



The Department of State Hospital's (DSH) budget as reflected in the 2026 Budget Act totals \$3.2 billion – an increase of \$58.3 million (or 2%) and an increase of 6.0 positions from the 2025 Budget Act. The budget includes investments in improving the department's operations and delivery of services, and state hospital facility capital outlay project improvements.

TOTAL State Hospitals Comparison
2025 Budget Act v. 2026 Budget Act
(Dollars in Thousands)

FUNDING SOURCE	2025 Budget Act	2026 Budget Act	Difference	% Change
State Operations	\$3,110,500	\$3,167,848	\$57,348	2%
Capital Outlay	\$58,817	\$59,829	\$1,012	2%
TOTALS	\$3,169,317	\$3,227,677	\$58,360	2%

*Total includes non-budget act items (Medicare, Lottery, Re-Appropriations)

SUPPORT BUDGET

The 2026 Budget Act reflects a net increase of \$57.3 million in fiscal year (FY) 2026-27 (\$41.7 million increase in General Fund, an increase of \$15.9 million of reimbursement authority, and a decrease in lease revenue of \$254,000). The following provides specific details of those budget adjustments.



SUPPORT COMPARISON
2025 Budget Act v. 2026 Budget Act
(Dollars in Thousands)

FUNDING SOURCE	2025 Budget Act	2026 Budget Act	Difference	% Change
General Fund (0001)	\$2,931,652	\$2,973,103	\$41,451	1%
Lease Revenue Bond (Ref 003/093)	\$35,536	\$35,282	(\$254)	-1%
State Hospitals	\$35,536	\$35,282	(\$254)	-1%
Support Funds (Ref 011)	\$2,893,489	\$2,935,167	\$41,678	1%
Administration	\$282,218	\$307,836	\$25,618	9%
State Hospitals	\$1,897,852	\$1,963,716	\$65,864	3%
CONREP	\$92,942	\$99,847	\$6,905	7%
Contracted Patient Services	\$575,842	\$529,551	(\$46,291)	-8%
Evaluation & Forensic Services	\$44,635	\$34,217	(\$10,418)	-23%
Support HIPAA (Ref 017)	\$1,527	\$1,554	\$27	2%
Administration	\$1,527	\$1,554	\$27	2%
Non- Budget Act (Ref 502)	\$1,100	\$1,100	\$0	0%
Medicare- State Hospital	\$1,100	\$1,100	\$0	0%
Lottery Fund (0814)	\$21	\$21	\$0	0%
State Hospitals	\$21	\$21	\$0	0%
Federal Trust Fund (0890)	\$100	\$100	\$0	0%
State Hospitals	\$100	\$100	\$0	0%
Reimbursements (Ref 511)	\$178,727	\$194,624	\$15,897	9%
TOTALS	\$3,110,500	\$3,167,848	\$57,348	2%

*Total includes non-budget act items (Medicare, Lottery, Re-Appropriations)



BUDGET CHANGE PROPOSALS (BCP)

Governor's Budget BCPs

- *Dental Care Initiative (\$3.9 million in FY 2026-27 and 4.0 position authority in FY 2026-27 and ongoing)*

DSH received \$3.9 million in FY 2026-27 and position authority for 4.0 positions in FY 2026-27 ongoing and \$1.1 million in FY 2027-28 to establish a more efficient role-appropriate staffing model that enhances patient access, optimizes provider workload and provides for timely delivery of dental services to all patients. Staffing increases at DSH-Metropolitan and DSH-Patton supports adequate staffing levels across all DSH locations.

- *SB 380 – Sexually Violent Predators: Transitional Housing Facilities: Report (\$469,000 in FY 2026-27 and 2.0 limited term position authority)*

DSH received \$469,000 in FY 2026-27 and 2.0 limited term position authority to ensure adequate staffing levels to conduct an analysis on the feasibility of establishing transitional housing facilities for the Conditional Release Program (CONREP) for persons designated as Sexually Violent Predators (SVP) and submit a report of results to the Legislature as required by Senate Bill (SB) 380 (Jones, Chapter 581, Statutes of 2025).

