



The Department of State Hospital's (DSH) budget as reflected in the 2023 Budget Act totals \$3.5 billion – an increase of \$380.4 million (or 12 percent) and 96.2 positions from the 2022 Budget Act. Of the increased amount, \$257.3 million (or 67 percent) is reappropriated from prior budget acts. The proposed budget includes investments in improving the departments operations and delivery of services, and state hospital facility capital outlay project improvements.

**TOTAL STATE HOSPITALS**  
**2022 Budget Act vs. 2023 Budget Act**  
*(Dollars in Thousands)*

<b>FUNDING SOURCE</b>	<b>2022 Budget Act</b>	<b>2023 Budget Act</b>	<b>Difference</b>	<b>% Change</b>
State Operations <sup>1</sup>	\$3,091,790	\$3,424,158	\$332,368	11%
Capital Outlay	\$26,195	\$74,234	\$48,039	183%
<b>TOTALS</b>	<b>\$3,119,085</b>	<b>\$3,499,492</b>	<b>\$380,407</b>	<b>12%</b>

<sup>1</sup>Total includes non-budget act items (Medicare and Lottery)

**SUPPORT BUDGET**

The 2023 Budget Act reflects a net increase of \$332.3 million in fiscal year (FY) 2023-24 (\$442.9 million increase in General Fund and reductions of \$27.5 million of reimbursement authority and \$83.1 million of California Emergency Relief Fund authority, respectively). The following provides specific detail of proposed budget adjustments.



**SUPPORT COMPARISON**  
**2022 Budget Act vs. 2023 Budget Act**  
*(Dollars in Thousands)*

FUNDING SOURCE	2022 Budget Act	2023 Budget Act	Difference	% Change
<b>General Fund (0001)</b>	<b>\$2,815,803</b>	<b>\$3,258,712</b>	<b>\$442,909</b>	<b>16%</b>
<b>Lease Revenue Bond (Ref 003)</b>	<b>\$39,260</b>	<b>\$39,475</b>	<b>\$215</b>	<b>1%</b>
State Hospitals	\$39,260	\$39,475	\$215	1%
<b>Support Funds (Ref 011)</b>	<b>\$2,774,009</b>	<b>\$3,216,650</b>	<b>\$442,641</b>	<b>16%</b>
Administration	\$221,735	\$254,435	\$32,700	15%
State Hospitals	\$1,672,518	\$1,852,201	\$176,683	11%
CONREP	\$87,971	\$92,940	\$4,969	5%
Contracted Patient Services <sup>1</sup>	\$753,129	\$976,960	\$223,831	30%
Evaluation & Forensic Services	\$38,656	\$40,114	\$1,458	4%
<b>Support HIPAA (Ref 017)</b>	<b>\$1,434</b>	<b>\$1,487</b>	<b>\$53</b>	<b>4%</b>
Administration	\$1,434	\$1,487	\$53	4%
<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>\$19</b>	<b>\$21</b>	<b>\$2</b>	<b>11%</b>
State Hospitals	\$19	\$21	\$2	11%
<b>Federal Trust Fund (0890)</b>	<b>\$0</b>	<b>\$100</b>	<b>\$100</b>	<b>0%</b>
State Hospitals	\$0	\$100	\$100	0%
<b>Reimbursements Fund (0995, Ref 511)</b>	<b>\$192,844</b>	<b>\$165,325</b>	<b>(\$27,519)</b>	<b>-14%</b>
Administration	\$176	\$176	\$0	0%
State Hospitals	\$192,668	\$165,149	(\$27,519)	-14%
<b>California Emergency Relief Fund (3398)</b>	<b>\$83,124</b>	<b>\$0</b>	<b>(\$83,124)</b>	<b>-100%</b>
Administration	\$0	\$0	\$0	0%
State Hospitals	\$83,124	\$0	(\$83,124)	-100%
<b>TOTALS<sup>2</sup></b>	<b>\$3,091,790</b>	<b>\$3,424,158</b>	<b>\$332,368</b>	<b>11%</b>

<sup>1</sup>Total includes non-budget act items (Medicare and Lottery)

<sup>2</sup>2023 Budget Act includes reappropriated funding from previous Budget Acts in the amount of \$257,316,000



**BUDGET CHANGE PROPOSALS (BCP)**

**Governor's Budget BCPs**

- *Electronic Health Records Planning (\$21.5 million and 40.2 positions in Fiscal Year (FY) 2023-24)*

