

Date of Hearing: April 29, 2015

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Ed Chau, Chair

AB 1056 (Atkins) – As Amended April 20, 2015

SUBJECT: Second Chance Program

SUMMARY: Establishes the Second Chance Program (the Program) to build safer communities by investing in community-based programs, services, and initiatives for formerly incarcerated individuals in need of mental health and substance use treatment services. Specifically, **this bill:**

- 1) Includes legislative findings.
- 2) Directs the Board of State and Community Corrections (BSCC) to administer the program.
- 3) Includes the following definitions:
 - a) "Board" means the BSCC;
 - b) "Committee" means an Executive Steering Committee of the board;
 - c) "Fund" means the Second Chance Fund; and
 - d) "Recidivism" means a conviction of a new felony or misdemeanor committed within three years of release from custody or committed within three years of placement on supervision of a previous criminal conviction.
- 4) Establishes Second Chance Fund (the Fund) within the State Treasury.
- 5) Provides that the BSCC is responsible for administering the Fund.
- 6) Continuously appropriates moneys in the Fund without regard to fiscal year.
- 7) Directs the BSCC to deposit moneys disbursed to it by the State Controller into the Fund.
- 8) Provides that the Fund can receive moneys from any other federal, state and local grants or any private donation or grants.
- 9) Provides that the BSCC cannot use moneys in the fund to supplant funding to existing programs but can use moneys in the fund to expand the capacity of existing programs.
- 10) Caps the amount the BSCC can spend on administrative costs at 5% annually.
- 11) Requires BSCC to establish and implement a Program that focuses on community-based solutions for reducing recidivism and, at a minimum, does all of the following:
 - a) Restricts eligibility to projects designed to serve people who have been arrested, charged with, or convicted of criminal offenses and have a history of mental health or substance use problems;

- b) Restricts eligibility to projects that offer mental health services, substance use disorder treatment services, misdemeanor diversion programs, or some combination of those;
- c) Prioritizes projects that advance principles of restorative justice while demonstrating a capacity to reduce recidivism;
- d) Prioritizes projects that leverage other federal, state, and local funds or other social investments, including but not limited to the following sources:
 - i. The Drug Medi-Cal Treatment Program;
 - ii. Mental Health Services Act (MHSA);
 - iii. Community Corrections Performance Incentives Act;
 - iv. California Organized Investment Network (COIN) and Community Development Financial Institutions (CDFI) Tax Credit Program;
 - v. Department of Housing and Urban Development (HUD) Emergency Solutions Grant program;
 - vi. Department of Veterans Affairs Supportive Services for Veterans Families program;
 - vii. Social Innovation Funds established by the Corporation for National Community Service; and
 - viii. Edward Byrne Memorial Justice Assistance Grant Program.
- e) Ensures that Program guidelines and terms provide threshold or scoring criteria, or both, that strongly prioritize project applications that ensure provision of the following:
 - i. Mental health services, substance use disorder treatment services, misdemeanor diversion programs or some combination of those;
 - ii. Housing-related assistance that utilizes evidence-based models including but not limited to those recommended by HUD, including but not limited to:
 - a. Financial assistance, including security deposits, utility payments, moving-cost assistance and up to 24 months of rental assistance;
 - b. Housing stabilization assistance, including case management, relocation assistance, outreach and engagement, landlord recruitment, housing navigation and placement, and credit repair; and
 - iii. Other community-based and wrap-around services, including but not limited to, job skills training, case management, and civil legal services.
- f) Promote proposals that place an emphasis on serving persons arrested for, charged with or convicted of a less serious offense, with minimal restrictions related to their prior criminal history;

- g) Promotes public and private partnerships;
- h) Promotes proposals that include community-based philanthropic and non-profit organizations;
- i) Promotes interagency and regional collaborations;
- j) Considers geographic diversity; and
- k) Requires the BSCC to establish a committee consisting of the following members, to assist in developing guidelines for administering the program:
 - i. A formerly incarcerated individual who has received mental health or substance use disorder treatment;
 - ii. A mental health expert;
 - iii. A substance use disorders expert;
 - iv. A housing programs expert;
 - v. A homelessness prevention expert;
 - vi. Two community-based social service providers with experience in providing services to formerly incarcerated individuals and reducing recidivism;
 - vii. A public safety expert;
 - viii. An academic expert with a history of research and expertise on the best practices for reducing recidivism;
 - ix. A member of the BSCC; and
 - x. An additional expert to be selected by the BSCC.

