

**CALIFORNIA
PRISON HEALTH CARE
RECEIVERSHIP CORP.**

Robert Sillen
Receiver

May 11, 2007

Honorable State Officials and Staff:

Attached is the Receiver's May Revise to the Governor's budget. I was requested by legislative leaders to provide broad, order of magnitude numbers for both DCHCS and CPR prior to the release of the May Revise. I felt that you were entitled to some level of specificity beyond the broad numbers and have, therefore, provided as much detail and specific information as could reasonably be done at this time. I hope you find the information useful. As we continue to work together, it is my hope that these processes will become seamless, with aligned time frames, formats and even, perhaps, methodologies. That was simply not possible for this first submittal of the Receiver's budgets.

Attached are two separate documents which address 1) CDCR/DCHCS (Medical) budget adjustments for FY '08 and, 2) the California Prison Health Care Receivership Corp. (CPR) FY '08 budget.

Highlights: CDCR/DCHCS (Medical)

1. An increase of \$150,645,708 over the existing Governor's budget.
2. A return of 300 Licensed Vocational Nurse positions (\$17,853,196) due to the phase-out of Medical Technical Assistants and replacement with Licensed Vocational Nurses. These 300 positions were necessary, on a temporary basis, in order to accomplish the transition.
3. A savings of \$39,000,000 due to the above indicated transition representing the lower salary, wages and benefits of LVN's vs. MTA's due to base salary differentials as well as benefits. MTA's are Peace Officers with attendant salaries and benefits (3% at 50), LVN's are not.
4. Focus on support personnel e.g., OA's, OT's and other non-licensed clerical and patient care positions as opposed to physicians, registered nurses, mid-level practitioners, etc. Heretofore the State would not fund adequate support personnel, thus forcing the highest priced licensed personnel (MD's, RN's, etc.) to perform clerical functions, waste taxpayer money and the time away from direct patient care.

5. Personnel to support (partially) the Plan of Action released yesterday. Major emphasis has been placed on creating an ability to recruit, hire and train clinical and support personnel, functions not highly valued or supported in the past.
6. Funding for Receiver Career Executive Assignment managers essential to being able to recruit a professional, appropriately educated and experienced management workforce so sorely missing in CDCR/DCHCS. Despite the valiant attempts of so many individuals in current positions it merely is beyond their capability to transition the existing system to pass constitutional muster without additional help and direction from a new category of employee.
7. PY support for Correctional Officers and other custody (Peace Officer and support personnel) so critical to providing access to patient care and safety and security for medical staff in the institutions.

It should be recognized that additional changes to the budget, including some increases and some decreases, may be necessitated during the '08 fiscal year.

Highlights: CPR, Inc.

1. An increase of \$20 million in CPR's operating budget, (187%) due primarily to new positions (\$2.8 million) and professional fees (\$15.5 million) necessary to accomplish the priorities outlined in the Plan of Action. As you are aware, FY '07 budget was the inaugural year for CPR. Most of the required expenditures are the result of planning efforts during the first year. Thus, the significant increase.
2. \$30 million for capital improvements (new clinical and support space) at 8-12 prison facilities. \$61 million for health care capital projects at San Quentin State Prison.
3. Total projected funding required is \$130 million to come from the Governor's proposed \$150 million appropriation for Provision 2 of Item 5225-002-0001, Budget Act of 2006.

Should you and your staffs have questions and/or clarifications regarding the submittal please send them, in writing, addressed to me at the following address:

E-mail: Receiver@cprinc.org

Hard copy: California Prison Health Care Receivership Corp.
1731 Technology Drive, Suite 700
San Jose, CA 95110

My staff has been instructed by me to NOT respond to individual, ad hoc or telephonic/e-mail requests. They are far too burdened at present. Once requests are received, decisions will be made, based on repetition, overlap, timing and volume as to responding to them. Your cooperation will be greatly appreciated.

Sincerely,

Robert Sillen
Receiver



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