DSH received \$21.5 million General Fund and 40.2 positions in FY 2023-24 and \$22.3 million and 58.0 positions ongoing beginning in FY 2024-25 to complete remaining planning activities, complete the System Integrator procurement and initiate the activities needed for the transition into implementation of the Continuum Electronic Health Record (EHR) System. This proposal allows DSH to finish its planning efforts and initiate implementation by using these resources to add necessary functions to the clinical team, training team for the pilot site (DSH-Coalinga), procuring and configuring end-user devices and medical devices for DSH-Coalinga, and resources for the Technology Services Division due to the level of complexity and volume of IT systems integration that will need to scale considerably for this project to succeed.

- *Psychiatry Workforce Pipeline, Recruitment, Hiring, and Retention (\$6.5 million and 7.0 positions in FY 2023-24)*

DSH received \$6.5 million General Fund and 7.0 positions in FY 2023-24, \$7.1 million and 7.0 positions in FY 2024-25, \$7.3 million and 7.0 positions in FY 2025-26, \$7.7 million and 7.0 positions in FY 2026-27, and \$8.3 million and 7.0 positions in FY 2027-28 and ongoing to sustain and grow DSH's psychiatric workforce with the development and implementation of pipeline, recruitment, hiring, and retention initiatives. The expansion of residency programs, psychiatric fellowships and resident rotations will help alleviate the recruitment and retention challenges faced by the state hospital system.

- *Department of General Services Statewide Surcharge Adjustments (\$1.9 million in FY 2023-24)*

DSH received \$1.9 million General Fund in FY 2023-24 and ongoing to address ongoing increased costs due to the Department of General Services (DGS) Statewide Surcharge. The DSH appropriation for the DGS Statewide Surcharge has not changed since implementation however, the fees have increased year over year. This request will provide the difference between the 2013-14 and 2023-24 fiscal years.



- *Teleservices Resources (\$2.1 million and 15.0 positions in FY 2023-24)*

DSH received \$2.1 million General Fund and 15.0 positions in FY 2023-24 and ongoing to manage both in-person and teleservices for visitation and court hearings. DSH has experienced a significant increase in the use of telecourt and teleservices across all locations.

- *Sexually Violent Predators (SB 1034) (\$598,000 and 2.0 positions in FY 2023-24)*

DSH received \$598,000 General Fund and 2.0 positions in FY 2023-24 and ongoing to support new requirements created by the passage of Senate Bill (SB) 1034 (Atkins), Chapter 880, Statutes of 2022: Sexually Violent Predators. SB 1034 requires DSH to convene for each SVP patient approved for conditional release, a committee of specified county representatives to obtain relevant assistance and consultation regarding securing suitable housing.

- *Increased Court Appearances and Public Records Act Requests - Continuation of Funding (\$847,000 in FY 2023-24)*

DSH received \$847,000 General Fund in FY 2023-24 to support 5.5 positions, ongoing, that were included in the 2021 Budget Act with limited-term funding which expires June 30, 2023. This funding is to support the permanent positions needed to address the sustained increase in workload of court hearings at which DSH attorneys are required to appear throughout the state and the sustained increase in workload of Public Records Act (PRA) requests to which DSH must respond.

### **Spring BCPs**

- *Extend Funding for Health Insurance Portability and Accountability Act Compliance and Accounting Workload (\$615,000 in FY 2023-24)*

DSH received \$615,000 General Fund in FY 2023-24 to continue to support 5.0 positions to process invoices and payments from medical providers containing Protected Health Information (PHI) and ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA).



- *Shift Funding for Patient Education from Reimbursements to Federal Funds (\$100,000 (FF) in FY 2023-24)*

DSH will shift \$100,000 from reimbursement authority to Federal Fund (FF) authority in FY 2023-24 and ongoing for Patient Education services. This shift allows DSH to more efficiently draw down federal dollars directly instead of receiving funds passed through by the Department of Development Services (DDS) to support special education and vocational education programs at DSH.



### **ENROLLMENT, CASELOAD AND POPULATION**

DSH continues to seek solutions to address the significant demand for treatment. As of May 29, 2023, DSH has a total of 1,281 patients pending placement, of which 895 are deemed IST<sup>1</sup>. The enrollment, caseload and population estimates propose additional funding for hospital patient operating expense and equipment (OE&E) needs and the extension of Incompetent to Stand Trial (IST) funding.