EXISTING LAW:

- 1) Proposition 47: the Safe Neighborhood and Schools Act of 2014 (Proposition 47) requires a misdemeanor sentence instead of felony for petty theft, receiving stolen property, and forging or writing bad checks when the value or amount involved is \$950 or less. Requires a misdemeanor sentence instead of felony for certain drug possession offenses. Allows a felony sentence for these offenses if a person has a previous conviction for crimes such as rape, murder or child molestation, or is a registered sex offender. Requires resentencing for persons serving felony sentences for these offenses unless the court finds an unreasonable public safety risk. Applies the savings to mental health and drug treatment programs, K-12 schools, and crime victims
- 2) Establishes the Safe Neighborhoods and Schools Fund within the State Treasury and continuously appropriates moneys in the fund (Government Code 7599).

- 3) Requires the Director of Finance to calculate the savings that accrue to the state from the implementation of Proposition 47 (Government Code 7599.2).
- 4) Requires the State Controller to disburse moneys from the Safe Neighborhoods and Schools Fund by August 15 of each fiscal year beginning in 2016 as follows:
 - a) Twenty-five percent to the State Department of Education, to administer a grant program to public agencies aimed at improving outcomes for public school pupils in kindergarten and grades one to twelve, inclusive, by reducing truancy and supporting students who are at risk of dropping out of school or are victims of crime.
 - b) Ten percent to the California Victim Compensation and Government Claims Board, to make grants to trauma recovery centers to provide services to victims of crime pursuant to Section 13963.1 of the Government Code.
 - c) Sixty-five percent to the BSCC, to administer a grant program to public agencies aimed at supporting mental health treatment, substance abuse treatment, and diversion programs for people in the criminal justice system, with an emphasis on programs that reduce recidivism of people convicted of less serious crimes, such as those covered by this measure, and those who have substance abuse and mental health problems (Government Code 7599.2).

FISCAL EFFECT: Unknown.

COMMENTS:

Background: In response to prison overcrowding directives as well as recent public safety reforms such as AB 109 (Budget Committee), Chapter 15, Statutes of 2011 and Proposition 47, unprecedented numbers of formerly incarcerated individuals are returning to our communities. Nationally, over half of people in prisons or jails have experienced a mental health issue within the last year, and over half of women in jail and 44% of men in jail have a drug or alcohol dependency. As a result of these factors, many detained in local jails are chronic offenders who frequently cycle in and out of the jail facility and other public crisis systems in part because of their long histories of residential instability or homelessness, chronic mental and physical health issues, and substance abuse disorders. A pilot study in Ohio placed ex-offenders reentering the community into a comprehensive program which addressed their mental health, substance abuse, and housing needs and provided other wrap-around services. The study found that risk of re-arrest decreased, time in the community between arrests increased, and more behavioral health services could be provided.

Proposition 47: In 2014, the voters approved Proposition 47 which would reduce the penalties for certain non-violent, nonserious drug and property crimes and require the resulting state savings to be used to pay for mental health and substance use services, truancy, dropout prevention, and victim crimes. DOF will calculate the savings that accrue to the state from the implementation of Proposition 47. Proposition 47 requires the savings be distributed among state agencies as follows:

- Twenty-five percent to the State Department of Education, to administer a grant program to public agencies aimed at improving outcomes for public school pupils in kindergarten

and grades one to twelve, inclusive, by reducing truancy and supporting students who are at risk of dropping out of school or are victims of crime.

- Ten percent to the California Victim Compensation and Government Claims Board, to make grants to trauma recovery centers to provide services to victims of crime pursuant to Section 13963.1 of the Government Code.
- Sixty-five percent to the BSCC, to administer a grant program to public agencies aimed at supporting mental health treatment, substance abuse treatment, and diversion programs for people in the criminal justice system, with an emphasis on programs that reduce recidivism of people convicted of less serious crimes, such as those covered by Proposition 47, and those who have substance abuse and mental health problems.

The Legislature has authority under the Proposition to determine how the funds are used by the departments that receive them and how much oversight to provide to determine if the funds are used effectively. The Legislative Analyst's Office (LAO) estimates that the savings resulting from Proposition 47, while subject to significant uncertainty, will likely range from \$100 million to \$200 million beginning in 2016-17.

AB 1056 provides direction to the BSCC on how to spend the 65% in savings directed to it to support mental health and substance use treatment. The bill sets out minimum criteria that the BSCC must use when creating the program and how to evaluate applicants based on the types of people served, services that should be funded, other funding sources that could be leveraged, and the level of geographic diversity, among other factors.

