



CALIFORNIA PRISON HEALTH CARE SERVICES

For Immediate Release

Receiver seeks \$8 Billion Court Order for Construction

Order Would Add \$3.1 Billion to the 2008-09 Deficit

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(Sacramento, CA) Federal Receiver J. Clark Kelso has filed a motion in the United States District Court, Northern District of California, seeking orders to ensure full state funding for the Receiver's \$8 Billion Dollar Capital Construction Program which the court previously approved in the Receiver's Turnaround Plan of Action. The court has previously held that California's prison medical care system constitutes cruel and unusual punishment in violation of the U.S. Constitution due to the lack of access to basic health care. Kelso is charged with bringing the prison medical care system into compliance with federal constitutional standards.

Kelso says, "We have fully explored and exhausted every avenue for securing this funding in a manner that least affects California's taxpayers and this year's budget process, but the state's leaders have failed to act. Therefore, it is with great reluctance, and yet a sense of firm conviction, that today, I seek the court's intervention to secure this funding."

The motion comes after the California Senate twice failed to authorize bond funding for the Receiver's construction program, a refusal born of the Senate Republican Caucus's insistence that funding for the Receiver be tied to changes in other legislation. Bond funding would have spread the costs of construction over a twenty-five year period and delayed any impact on the General Fund for several years. Subsequent to the Legislature's refusal, California's Governor and Controller repeatedly refused to provide timely construction funding to the Receiver.

Kelso asserts, "California's dire fiscal condition – which has devolved into an open conflict between the Governor and the Controller over the extent of the State's cash crisis – combined with the Legislature's failure to enact an on-time budget that includes authorization for the Receiver's construction activities, raises the very real, immediate prospect that our construction program will fail for lack of a clear, stable source of funding." Kelso seeks \$6 Billion to construct new prison health care facilities, and \$2 Billion more to complete the improvements to existing facilities. The court order, if granted, would add \$3.1 billion to the state's budget deficit during the current fiscal year.

The motion calls for Defendants, Governor Arnold Schwarzenegger and State Controller John Chiang, to be held in contempt of court and orders the State to pay fines of not less than \$2 Million daily until the Defendants establish to the satisfaction of the court that the Receiver's Capitol Construction program will be fully funded. The motion further asks that the fines grow by \$1 Million Dollars every 10th day until the court is satisfied the funding will be secured. The motion also asks Federal District Court Judge Thelton Henderson to encumber any investment earnings in the state's Surplus Money Investment Fund (SMIF) and earmark the earnings for use by the Receiver for his Capital Construction project until and if another suitable source of funding is found. The motion also asks for an order that state laws be waived which may obstruct funds transfers to the Receiver. The Receiver also seeks to force defendant Chiang to submit a plan to draw enough funds from the state treasury to pay for the Receiver's immediate funding needs within three days. Governor Schwarzenegger and Controller Chiang may be compelled to physically appear in court sometime in September.