



The Department of State Hospitals' (DSH) proposed budget for Fiscal Year (FY) 2019-20 totals \$2.0 billion, an increase of \$7.8 million from the FY 2019-20 Governor's Budget, with an increase of 1.2 positions.

**FY 2019-20 Governor's Budget vs. FY 2019-20 May Revision Budget**  
**(Dollars in Thousands)**

Funding Source	FY 2019-20 Governor's Budget	FY 2019-20 May Revision	Difference	% Change
<b>General Fund (0001)</b>	<b>\$1,825,789</b>	<b>\$1,830,439</b>	<b>\$4,650</b>	<b>0%</b>
<b>Lease Revenue Bond (Ref 003)</b>	<b>\$40,475</b>	<b>\$40,475</b>	<b>\$0</b>	<b>0%</b>
State Hospitals	\$40,475	\$40,475	\$0	0%
<b>Support Funds (Ref 011)</b>	<b>\$1,782,949</b>	<b>\$1,787,599</b>	<b>\$4,650</b>	<b>0%</b>
Administration	\$155,369	\$151,764	(\$3,605)	-2%
State Hospitals	\$1,482,663	\$1,492,923	\$10,260	1%
CONREP	\$38,326	\$42,955	\$4,629	12%
Contracted Patient Services	\$83,353	\$77,089	(\$6,264)	-8%
Evaluation & Forensic Services	\$23,238	\$22,868	(\$370)	-2%
<b>Support HIPAA (Ref 017)</b>	<b>\$1,265</b>	<b>\$1,265</b>	<b>\$0</b>	<b>0%</b>
Administration	\$1,265	\$1,265	\$0	0%
<b>Non- Budget Act (Ref 502)</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$0</b>	<b>0%</b>
Medicare- State Hospital	\$1,100	\$1,100	\$0	0%
<b>Lottery Fund (0814)</b>	<b>\$23</b>	<b>\$29</b>	<b>\$6</b>	<b>26%</b>
State Hospitals	\$23	\$29	\$6	26%
<b>Reimbursements (Ref 511)</b>	<b>\$167,323</b>	<b>\$170,433</b>	<b>\$3,110</b>	<b>2%</b>
Administration	\$672	\$3,412	\$2,740	408%
State Hospitals	\$166,651	\$167,021	\$370	0%
<b>TOTALS</b>	<b>\$1,993,135</b>	<b>2,000,901</b>	<b>\$7,766</b>	

FY 18-19 Funding Source	FY 2019-20 Governor's Budget	FY 2019-20 May Revision	Difference	% Change
<b>General Fund (0001)</b>	<b>\$113</b>	<b>\$13,324</b>	<b>\$13,211</b>	<b>99.15%</b>
Capital Outlay	\$113	\$13,324	\$13,211	99.15%
<b>Public Bldgs Construction (0660)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
Capital Outlay	\$0	\$0	\$0	0%
<b>TOTALS</b>	<b>\$113</b>	<b>\$13,324</b>	<b>\$13,211</b>	



## Support Budget

The May Revision's Budget reflects a net increase of \$7.8 million in General Funds (GF) and 1.2 positions. The following provides specific detail of budget adjustments from the 2019-20 Governor's Budget.

### **State Hospital Estimate (\$1.3 million GF)**

DSH continues to seek solutions to address the significant growth in its patient population. As of April 29, 2019, DSH has a total of 1,095 patients pending placement, of which 808 are Incompetent to Stand Trial (IST). DSH continues to explore alternatives both in the state hospitals and through contracted facilities to address the waitlist. Additionally, DSH continues to evaluate the services it provides to its patients, its staffing resources, and its infrastructure. Significant adjustments for state hospitals include:

- *Patient Driven Operating Expenses and Equipment (\$547,000 GF in FY 2019-20 and ongoing)*

In the 2019-20 Governor's Budget, DSH requested \$10.5 million in FY 2019-20 and ongoing to support the operating cost per patient. The request was to fund the 547 state hospital beds activated since FY 2012-13, as well as the beds activated in FY 2018-19. Based on updated projected census figures by June 30, 2020, DSH is requesting an additional \$547,000 in FY 2019-20 and ongoing to support the operating cost per patient.

- *Lanterman-Petris-Short Population Services Adjustment (\$2.74 million in FY 2019-20 and ongoing)*

DSH admits Lanterman-Petris-Short (LPS) patients through civil commitment processes. LPS beds are funded through reimbursements from counties that use the DSH system. Due to the increasing LPS population, DSH's reimbursement authority is not sufficient for the services provided to counties. In the 2019-20 Governor's Budget, DSH requested an increase of \$606,000 in reimbursement authority in FY 2019-20 based on LPS bed usage. Based on updated collection figures, DSH is requesting an additional \$2.74 million in reimbursement authority for the 2019-20 May Revision.