Housing provisions of this bill: AB 1056 would direct the BSCC to ensure that the Program guidelines and terms provide threshold or scoring criteria, or both, that strongly prioritize project applications that include rapid re-housing services. Modeled after the federal Homelessness Prevention and Rapid Re-Housing Program (HPRP) program, these services can include financial assistance, including security deposits, utility payments, and moving-cost assistance. In addition, projects may provide housing stabilization assistance, including case management, relocation assistance, outreach and engagement, landlord recruitment, housing navigation and placement, and credit repair. The amount of rental assistance would be capped at 24 months.

The bill also directs BSCC to prioritize through threshold or scoring criteria, applications for projects that provide mental health services, substance use disorder treatment services, misdemeanor diversion programs, job skills training, case management, and civil legal services. Applicants could provide these services with the rapid re-housing services described above or without.

AB 1056 also requires the BSCC to establish a ten person committee to help develop the guidelines for the program. Included on the committee are two housing representatives: a housing programs expert and a homelessness prevention expert.

Purpose of this bill: According to the author, "people in the criminal justice system and formerly incarcerated individuals have difficulty securing housing and employment upon leaving incarceration. These challenges are compounded for people who live with mental health issues or substance use disorders. California voters approved Proposition 47, known as the Safe Neighborhood and Schools Act of 2014. The measure was enacted to ensure that prison spending is focused on violent and serious offenses, to maximize alternatives for non-serious, nonviolent

crime, and to invest the savings generated from Proposition 47 into prevention and support programs. However, additional guidance is needed on how to invest those savings to further the goals of the Proposition. AB 1056 provides guidance to the BSCC on the establishment of a competitive grant program through which 65% of the anticipated Proposition 47 savings (earmarked for mental health, substance abuse, and diversion programs) will be distributed to the community. The grant program will promote comprehensive, collaborative projects that serve people who have been arrested, charged with, or convicted of an offense and have a history of mental health issues."

Arguments in support: Various organizations support AB 1056 and the goal of establishing a stable housing source for formerly incarcerated individuals. The National Association of Social Workers writes, "housing supports provide a broad range of services from financial assistance for rent and security deposits to case management and legal services. Supporters also include mental health, substance abuse, and employment services. This is an important necessary step for these former offenders and it truly gives them a second chance at success."

Committee amendments:

- 1) Page 7, line 2, after "disorders." insert "*As a result, many formerly incarcerated people, especially those with mental health issues or substance use disorders, experience homelessness. Experiencing homelessness greatly increases the likelihood that a formerly incarcerated person recidivates.*"
- 2) Page 7, line 5 after "substance use treatment services," insert "*housing,*"
- 3) Page 7, line 7 strike "*wrap-around social* " and insert "*supportive*"
- 4) Page 7, line 13 after "substance use treatment services," insert "*housing,*"
- 5) Page 7, line 14 strike "*wrap-around social* " and insert "*supportive*"
- 6) Page 8, line 2 after "administer a " insert "*grant* "
- 7) Page 8, line 11 insert "(d) "*Public agency*" means a county; city, whether general law or chartered; city and county; the duly constituted governing body of an Indian reservation or rancheria; school district; municipal corporation; district; political subdivision; or any board, commission or agency thereof; entities that are legislative bodies of a local agency pursuant to subdivisions (c) and (d) of Section 54952 of the Government Code; housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24 of the Health and Safety Code, and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income."

- 8) Page 8, line 29 strike “(d) The Board shall not use moneys allocated to the Fund to supplant funding to existing programs, but may be used to expand the capacity of an existing program.”
- 9) Page 8, line 31 strike “establish and implement a” and insert “administer a competitive grant”
- 10) Page 8, line 33 after “The” insert “grant”
- 11) Page 8, line 35 strike “projects” and insert “proposals”
- 12) Page 8, line 37 strike “problems” and insert “disorders”
- 13) Page 8 line 38 strike “projects” and insert “proposals”
- 14) Page 8 line 40 after “combination theorof” insert

“(3) Restrict eligibility to proposals that have a public agency as one of the applicants.

(b) The Board shall create a Committee to develop guidelines for administration of this program, consistent with the purposes of this article. The Committee shall adopt guidelines for the submission of proposals, including threshold or scoring criteria or both, that do each of the following:”

- 15) Page 9 line 1 strike “projects” and insert “proposals”
- 16) Page 9 line 3 strike “projects” and insert “proposals”
- 17) Page 9 line 17 after “Urban Development” insert “funds, such as the”
- 18) Page 9 line 27 strike “Ensure program guidelines and terms provide threshold or scoring criteria, or both, that strongly prioritize project applications that ensure provision of the following:” and insert “Prioritize proposals that provide for each of the following:”
- 19) Page 10 line 5 strike “wrap around services, including but not limited to,” and insert “supportive services such as”
- 20) Page 10, line 8 strike

“Promote proposals that place an emphasis on servicing persons arrested for, charged with, or convicted of a less serious offense, but with minimal restrictions related to their prior criminal history.