May Revision BCPs

- *Continuum Electronic Health Records System (\$27.6 million GF and \$6.3 million GF reappropriation in FY 2026-27)*

DSH received \$27.6 million in FY 2026-27 to fund 68.6 limited term position authority to implement and support the organization's Continuum Electronic Health Record (EHR) solution for Site One (1) of Five (5) and begin Site Two (2) and Three (3) implementation readiness activities. Additionally, DSH received approval to re-appropriate \$6.3 million from FY 2025-26 and add provisional language to augment this request, as needed, to maintain the EHR 2026-27 project schedule.



ENROLLMENT, CASELOAD AND POPULATION

As of June 15, 2026, DSH has a total of 476 patients who have been referred to DSH for treatment and are pending placement into treatment bed, of which 249 are deemed Incompetent to Stand Trial (IST)¹. The enrollment, caseload, and population estimate reflects updated census-based methodologies, one-time savings resulting from delayed activations and ongoing adjustments tied to patient-driven operating expense and equipment (OE&E) needs.

State Hospitals

- *County Bed Billing Reimbursement Authority (-\$5.8 million in 2026-27 and ongoing)*

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, for which counties reimburse DSH for services provided. DSH reported a reduction in county bed billing reimbursement authority of \$5.8 million in FY 2026-27 and ongoing to reflect the phase-in of LPS beds and projected collections based on bed utilization.

- *Patient-Driven Operating Expenses and Equipment (OE&E) \$19.6 million in FY 2026-27 and ongoing)*

The Budget Act of 2019 adopted a standardized methodology to provide funding for patient-related OE&E items based on updated census estimates for each fiscal year and an estimated per patient cost, derived from past year actual expenditures. Due to continued rising costs, DSH received \$19.6 million in FY 2026-27 and ongoing to support patient-related operating expenses, specifically in the areas of utilities, pharmaceuticals, foodstuffs, and outside medical.

- *Workforce Development (Various, see below)*

DSH received \$10.3 million in Behavioral Health Services Act (BHSA) Reimbursement Authority for FY 2026-27 and \$10.9 million in FY 2027-28 and ongoing to support existing workforce development programs, including psychiatric residency programs, fellowship programs, and psychiatric technician (PT) training. These BHSA funds are intended to offset General

¹ Additionally, 155 of the 249 individuals deemed IST are receiving DSH Early Access Stabilization Services (EASS) or other substantive services through local county providers, reducing the total number of ISTs pending access to substantive treatment to 94.



Fund costs and will be transferred to DSH through an interagency agreement with the Department of Health Care Access and Information.

In addition, DSH received \$3.8 million in FY 2026-27 and \$3.5 million ongoing in BHSA Reimbursement Authority to expand the DSH-Napa PT Fast Track apprenticeship program by adding an additional training cohort to address critical PT staffing shortages. This expansion includes \$300,000 in one-time equipment costs.

Conditional Release Program

- *Conditional Release Program (CONREP) Non-Sexually Violent Predators (SVP) (\$2.1 million in FY2026-27 and ongoing, re-align \$6.1 million from IST Solutions in FY 2026-27 and ongoing)*

DSH received \$2.1 million in FY 2026-27 and ongoing to support Golden Legacy's contract increases resulting from increased service rates and program service expansions. Additionally, DSH re-aligned \$6.1 million from the IST Solutions funding in FY 2026-27 and ongoing to correctly reflect funding intended for CONREP to support the activation of a 24-bed Mental Health Rehabilitation Center (MHRC) unit.

Contracted Patient Services

- *Incompetent to Stand Trial (IST) (-\$102.2 million in FY 2026-27)*

DSH continues to provide timely access to treatment for individuals found IST on a felony charge, due to expansions made to the department's comprehensive continuum of care services. DSH reported one-time savings of \$102.2 million in FY 2026-27. In addition, DSH realigned \$10.0 million of IST Solutions funds in FY 2026-27 and ongoing to 1) support increased statewide IST bed capacity at the Placer County Jail Based Competency Treatment (JBCT) Program totaling \$3.9 million; and 2) to correctly reflect funding of \$6.1 million for the Conditional Release Program (CONREP) to support a Mental Health Rehabilitation Center (MHRC) program. Lastly, DSH adopted trailer bill language to remove the June 30, 2026, sunset date for the Independent Placement Panel (IPP), establishing this as an ongoing program.