#### **State Hospitals**

- *County Bed Billing Reimbursement Authority (-\$27.4 million in FY 2023-24)*

The County Bed Billing Reimbursement Authority is comprised of the Lanterman-Petris-Short (LPS) population and IST Non-Restorable (NR) and IST Maximum Term (MT) defendants which pertain to county financial responsibility. DSH reduced this reimbursement amount by \$27.4 million in FY 2023-24 and ongoing to align reimbursement authority with current LPS patient census.

- *Enhanced Treatment Program (ETP) (-\$3.2 million in FY 2023-24)*

The ETP was developed to treat patients who are at the highest risk of violence and cannot be safely treated in a standard treatment environment. DSH is experiencing activation delays at DSH-Patton, with unit construction scheduled to be completed in March 2024 and unit activation scheduled for May 2024. DSH reflects a one-time savings of \$3.2 million in FY 2023-24 associated with personal services savings.

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<sup>1</sup> Additionally, 167 of the 895 individuals deemed IST are receiving DSH Early Access Stabilization Services (EASS) through local county providers, reducing the total number of ISTs pending access to substantive treatment to 760.



- *Mission Based Review – Direct Care Nursing (-\$4.8 million and 29.0 positions in FY 2023-24)*

This staffing standard established population-driven methods for calculating staffing needs to support the workload of providing 24-hour care nursing services within DSH. It also included staffing methodologies for the administration of medication and the afterhours nursing supervisory structure. Due to delays in hiring, DSH reflects a one-time savings of \$4.8 million. A total of 311.0 Medication Pass Psychiatric Technicians have been established and 163.0 were filled. Additionally, a total of 44.5 Afterhours Supervising Registered Nurses positions have been established and 32.0 are filled. In total 355.5 positions are established and 195.0 are filled. Additionally, DSH received position authority only for 29.0 administrative positions to allow level-of-care positions to go back on-unit in FY 2023-24.

- *Mission-Based Review – Treatment Team and Primary Care (-\$19.3 million and -46.5 positions in FY 2023-24)*

This staffing standard uses data-informed methodologies for standardizing caseload for DSH's interdisciplinary treatment team and primary care, resulting in an increase in the number of treatment teams and primary care physicians in the state hospitals. In FY 2022-23, 38.9 positions were phased-in, resulting in a total of 124.7 positions authorized as of FY 2022-23. As of the May Revision, 43.5 have been filled. In FY 2023-24, no additional positions are scheduled to be phased in. Due to the delays and challenges in hiring, DSH shifted 46.5 positions scheduled to be phased-in in FY 2023-24 to FY 2026-27 to allow time to recruit for positions already authorized. This will allow DSH to focus on current recruitment efforts and be better positioned for future hires. A total of 114.7 positions have been established and 36.0 currently filled.

- *Patient-Driven Operating Expenses and Equipment (\$26.6 million in FY 2023-24)*

The Budget Act of 2019 included a standardized patient operating expenses and equipment (OE&E) projection methodology based on FY 2019-20 actual expenditures and projected census. Based on FY 2021-22 actuals and changes to patient census, DSH received \$26.6 million in FY 2023-24 and ongoing.

- *COVID-19 Response (\$42.1 million in FY 2023-24)*

With the onset of the COVID-19 pandemic, DSH executed a COVID-19 response plan across its system and adjusts this plan on an ongoing basis to respond to the COVID-19 pandemic challenges. Following the end of the State of Emergency on February 28, 2023 and the end of the Federal State of Emergency on May 11, 2023, DSH has made changes in accordance with Centers for Disease Control, California Department of Public Health, and Local Public Health guidance, to infection control protocols. DSH received \$42.1 million in FY 2023-24 to continue to support infection control measures to protect the health and safety of its employees and patients beyond the State of Emergency end date regarding vaccinations, masking, testing, and isolations resulting in new funding of \$42.1 million in FY 2023-24.

### **Conditional Release Program (CONREP)**

- *CONREP Non-Sexually Violent Predator Program Update (\$2.6 million and 2.0 positions in FY 2023-24)*

DSH anticipated a total contracted caseload of 1,022 CONREP non-Sexually Violent Predator (SVP) clients in FY 2022-23 and 1,038 in FY 2023-24. DSH received \$2.6 million and 2.0 positions in FY 2023-24 and ongoing to build out its continuum of care to respond to the increase in the CONREP Non-SVP census and associated workload.

