

SOPHIE HAHN

Berkeley City Council, District 5

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CONSENT CALENDAR

February 28, 2017

To: Honorable Mayor and Members of the City Council
From: Councilmember Sophie Hahn, Cheryl Davila, Ben Bartlett
Subject: Supporting CA Assembly Bill 43 - State Incarceration Prevention Fund

RECOMMENDATION

Support Assembly Bill 43 which redirects monies generated by private companies that profit from contracts with state prison facilities into a State Incarceration Prevention Fund, for the purpose of supporting programs known to prevent incarceration, and send letters of support to Assembly Speaker Rendon and Assemblymember Thurmond. Such programs include universal preschool, higher education and poverty reduction measures.

FINANCIAL IMPLICATIONS

None

BACKGROUND

In 2015, California's corrections budget was approximately \$10 billion, with an additional \$1 billion going towards implementing sentencing alternatives and \$2.2 billion going towards new county jail construction. A number of private companies contract with state prison facilities to provide goods and services, often at a markup, thereby profiting from a large state prison population, at taxpayers' expense.

By contrast, the State of California spends comparatively little on programs that prevent incarceration. These programs stand little chance of success without a permanent and reliable funding source, which Assembly Bill 43 seeks to provide.

The purpose of Assembly Bill 43 is to create a permanent stream of funds for large scale programs that can prevent incarceration by assessing a tax on companies that contract with prisons and profit from incarceration. Through this tax, such companies would redirect revenue back to the state, to be deposited into the State Incarceration Prevention Fund and disbursed to support programs that reduce incarceration.

The full text of the bill can be read here:

http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB43

ENVIRONMENTAL SUSTAINABILITY

No impacts on the environment.

CONTACT PERSON

Councilmember Sophie Hahn, Council District 5, 510-981-7150

Attachments:

- 1: Letters to Speaker Anthony Rendon and Assemblymember Tony Thurmond
- 2: Factsheet for Assembly Bill 43 (Thurmond), updated December 6, 2016

Dear California State Assembly Speaker Rendon,

The City of Berkeley strongly supports Assembly Bill 43. This bill is an innovative way to secure a permanent funding source for programs that are known to prevent incarceration, and would better balance the state's expenditures on preventive measures against the \$10 billion spent annually on corrections.

Assembly Bill 43 would result in a significant increase in the annual investment in preventive measures such as universal preschool, higher education and poverty reduction measures. This would represent a marked shift in budgeting priorities, and would redirect profits made from prisons and incarceration from private companies back toward public investment in reducing incarceration.

Assembly Bill 43 also ensures that contracting companies do not pass these costs along to the state and establishes a method of monitoring compliance. We laud the intention of increasing the availability of funds for preventive measures to reduce incarceration in the State of California, and urge you to support Assembly Bill 43.

Respectfully,
Berkeley City Council

Dear Assemblymember Thurmond

We write to express our strong support for Assembly Bill 43, and to thank you for sponsoring legislation that would redirect profits made from prisons and incarceration towards programs known to help prevent incarceration.

The City of Berkeley is committed to reducing incarceration and providing opportunities for citizens to build and sustain productive lives. The City Council has already authored and sent a letter to Assembly Speaker Anthony Rendon, urging his strong support of Assembly Bill 43. We thank you again for your representation and advocacy in the State Assembly, and for your commitment to the well-being of the people of California.

Respectfully,
Berkeley City Council



Assemblymember Tony Thurmond, 15th Assembly District

AB 43 – State Incarceration Prevention Fund

IN BRIEF

AB 43 provides a revenue stream for large scale programs that are known to prevent incarceration such as universal pre-school, higher education and poverty reduction measures. It does this by re-directing money, generated by private companies that profit from the prison industrial complex, into a new fund for the purpose of keeping individuals from being incarcerated in the first place.

BACKGROUND

California spends huge amounts to incarcerate prisoners. The 2015 fiscal year corrections budget was approximately \$10 billion with an additional \$1 billion in funds going to aid counties in implementing sentencing alternatives and \$2.2 billion for county jail construction. In comparison, the state spends relatively little on programs known to prevent incarceration.

Further, attempts to invest heavily in incarceration prevention programs has been stymied by existing budget concerns. Additionally, without a permanent funding source, these efforts are unlikely to experience continued success.

All the while, private companies continue to profit as a result of high state incarceration rates. These companies provide necessary goods and services to state facilities, often at a markup. In effect, taxpayers are stuck foot the bill, enabling private companies to see large profits for goods and services due to California's prison population.

SOLUTION

Assess a tax on companies that contract with state prison facilities to provide goods or services. The tax targets those companies that profit financially from an individual's incarceration and to cause those companies to give revenue back to the state that will be used to prevent and/or reduce future incarceration. Funds collected will be deposited into the State Incarceration Prevention Fund in order to provide prevention services.

This tax is structured such that it takes from company revenue and is not simply passed along to the state through increased bid prices. Language has been included that 1) requires contracting companies to

certify under penalty of perjury that the cost is not being passed along to the state, 2) calls for oversight and potential audit by the Board of Equalization and 3) institutes a civil fine for companies found to be violators. Fines too will be deposited into the fund, further increasing the amount of available money for incarceration prevention.

SUPPORT

FOR MORE INFORMATION

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