CAPITAL OUTLAY COMPARISON
2025 Budget Act v. 2026 Budget Act
(Dollars in Thousands)

FUNDING SOURCE	2025 Budget Act	2026 Budget Act	Difference
General Fund (0001)	\$58,817	\$1,757	(\$57,060)
Capital Outlay	\$58,817	\$1,757	(\$57,060)
Public Bldg Construction (0660)	\$0	\$58,072	\$58,072
Capital Outlay	\$0	\$58,072	\$58,072
TOTALS	\$58,817	\$59,829	\$1,012

*Total includes non-budget act items (Medicare, Lottery, Re-Appropriations)

The 2026 Budget Act reflects a net increase of \$1 million in General Fund and Public Building Construction Fund in FY 2026-27. The following provides specific details of those budget adjustments.

CAPITAL OUTLAY BUDGET CHANGE PROPOSALS (COBCP)

Governor’s Budget COBCPs

- *Patton Electrical Infrastructure Upgrades (\$1.76 million in FY 2026-27)*

DSH received \$1.76 million in General Fund for the preliminary plans phase to provide upgrades to DSH-Patton's Electrical Infrastructure. The project has two separate phases 1) to upgrade medium and high voltage elements within the electrical distribution infrastructure at DSH-Patton and 2) to upgrade low voltage electrical distribution at each building by replacing old panels and wiring. This project will allow the department to meet the increased electrical requirements, improve the reliability and resilience of the power system, upgrade outdated emergency generators to meet electrical demands, and to efficiently address an increase in demand that can sustainably support future campus infrastructure improvements.

May Revision COBCPs

- *Metropolitan: Central Utility Plant Replacement - Revert and Fund New Construction (\$58.1 million FY 2026-27)*

DSH received \$58.1 million in funding from the Public Buildings Construction Funds for the construction phase of the DSH-Metropolitan Central Utility Plant (CUP) Replacement Project and reverted \$50.4 million from the Public Buildings Construction Funds for a net increase of \$7,617,000 Public Buildings Construction Fund. With the design now complete, the State's estimate more accurately reflects the anticipated cost of construction. This project will replace the existing CUP and make upgrades to infrastructure in support of the CUP to align with the Governor's Green Roadmap and Senate Bill (SB) 30. The CUP presently supplies steam for hot water and central heating, as well as chilled water for air conditioning, to 32 patient housing and administrative buildings. The scope of work focuses on replacing aging, inefficient equipment with a newly designed system to modernize energy usage and improve reliability.



STATE HOSPITAL POPULATION

DSH is responsible for the daily care and treatment of over 7,500 patients. This caseload is projected to exceed 8,000 in FY 2026-27, with a total of 5,681 across the state hospitals, 1,773 in contracted programs and 908 in CONREP Non-SVP and CONREP SVP 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.

2026-27 May Revision Estimates Caseload	
Location	Estimated Census on June 30, 2027
<i>Population by Commitment Type – Hospitals</i>	
Incompetent to Stand Trial (IST) — PC 1370	1,675
Not Guilty by Reason of Insanity (NGI) — PC 1026	1,207
Offender with Mental Health Disorder (OMD) — PC 2962/2972	1,028
Persons Designated as Sexually Violent Predator (SVP) — WIC 6602/6604	956
Lanterman-Petris-Short (LPS) — PC 2974	625
Coleman — PC 2684	190
Subtotal	5,681
<i>Contracted Programs</i>	
Jail Based Competency Treatment Programs	436
Community Based Restoration	1,106
Community Inpatient Facilities	231
Subtotal	1,773
<i>Conditional Release Programs (CONREP)</i>	
CONREP Non-SVP	622
CONREP SVP	31
CONREP Forensic Assertive Community Treatment (FACT) Program	90
CONREP Step Down Facilities	165
Subtotal	908
GRAND TOTAL	8,362