



The Department of State Hospital's (DSH) proposed budget for fiscal year (FY) 2023-24 totals \$3.2 billion – an increase of \$35.5 million (or one percent) from the 2022 Budget Act - with 64.2 proposed new positions in budget year (BY). 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 Comparison
2022 Budget Act v. 2023-24 Governor's Budget
(Dollars in Thousands)

FUNDING SOURCE	2022 Budget Act¹	2023-24 Governor's Budget	Difference	% Change
State Operations	\$3,136,470	\$3,226,157	\$89,687	3%
Capital Outlay	\$57,647	\$3,437	(\$54,210)	-94%
TOTALS	\$3,194,117	\$3,229,594	\$35,477	1%

¹Total includes non-budget act items (Medicare, Lottery, Re-Appropriations)



SUPPORT COMPARISON
2022 Budget Act v. 2023-24 Governor's Budget
(Dollars in Thousands)

FUNDING SOURCE	2022 Budget Act¹	2023-24 Governor's Budget	Difference	% Change
General Fund (0001)	\$2,859,383	\$3,032,194	\$172,811	6%
Lease Revenue Bond (Ref 003)	\$39,260	\$39,475	\$215	1%
State Hospitals	\$39,260	\$39,475	\$215	1%
Support Funds (Ref 011)	\$2,818,689	\$2,991,232	\$172,543	6%
Administration	\$230,903	\$252,908	\$22,005	10%
State Hospitals	\$1,684,643	\$1,857,787	\$173,144	10%
CONREP	\$87,971	\$92,940	\$4,969	6%
Contracted Patient Services	\$772,416	\$749,983	(\$22,433)	-3%
Evaluation & Forensic Services	\$42,756	\$37,614	(\$5,142)	-12%
Support HIPAA (Ref 017)	\$1,434	\$1,487	\$53	4%
Administration	\$1,434	\$1,487	\$53	4%
Non- Budget Act (Ref 502)	\$1,100	\$1,100	\$0	0%
Medicare- State Hospital	\$1,100	\$1,100	\$0	0%
Lottery Fund (0814)	\$19	\$19	\$0	0%
State Hospitals	\$19	\$19	\$0	0%
Reimbursements (Ref 511)	\$192,844	\$192,844	\$0	0%
Administration	\$176	\$176	\$0	0%
State Hospitals	\$192,668	\$192,668	\$0	0%
California Emergency Relief Fund (3398)	\$83,124	\$0	(\$83,124)	-100%
Administration	\$0	\$0	\$0	0%
State Hospitals	\$83,124	\$0	(\$83,124)	-100%
TOTALS	\$3,136,470	\$3,226,157	\$89,687	3%

¹Total includes non-budget act items (Medicare, Lottery, Re-Appropriations)

SUPPORT BUDGET

The 2023-24 Governor's Budget reflects a net increase of \$89.7 million in General Fund in FY 2023-24. The following provides specific detail of proposed budget adjustments.



BUDGET CHANGE PROPOSALS

- *Electronic Health Records Planning (\$21.5 million in FY 2023-24 and 40.2 positions)*
DSH proposes \$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 in FY 2023-24 and 7.0 positions)*
DSH proposes \$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 extension 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 (DGS) Statewide Surcharge Adjustments (\$1.9 million in FY 2023-24)*
DSH proposes \$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 in FY 2023-24 and 15.0 positions)*
DSH proposes \$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 in FY 2023-24 and 2.0 positions)*

DSH proposes \$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 proposes \$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.

ENROLLMENT, CASELOAD AND POPULATION

DSH continues to seek solutions to address the significant demand for treatment. As of December 19, 2022, DSH has a total of 1,877 patients pending placement, of which 1,489 are deemed IST. The enrollment, caseload and population estimates propose continued funding in both community-based and jail-based competency restoration treatment for ISTs, along with other adjustments related to serving patients in both the state hospitals and the Conditional Release Program (CONREP).

- *County Bed Billing Reimbursement Authority (No position authority or dollar change)*

The County Bed Billing Reimbursement Authority is comprised of the Lanterman-Petris-Short (LPS) population and Non-Restorable IST defendants which pertain to county financial responsibility. DSH assumes no adjustments to the current reimbursement authority. DSH will continue to monitor collections of reimbursement authority and provide an update in the 2023-24 May Revision.