- *2014 South Napa Earthquake Repairs (-\$1.14 million in FY 2018-19 and -\$608,000 in FY 2019-20)*

Funding via prior Budget Acts have been approved for the repairs associated with the damage at DSH-Napa resulting from the South Napa earthquake in August 2014. DSH prioritized the repairs to DSH-Napa's buildings into three projects. While funding for Projects 1 and 2 remain status-quo, in the 2019-20 May Revision, DSH is reporting a one-time savings of \$1,138,958 in FY 2018-19 and \$608,479 in FY 2019-20 because DSH will not be proceeding with completion of the remaining Project 3 repairs which are comprised of minor cosmetic repairs, including plaster repairs and painting. Due to ongoing challenges and delays in the availability and hiring of casual labor, DSH has not been able to make significant efforts towards completing Project 3 repairs. Further complicating the issue, these repairs are within patient occupied areas and would require swing space to complete the project that DSH-Napa does not currently have available. Furthermore, recent storms have caused roof leaks that have damaged the cosmetic repairs already made. As such, the Department is cancelling remaining Project 3 deliverables.

- *Enhanced Treatment Program Staffing (-\$2.62 million and -7.1 positions in FY 2018-19 and -\$577,000 and 2.3 positions in FY 2019-20 one-time GF)*

The Enhanced Treatment Program (ETP) is a new enhanced level of care designed to treat patients who are at the highest risk of violence and who cannot be safely treated in a standard treatment environment. These units will provide improved treatment with a heightened secure setting to patients with a demonstrated and sustained risk of aggressive, violent behavior toward other patients and staff.



Construction and activation of the ETP units was delayed due to various reasons such as existing site conditions, code issues, and resulting change required by the State Fire Marshal. Further delays are due to unforeseen conditions such as unknown regular and low voltage electrical conduits and materials damages and unexpected ductwork. As a result of these delays, DSH anticipates a savings of \$2.62 million in current year and \$716,000 in budget year. Additionally, DSH proposes to redirect \$139,000 of the savings reported in FY 2019-20 to critical needs identified for DSH-Patton's ETP unit.

- *DSH-Metropolitan Increased Secured Bed Capacity (-\$3.4 million and -22.5 position in FY 2018-19 and -3.1 million and -20.1 in FY 2019-20 one-time GF)*

To provide additional capacity to address the ongoing system-wide forensic waitlist with a particular focus on the continuing IST waitlist, this expansion at DSH-Metropolitan is the final phase of the project. DSH has received approval via past Budget Acts for positions and funding for Units 404, 406, and 408. Consistent with the previous units, DSH requested 119.3 partial year positions and \$18.6 million in 2019-20 for Units 412 and 414 in the 2019-20 Governor's Budget. The net impact of the Continuing Treatment West (CTW) Building and 100s Building renovations will be the activation of 236 additional beds at DSH-Metropolitan. As of the 2019-20 May Revision, there have been minor delays (two months) due to an initial delay in the contract award. In addition, there was a delay due to a new State Fire Marshal requirement for fire sprinkler pipe fitter companies to have certified workers. The delays resulted in DSH reporting a savings of \$3.4 million in FY 2018-19 and reduction of position authority by 22.5 for Units 406 and 408. For Units 412 and 414, DSH is reporting a reduction of funding by \$3.1 million and 21.6 positions in FY 2019-20.

- *Telepsychiatry Resources (\$2.2 million and 11.0 positions in FY 2019-20, \$3.7 million and 21.0 positions in FY 2020-21 and \$3.5 million and 21.0 positions ongoing)*

To expand the use of telepsychiatry and ensure appropriate delivery of care, DSH proposes to expand the current program to add clinical oversight and supervision, telepsychiatry coordinators, as well as sufficient information technology (IT) equipment and resources. To accommodate this expansion, DSH requests 11.0 positions and \$2,205,315 in FY 2019-20 and 21.0 positions and \$3,698,049 in FY 2020-21. The ongoing request starting in 2021-22 will be 21.0 positions and \$3.5 million.

**Conditional Release Program (CONREP) Estimate (\$4.7 million in FY 19-20 and 11.6 million ongoing GF)**

- *CONREP SVP Program Update (-\$1.0 million in FY 2018-19 and -\$1.0 million in 2019-20 GF)*

As of the 2019-20 May Revision, DSH assumes a caseload reduction of three SVPs in the current year from the total projected in the Governor's Budget, resulting in a total caseload of 18 SVP clients in CONREP by June 30, 2019. In FY 2019-20, an additional three SVPs are assumed to be released, for a total CONREP-SVP caseload of 21 by June 30, 2020. This projected population change results in a net decrease of two SVP clients from the total projected at Governor's Budget. The estimated caseload and budget are in accordance with the actual and updated schedule for release of SVP clients to CONREP. As such, DSH is reducing the request in FY 2018-19 by \$1,013,000 and by \$994,000 in FY 2019-20 and ongoing.