### **Contracted Patient Services**

- *Felony Mental Health Diversion Program (Diversion) (No position authority or dollar change)*

In the last year, DSH fully executed five additional county contracts as part of the Felony Mental Health Diversion (Diversion) Pilot Program bringing the total number of counties with participating Diversion programs to twenty-eight. As of September 30, 2022, a total of 1,060 eligible individuals have been diverted to a county-run program. DSH received approval to reappropriate up to \$24 million from the Budget Act of 2018 to fully expend the resources allocated as part of the Diversion pilot.





- *Incompetent to Stand Trial Solutions Program Update (-\$3.1 million and 6.0 positions in FY 2023-24)*

DSH continues to build out its continuum of care for incompetent to stand trial (IST) individuals and anticipates a decrease in the patient waitlists through implementation of new and expansion of existing IST treatment programs. To respond to the 21 percent increase in IST referrals, DSH received 6.0 positions to provide case coordination to this increased caseload in FY 2023-24. DSH also reported a net savings of \$3.1 million in FY 2023-24 and ongoing due to changes in jail-based competency treatment (JBCT) program implementation. DSH included provisional language to have an extended encumbrance and expenditure period for one-time fundings that is being phased-in in FY 2023-24. Additionally, DSH received approval to reappropriate up to \$107 million from the Budget Act of 2022 to reflect updated implementation timelines across IST related programming, including Community Inpatient Facilities, Community Based Restoration (CBR), Diversion, Early Access Stabilization Services (EASS) and JBCT. Lastly, DSH received approval to reappropriate up to \$100 million from the Budget Act of 2021 to allow additional time for Community Inpatient Facility infrastructure projects. DSH also received approval for \$129.5 million to be shifted from the Budget Act of 2021 to FY 2025-26 to better reflect anticipated expenditures based on program implementation plans.



**CAPITAL OUTLAY COMPARISON**  
**2022 Budget Act vs. 2023 Budget Act 2023**  
*(Dollars in Thousands)*

<b>FUNDING SOURCE</b>	<b>2022 Budget Act</b>	<b>2023 Budget Act</b>	<b>Difference</b>	<b>% Change</b>
<b>General Fund (0001)</b>	<b>\$20,689</b>	<b>\$34,282</b>	<b>\$13,593</b>	<b>66%</b>
Capital Outlay <sup>1</sup>	\$20,689	\$34,282	\$13,593	66%
<b>Public Bldg Construction (0660)<sup>2</sup></b>	<b>\$5,506</b>	<b>\$39,952</b>	<b>\$34,446</b>	<b>626%</b>
Capital Outlay	\$5,506	\$39,952	\$34,446	626%
<b>TOTALS</b>	<b>\$26,195</b>	<b>\$74,234</b>	<b>\$48,039</b>	<b>183%</b>

<sup>1</sup> 2023 Budget Act includes reappropriated funding from previous Budget Acts in the amount of \$26,176,000

<sup>2</sup> Capital Outlay difference attributed to complete reversion of existing funds for DSH-Metropolitan Consolidation of Police Operations -, and re-request of funds in their entirety in BY.

The Budget Act of 2023 reflects a net increase of \$48 million in General Fund and Public Building Construction Fund in FY 2023-24. The following provides specific detail of proposed budget adjustments.

**CAPITAL OUTLAY BUDGET CHANGE PROPOSALS (COBCP)**

**Governor’s Budget COBCPs**

- *DSH-Metropolitan Central Utility Plant Replacement (\$1.9 million in FY 2023-24)*

DSH received \$1.9 million General Fund in FY 2023-24 for the Working Drawings phase of the DSH-Metropolitan Central Utility Plant (CUP) Replacement Project. This project will replace the existing CUP located at DSH-Metropolitan which presently supplies steam for hot water and central heating, as well as chilled water for air conditioning, to 32 patient housing and administrative buildings. DSH has retained an architecture and engineering firm to determine the best alternative for replacement of the aging and obsolete CUP. The performed study identified centralized and decentralized options for providing new plant equipment to significantly improve the efficiency and resiliency of the hot and chilled water generation and distribution systems.