- *DSH-Metropolitan Increase Secured Bed Capacity (-\$11.2 million in FY 2022-23)*

The DSH-Metropolitan Increased Secure Bed Capacity (ISBC) provides additional capacity to address the ongoing system-wide IST waitlist. Two of five units have been activated. DSH is experiencing a 1-year activation delay in the three remaining units, as one unit continues to be utilized for COVID-19 isolation space and the other two are being used for Skilled Nursing facility (SNF) swing space through July 2023. Due to this delay, DSH reflects a one-time savings of \$11.2 million in FY 2022-23 associated with personal services savings.

- *Enhanced Treatment Program (ETP) (-\$4.8 million in FY 2022-23)*

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 a 9-month activation delay with U-06 at DSH-Patton, with construction scheduled to be completed in December 2023 and unit activation scheduled for March 2024. Due to this delay, DSH reflects a one-time savings of \$4.8 million in FY 2022-23 associated with personal services savings.

- *Mission Based Review – Court Evaluations and Reports (No position authority or dollar change)*

This staffing standard established population-driven methods for calculating staffing needs for the following forensic functions: Evaluations, Court Reports and Testimony, Forensic Case Management and Data Tracking and Neuropsychological Services (Neuropsychological Assessments and Cognitive Remediation Pilot Program). A total of 53.1 positions were allocated to support forensic evaluations, court reports and testimony, to be phased-in over four years. As of August 31, 2022, a total of 53.1 positions have been established and 42.3 positions have been filled. A total of 16.3 positions were allocated to support forensic case management and data tracking, to be phased-in over two years. As of August 31, 2022, a total of 16.3 positions have been established and 8.0 have been filled. Additionally, a total of 25.2 positions were allocated to support neuropsychological services, phased-in over three years. As of August 31, 2022, a total of 25.2 positions have been established and 18.5 positions have been filled. Additionally, DSH will conduct a Post Implementation Evaluation to assess all methodologies and data elements, identify any changes in operations, forensic processes, and statutory requirements and any impact to the forensic services workload. This will



include a review of the original forensic functions: Evaluations, Court Reports, and Testimony; Forensic Case Management and Data Tracking; and Neuropsychological Services.

- *Mission Based Review – Direct Care Nursing (-\$17.1 million in FY 2022-23; -\$4.8 million in FY 2023-24; and 29.0 positions in FY 2023-24 and ongoing)*

This staffing standard established population-driven methods for calculating staffing needs to support the workload of providing 24-hour care nursing services within DSH. A total of 335.0 positions were allocated to support the Medication Pass rooms to be phased-in over four years. As of August 31, 2022, a total of 254.5 positions have been established and 163.0 positions have been filled resulting in a one-time savings of approximately \$13.1 million in FY 2022-23 and \$3.1 million in FY 2023-24. Additionally, a total of 44.5 positions were allocated to provide nursing supervision afterhours to be phased-in over two years. As of August 31, 2022, a total of 44.5 positions have been established and 25.0 positions have been filled resulting in a one-time savings of \$4.0 million in FY 2022-23 and \$1.7 million in FY 2023-24. DSH is requesting position authority (no funding) for 29.0 non level of care positions allowing level of care positions to be put back on-unit. Additionally, DSH has begun conducting a Post Implementation Evaluation which will re-assess all methodologies and data elements from the original study to determine effectiveness and applicability following the impacts of the COVID-19 pandemic and any changes in patient population commitment type composition among the hospitals.

- *Mission Based Review – Protective Services (-\$6.8 million in FY 2022-23)*

This staffing standard identifies protective service posts and establishes workload-driven staffing methodologies to allocate adequate resources for essential police functions and reduce overtime usage. A total of 104.1 positions were allotted to be phased in over two years to support full implementation. As of August 31, 2022, 80.8 positions have been established and 11.0 have been filled resulting in a one-time savings of approximately \$6.8 million in FY 2022-23. Additionally, following the implementation of the MBR Protective Services Staffing Standards at DSH-Napa, DSH will conduct a Post Implementation Evaluation of all data elements and will consider the expansion of staffing standards to the four remaining state hospitals.

- *Mission Based Review – Treatment Team and Primary Care (-\$21.1 million in FY 2022-23; -\$19.3 million in FY 2023-24; and -\$10.9 million in FY 2024-25 and FY 2025-26)*



This staffing standard uses data-informed methodologies for standardizing caseload for DSHs interdisciplinary treatment team and primary care, resulting in an increase in the number of treatment teams and primary care physicians in the state hospitals. A total of 213.3 positions were allotted to be phased in over five years to support implementation. As of August 31, 2022, 114.7 positions have been established and 36.0 have been filled. DSH is actively recruiting to fill these positions, however this delay is resulting in a one-time savings in FY 2022-23 of \$21.1 million and \$8.4 million in FY 2023-24. Due to the delays and challenges in hiring, DSH is requesting to shift a number of positions back 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. DSH is proposing to shift 46.5 positions that were scheduled to phase-in in FY 2023-24 until July 1, 2026. This results in an additional savings of \$10.9 million in FY 2023-24, 2024-25, and 2025-26.