- *CONREP – Expand Continuum of Care: Step-Down Transition Program (\$5.7 million in 2019-20 and \$11.6 million in 2020-21 and ongoing GF)*



DSH proposes to expand its continuum of care for state hospital/CONREP patients via establishing a step-down program. DSH is requesting \$5.7 million in FY 2019-20 (\$11.5 million ongoing) to contract for a 78-bed vendor operated community step-down program to serve Mentally Disordered Offenders and Not Guilty by Reason of Insanity commitments who are preparing for conditional release from state hospitals within 18 to 24 months. This funding also includes expanding DSH's existing contract with Sylmar Health and Rehabilitation Center by four (4) beds for a total of 24 beds.

***Contracted Patient Services Estimate (-\$725,000 in FY 2018-19 and -\$5.9 million in 2019-20 GF)***

- *Jail-Based Competency Treatment (JBCT) Existing Program Cost Decrease (-\$727,000 in FY 18-19 and -\$168,000 19-20 and ongoing GF)*

As of the 2019-20 May Revision, DSH has identified cost savings totaling \$727,000 in 2018-19 and \$168,000 in 2019-20 and ongoing due to activation delays and changes to program capacity.

- *JBCT New Programs (\$2,000 in FY 2018-19, \$5.7 million in FY 2019-20 and \$9,000 ongoing GF)*

As of the 2019-20 May Revision, DSH has updated its assumptions commensurate with the timing of contract execution and program activation for the new programs identified in the 2019-20 Governor's Budget. As a result, DSH is adjusting its funding request by \$2,000 in 2018-19 and reporting a savings of \$5.7 million in 2019-20 and \$9,000 in ongoing to reflect the phased-in plan of new program activations.

***Headquarters and Hospital Administration (\$5.9 million and 8.0 positions in 2019-20 GF)***

- *Disaster Preparedness, Response and Recovery (\$996,000 and 6.0 positions in FY 2019-20 and \$826,000 ongoing)*

DSH requests \$996,000 and 6.0 positions (1.0 Statewide Senior Emergency Coordinator and 5.0 Emergency Services Coordinators) in FY 2019-20 and \$826,000 in FY 2020-21 and ongoing. This proposal includes funding for a new Statewide Business Continuity Plan, satellite phone hardware, as well as emergency equipment and communications systems. This proposal is part of the Administration's larger Disaster Preparedness, Response and Recovery May Revision package. Based on lessons learned and due to the increased magnitude, frequency and complexity of recent disasters and those likely to come, the May Revision includes resources for various departments to enhance the State's disaster response preparedness and support the continuity of state government during disasters.

- *Relocation to Clifford L. Allenby Building (\$4.9 million FY 2019-20)*

The California Health and Human Services Agency (CHHS), Department of Developmental Services (DDS) and Department of State Hospitals (DSH) request \$23.9 million in General Fund authority as follows: \$8.3 million in fiscal year (FY) 2019-20, \$3.6 million in FY 2020-21, \$3.9 million in 2021-22 and 2022-23, and an ongoing amount of \$4.2 million. CHHS, DDS and DSH also request position authority for 1.0 permanent positions and 2.0 temporary help positions in FY 2019-20. This request addresses the services and equipment necessary for occupancy of the new building, but not funded through the capital outlay project. This augmentation is required for Phase 1 which includes initial funding for purchases and their corresponding on-going costs to relocate staff and operations to the new Department of General Services (DGS) Clifford L. Allenby Building to be located at 1215 O Street in Sacramento in January of 2021. Funding needed for costs to be incurred in other phases will be requested in a subsequent proposal.



**Spring Finance Letters (\$2.0 million GF in FY 2019-20)**

- *Technical Adjustments – Various Increase (net-zero funding adjustment)*

In the 2019-20 May Revision, DSH is requesting to realign resources in FY 2019-20 and ongoing to properly align budget and position authority with existing resources. This proposal does not adjust DSH's funding levels.

- *Technical Adjustment – Workforce Development (net-zero funding adjustment)*

The 2019-20 Governor's Budget included a Budget Change Proposal (BCP) requesting 5.0 Nurse Instructors spanning three hospitals to expand resources for nursing recruitment to meet the mission of providing mental health services to patients and reduce vacancy rates for mental health providers. DSH identified an opportunity to leverage an existing agreement with Cuesta College to receive reimbursement for the Nurse Instructors proposed for placement at DSH-Atascadero. DSH is requesting a reduction of \$370,000 from the GF augmentation and \$370,000 in reimbursement authority.