- *DSH-Metropolitan Fire Water Line Connection to Water Supply (\$536,000 in FY 2023-24)*

DSH received \$536,000 General Fund in FY 2023-24 for the Working Drawings phase of the DSH-Metropolitan Fire Water Line Connection project. This project will provide the capacity of water required for the fire sprinkler system to comply with current fire code requirements related to fire flow. The replacement of the existing northerly 750,000-gallon steel tank with a new 1,000,000-gallon dedicated fire water storage tank will allow the hospital to meet current and future fire flow requirements.

- *DSH-Atascadero Sewer and Wastewater Treatment Plant (\$1.0 million in FY 2023-24)*

DSH received \$1.0 million General Fund in FY 2023-24 for the Working Drawings phase of the DSH-Atascadero Sewer and Wastewater Treatment Plant to provide upgrades to the sewer collection system, installation of a screening system, and connection to the City of Atascadero's wastewater treatment system. DSH-Atascadero's existing Wastewater Treatment Plant (WWTP) currently serves approximately 1,150 patients and approximately 2,000 employees.

### **Spring COBCPs**

- *Coalinga: Hydronic Loop Replacement - Reappropriation (No position authority or dollar change)*

DSH received approval to reappropriation \$26 million (General Fund) from the Budget Act of 2022 for the construction phase of the DSH-Coalinga Hydronic Loop Replacement. This project replaces the severely corroded and deteriorated existing below-grade hydronic loop piping system, thereby ensuring domestic hot water and heating continues to be provided to the hospital. The reappropriation is necessary to ensure project continuity should regulatory reviews not be completed in the current fiscal year. This reappropriation allows DSH to proceed to construction in FY 2023-24.

### **May Revise COBCPs**

- *DSH-Metropolitan Consolidation of Police Operations Revert and fund New (\$40.0 million in FY 2023-24)*

DSH received approval to revert \$27.5 million (Public Buildings Construction Fund) from the Budget Act of 2022 and received \$40.0 million (Public



Buildings Construction Fund) in FY 2023-24, resulting in a net increase of \$12.4 million, for the construction phase of the Metropolitan: Consolidation of Police Operations project. The new building will allow for the consolidation of hospital police services into a single location and include the demolition of five seismically deficient buildings.

- *DSH-Atascadero: Potable Water Booster Pump System Revert and Fund New (\$4.7 million in FY 2023-24)*

DSH received approval to revert \$2.1 million (General Fund) from the Budget Act of 2022 and received \$4.7 million (General Fund) in FY 2023-24, resulting in a net increase of \$2.6 million, for the construction phase to install a potable water booster pump system to improve the performance of the DSH-Atascadero main water system. At present, the main water line pressure can drop to as low as 40 pounds per square inch (psi), which is well below the required operating pressure of 60 psi necessary for normal facility operations. This reduction in water main pressure puts the primary fire sprinkler system at risk of not being able to function correctly. The installation of a booster pump system will correct this problem and reduce the risk to the hospital's staff and patients in the event of a fire.



**STATE HOSPITAL POPULATION**

DSH is responsible for the daily care and treatment of over 7,000 patients. This estimated caseload is projected to exceed 9,000 by the end of FY 2023-24, with a total of 5,724 across the state hospitals, 2,590 in contracted programs and 1,065 in CONREP programs. Over the last decade, the population demographic has shifted from primarily civil court commitments to a forensic population committed through the criminal court system. The table below displays patient caseload by commitment type and contract location.

<b>2023-24 May Revision Estimates Caseload</b>	
<b>Location</b>	<b>Estimated Census on June 30, 2024</b>
<b>Population by Commitment Type – Hospitals</b>	
IST—PC 1370	1,826
NGI—PC 1026	1,219
OMD	1,044
SVP	953
LPS/PC 2974	594
PC 2684 (Coleman)	88
<b>Subtotal</b>	<b>5,724</b>
<b>Contracted Programs</b>	
Jail Based Competency Treatment Programs	541
Community Based Restoration	1,931
Community Inpatient Facilities	118
<b>Subtotal</b>	<b>2,590</b>
<b>CONREP Programs</b>	
CONREP Non-SVP	673
CONREP SVP	27
CONREP FACT Program	180
CONREP Step Down Facilities	185
<b>Subtotal</b>	<b>1,065</b>
<b>GRAND TOTAL</b>	<b>9,379</b>