- *Patient-Driven Operating Expenses and Equipment (OE&E) (\$20.3 million in FY 2022-23; \$20.5 million in FY 2023-24)*

The Budget Act of 2019 included a standardized patient OE&E projection methodology based on past year actual expenditures and census estimates for FY 2019-20. Due to inflation and changes in patient census, DSH requests to redirect \$20.3 million in FY 2022-23 savings and requests \$20.5 million in FY 2023-24 and ongoing to support the increase in patient-driven support costs.

- *COVID-19 Response (\$51.3 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. In FY 2023-24, DSH requests \$51.3 million 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.



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

DSH continues to build out its continuum of care and anticipates a total contracted caseload of 1,020 in FY 2022-23 and FY 2023-24. As a result of the increase in DSH's CONREP population and associated workload, additional staffing and contract funds are needed to support an enhanced continuum of care. DSH requests \$2.6 million and 2.0 positions in FY 2023-24 and ongoing.

- *CONREP SVP Caseload Update (No position authority or dollar change)*

DSH assumes a total caseload of 27 SVPs to be conditionally released into the community by June 30, 2024. There are currently 20 court-ordered clients participating in CONREP-SVP, 13 individuals with court-approved petitions awaiting placement into the community, and 14 individuals with filed petitions for conditional release who are proceeding through the court process. To ensure compliance with SB 1034 (Chapter 883, Statutes 2022), DSH has put forward a BCP aimed to help address ongoing SVP housing identification and approval challenges by increasing collaboration with community partners as required by the new statutory changes.

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

DSH has fully executed five new county contracts as part of the Diversion Pilot Program and, following activation, will bring the total number of counties with participating Diversion programs to 29. DSH continues efforts to successfully onboard and activate programs in the new counties. As of June 30, 2022, a total of 886 eligible individuals have been diverted to a county-run program. Permanent diversion program updates will be included as a part of the IST Solutions update, while data gathered and analyzed from the pilot will continue to be reported under the Diversion pilot narrative until its conclusion in FY 2024-25.



- *Incompetent to Stand Trial (IST) Solutions Program Update (-\$27.4 million in FY 2022-23; -\$3.1 million in FY 2023-24; 1.0 position authority in FY 2023-24 and ongoing)*

DSH continues to build out its continuum of care and anticipates a decrease in waitlist patients through the implementation of new programs and expansion of existing IST treatment programs. DSH has a net savings of \$27.4 million in FY 2022-23, \$3.1 million in FY 2023-24 and \$1 million in FY 2024-25 and ongoing due to changes in jail-based competency treatment (JBCT) program implementation. Additionally, DSH requests 1.0 position authority in FY 2023-24 and ongoing to support the shift in administrative workload from clinicians.



CAPITAL OUTLAY COMPARISON
2022 Budget Act v. 2023-24 Governor's Budget
(Dollars in Thousands)

FUNDING SOURCE	2022 Budget Act	2023-24 Governor's Budget	Difference	% Change
General Fund (0001)	\$30,117	\$3,437	(\$26,680)	-89%
Capital Outlay	\$30,117	\$3,437	(\$26,680)	-89%
Public Bldg Construction (0660)	\$27,530	\$0	(\$27,530)	-100%
Capital Outlay	\$27,530	\$0	(\$27,530)	-100%
TOTALS	\$57,647	\$3,437	(\$54,210)	-94%

The 2023-24 Governor's Budget reflects a net **decrease** of \$54.2 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

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

DSH proposes \$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 proposes \$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 proposes \$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.



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 5,468 across the state hospitals, 2,772 in contracted programs and 1,049 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.

2023-24 Governor's Budget Estimates Caseload	
Location	Estimated Census on June 30, 2024
<i>Population by Commitment Type – Hospitals</i>	
IST—PC 1370	1,370
NGI—PC 1026	1,246
OMD	1,083
SVP	956
LPS/PC 2974	698
PC 2684 (Coleman)	115
Subtotal	5,468
<i>Contracted Programs</i>	
Jail Based Competency Treatment Programs	615
Community Based Restoration	2,000
Community Inpatient Facilities	157
Subtotal	2,772
<i>CONREP Programs</i>	
CONREP Non-SVP	655
CONREP SVP	27
CONREP FACT Program	180
CONREP Step Down Facilities	187
Subtotal	1,049
GRAND TOTAL	9,289