County of Los Angeles Proposition 47 - Analysis of Cost Savings and Service Improvements Recommended Proposition 47 Data Tracking (A)	
Sheriff	A. Average number of Prop 47 arrests and inmates. B. Average length of stay for inmates currently in custody and percentage of time served. C. Average marginal services and supplies cost per inmate.
Probation	A. Number of supervised adults that qualify under Prop 47. A.1 Breakdown of risk type/level of supervision. A.2 Number of probation violations. B. Number of supervised juveniles that qualify under Prop 47. B.1 Breakdown of risk type/level of supervision. B.2 Number of probation violations.
District Attorney	A. Number of cases that fall under Prop 47. B. Number of staff assigned to Prop 47 eligible cases.
Public Defender	A. Number of cases that fall under Prop 47. B. Number of staff assigned to Prop 47 eligible cases.
Alternate Public Defender	A. Number of cases that fall under Prop 47. B. Number of staff assigned to Prop 47 eligible cases.
Health Services	A. Number of patients that fall under Prop 47. B. Number of inpatient visits for Prop 47 patients. C. Number of outpatient visits for Prop 47 patients.
Public Health	A. Number of patients that fall under Prop 47. B. Payments made to contracted clinics for Prop 47 patients.
Mental Health	A. Number of clients that fall under Prop 47. B. Number of directly operated visits with Prop 47 clients. C. Payments made to contracted clinicians for Prop 47 clients.
(A) In cases where departments do not believe they have the ability to track future Prop 47 savings, they should report their tracking challenges and potential solutions to the Board of Supervisors.	