Promote public and private partnerships.

Promote proposals that include community-based philanthropic and non-profit organizations.

Promote interagency and regional collaborations.

Consider geographic diversity.”

21) Page 10, line 8 insert

“Prioritize proposals that leverage existing contracts, partnerships, memoranda of understanding or other formal relationships to provide one or more of the services prioritized in subsection (3).

Prioritize proposals put forth by a public agency in partnership with philanthropic or nonprofit organizations.

Prioritize proposals that promote interagency and regional collaboration.

Consider ways to promote services for people with offenses identical to or similar to those addressed by the Safe Neighborhoods and Schools Act of 2014 without precluding assistance to people with other offenses in their criminal history.

Consider geographic diversity.

Consider appropriate limits for administrative costs and overhead.

Consider proposals that provide services to juveniles.

Permit proposals to expand the capacity of an existing program but prohibit proposals from using the fund to supplant funding for an existing program.”

22) Page 10, line 17 strike “board shall establish a committee to assist in developing guidelines for administration of the program established pursuant to subdivision (a) consistent with this article. The ”

23) Page 10, line 20 strike “11” and insert “13”

24) Page 10, line 22 after “treatment.” insert “ (2) A family member of a current or formerly incarcerated individual.”

- 25) Page 10, line 23 after “expert” insert “, appointed by the California Senate.”
- 26) Page 10, line 24 after “expert” insert “, appointed by the California Assembly.”
- 27) Page 10, line 26 strike “*A homelessness prevention expert.*” and insert “*An expert on homelessness.*”
- 28) Page 10, line 27 strike “*social*” and insert “*supportive*”
- 29) Page 10, line 30 strike “*A public safety expert*” and insert “*A community supervision expert*”
- 30) Page 10, line 33 after “board.” insert “*A public agency administrator.*”

REGISTERED SUPPORT / OPPOSITION:

Support

A Community of Friends
 Adobe Communities
 AFSCME, AFL-CIO
 All of Us or None
 Area Congregations Together
 BIA of Southern California Los Angeles/Ventura Chapter
 California Building Industry Association (CBIA)
 California Chamber of Commerce
 California Community Foundation
 California Council of Community Mental Health Agencies
 California Housing Consortium
 California Immigrant Policy Center
 California Police Chiefs Association
 Californians for Safety and Justice
 City of San Francisco
 Coalition for Economic Survival
 Community Action North Bay
 Community Corporation of Santa Monica
 Community Housing Opportunities Corporation
 Community Resource Center
 Corporation for Supportive Housing
 County of San Francisco
 Department of Housing and Community Development of Los Angeles
 Drug Policy Alliance
 East LA Community Corporation
 Enterprise Community Partners
 Heaven's Windows
 Highridge Costa Housing Partners, LLC

Highridge Costa Investors, LLC
Housing Authority of the City of Los Angeles
Housing California
Housing of Merit
Hunger Advocacy Network
Inquilinos Unidos
Jewish Family Service of San Diego
Legal Services for Prisoners with Children (LSPC)
LINC Housing
Los Angeles Business School
Los Angeles Community Action Network (LA CAN)
Mayor, City of Long Beach-Robert Garcia
Mayor, City of Los Angeles-Eric Garcetti
Mayor, City of Oakland-Libby Schaaf
Mayor, City of Sacramento-Kevin Johnson
Mayor, City of San Francisco-Ed Lee
Mayor, City of San Jose-Sam Liccardo
Mayor, City of Santa Ana-Miguel Pulido
Mercy Housing California
NAMI California
National Association of Social Workers - California Chapter (NASW-CA)
National Center for Youth Law (NCYL)
Non-Profit Housing Association of Northern California (NPH)
PATH
PATH Ventures
Public Counsel
Related California
San Diego Housing Federation
San Diego Hunger Coalition
Santa Clara County Board of Supervisors
Satellite Affordable Housing Association
Skid Row Housing Trust
South Bay Community Services
Southern California Association of NonProfit Housing
St. Anthony Foundation
TransForm
United Way of Greater Los Angeles
West Hollywood Community Housing Corporation
Western Center on Law & Poverty
Western Regional Advocacy Project (WRAP)
WORKS

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085