- *Technical Adjustment – Vocational Services and Patient Minimum Wages (-\$151,000 in FY 2019-20 and ongoing)*

The 2019-20 Governor's Budget included a request for \$3.3 million and 1.0 position to implement a new and uniform wage structure for DSH's Vocational Rehabilitation Program. The proposal will enable DSH to standardize the patient wage structure across patient-worker commitment types, as well as across the state hospitals, thereby allowing for the continuation of patient vocational treatment programs. DSH is requesting a reduction of \$151,000 from what was included in the Vocational Services and Patient Minimum Wage BCP (due to a calculation error) in FY 2019-20 and ongoing.

- *Pharmacy Modernization (\$2.2 million in FY 2019-20)*

DSH requests \$2.2 million in FY 2019-20 to plan the implementation of Pharmacy Modernization. The request will fund staffing and other resources required to support the completion of activities required by the State's Project Approval Lifecycle (PAL) Stage Gates. Continuing support for DSH's Pharmacy Modernization plan will allow DSH to continue developing a modern solution, which will prepare DSH for an Electronic Health Records system. Pharmacy Modernization will consist of planning activities that will include inventory control, unit dose repackaging, automated dispensing, standardized patient specific medication data improvements, and pharmacy data integration. In addition, the project will rearchitect the existing pharmacy application environment to accommodate the new pharmacy system.

**Capital Outlay**

DSH submitted four Capital Outlay Spring Finance Letters, including two proposals requesting reappropriation of funds and two net-zero proposals requesting for the extension of the funding liquidation period. The 2019-20 May Revision included a request for the reappropriation of capital outlay funds associated with the Enhanced Treatment Programs located at DSH-Atascadero and DSH-Patton.

State Hospital	Project Description	Amount
DSH-Patton	Fire Alarm System Upgrade	\$9,428,000
DSH-Metropolitan	Consolidation of Police Operations	\$1,509,000
DSH-Napa	Construct New Main Kitchen – Extension of Liquidation Period	\$0





DSH-Metropolitan	Construct New Main Kitchen and Remodel Satellite Serving Kitchens – Extension of Liquidation Period	\$0
DSH-Atascadero and DSH-Patton	Enhanced Treatment Program Reappropriation	\$2,387,000

**State Hospital Population**

DSH is responsible for the daily care and treatment to over 7,000 patients with an estimated caseload, by the end of FY 2019-20, totaling 6,317 across the state hospitals, 444 in contracted programs, and 795 in its CONREP non-SVP and CONREP SVP programs in the community. Over the last decade, the population demographic has shifted from primarily civil court commitments to a forensic population committed through the criminal court system. Approximately 91 percent of the patient population is forensic. The remaining 9 percent are patients admitted in accordance with the Lanterman-Petris-Short (LPS) Act. DSH is primarily funded through the State General Fund and reimbursements collected from counties for the care of LPS patients. The table below displays patient caseload by commitment type and contract location.

<b>2019-20 May Revision</b>	
<b>Estimated Caseload</b>	
<b>Location</b>	<b>Estimated Census on June 30, 2020</b>
<b><i>Population by Commitment Type – Hospitals</i></b>	
IST—PC 1370	1,617
NGI—PC 1026	1,396
MDO	1,416
SVP	953
LPS/PC 2974	703
PC 2684 ( <i>Coleman</i> )	230
WIC 1756 (DJJ)	2
<b>Subtotal</b>	<b>6,317</b>
<b><i>Contracted Programs</i></b>	
Kern AES Center	60
Riverside JBCT	25
Sacramento JBCT	32
Sacramento JBCT - Female	12
San Bernardino JBCT	146
San Diego JBCT	30
Sonoma JBCT	10
Stanislaus JBCT	18
Monterey JBCT	10
San Joaquin JBCT	10
Solano JBCT	12
Mendocino Small County Model JBCT <sup>1</sup>	TBD
Mariposa Small County Model JBCT <sup>1</sup>	TBD
Butte JBCT	5
Southern CA County A JBCT	5
Central CA County B JBCT	5



Northern CA County C JBCT	6
Northern CA County D JBCT	48
Southern CA County E JBCT	10
<b>Subtotal</b>	<b>444</b>
<b>CONREP Programs</b>	
CONREP Non-SVP <sup>2</sup>	692
CONREP SVP	21
Expand Continuum of Care	82
<b>Subtotal</b>	<b>795</b>
<b>GRAND TOTAL</b>	<b>7,556</b>

<sup>1</sup>Please note that Mendocino and Mariposa JBCT do not have a set number of beds and instead focus on the number of patients served. As such, the annual population change total does not include these additional beds.

<sup>2</sup>The CONREP Non-SVP caseload number includes STRP beds.