



The Department of State Hospital's (DSH) proposed budget for fiscal year (FY) 2026-27 totals \$3.2 billion – an increase of \$34.2 million from the 2025 Budget Act – with 4.0 proposed new positions in budget year (BY). The proposed budget will allow the department to maintain operations, delivery of services, and provide state hospital facility capital outlay project improvements.

TOTAL State Hospitals Comparison
2025 Budget Act v. 2026-27 Governor's Budget
(Dollars in Thousands)

FUNDING SOURCE	2025 Budget Act	2026-27 Governor's Budget	Difference	% Change
State Operations	\$3,110,500	\$3,144,028	\$33,528	1%
Capital Outlay	\$58,817	\$59,471	\$654	1%
TOTALS	\$3,169,317	\$3,203,499	\$34,182	1%

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



SUPPORT BUDGET

The 2026-27 Governor's Budget reflects a net increase of \$33.5 million in General Fund in FY 2026-27 (to be adjusted as noted above). The following provides specific details of proposed budget adjustments.

SUPPORT COMPARISON

2025 Budget Act v. 2026-27 Governor's Budget

(Dollars in Thousands)

FUNDING SOURCE	2025 Budget Act	2026-27 Governor's Budget	Difference	% Change
General Fund (0001)	\$2,931,652	\$2,957,559	\$25,907	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	\$2,919,623	\$26,134	1%
Administration	\$282,218	\$264,821	(\$17,397)	-6%
State Hospitals	\$1,897,852	\$1,968,997	\$71,145	4%
CONREP	\$92,942	\$94,372	\$1,430	2%
Contracted Patient Services	\$575,842	\$564,296	(\$11,546)	-2%
Evaluation & Forensic Services	\$44,635	\$27,137	(\$17,498)	-39%
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	\$186,348	\$7,621	4%
Administration	\$250	\$250	\$0	0%
State Hospitals	\$178,477	\$186,098	\$7,621	4%
TOTALS	\$3,110,500	\$3,144,028	\$33,528	1%

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

BUDGET CHANGE PROPOSAL

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

DSH proposes \$3.9 million in FY 2026-27 and 4.0 position authority in FY 2026-27 ongoing and \$1.1 million in FY 2027-28 to support dental health services provided to patients at DSH-Metropolitan and DSH-Patton. DSH seeks to ensure adequate staffing levels align with other hospitals to maintain dental care at two of the five hospitals (Metropolitan and Patton). Patients residing in state hospitals often exhibit complex medical, psychiatric, and cognitive conditions that place them at elevated risk for poor oral health outcomes. Many are unable to maintain routine dental hygiene due to the nature of their illnesses, medication side effects, limited mobility, and behavioral challenges.

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

DSH proposes \$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 Sexually Violent Predators (SVP) and submit a report of results to the Legislature for Senate Bill (SB) 380 (Jones, Chapter 581, Statutes of 2025).

ENROLLMENT, CASELOAD AND POPULATION

As of January 5, 2026, DSH has a total of 496 patients pending placement, of which 275 are deemed Incompetent to Stand Trial (IST). The enrollment, caseload, and population estimates propose increased funding to respond to the projected increase in census and rising costs of patient-driven operating expenses such as utilities, pharmaceuticals, foodstuffs and outside medical.

- *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 IST Non-Restorable (NR) and IST Maximum Term (MT) defendants, for which counties reimburse DSH for services provided. The Department does not project an adjustment to its County Bed Billing Reimbursement Authority at this time.

- *DSH-Metropolitan Increase Secured Bed Capacity (ISBC) (No position authority or dollar change)*

The DSH-Metropolitan ISBC project is in progress, with one unit activated in December 2025 and planned activation for the second unit in early 2026. The Skilled Nursing Facility (SNF) building restoration was completed in November 2025.

- *Enhanced Treatment Program (ETP) (No position authority or dollar change)*

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. The ETP unit at DSH-Patton (Unit 06) was activated in October 2025.

- *Patient-Driven Operating Expenses and Equipment (OE&E) (\$19 million in FY 2025-26 and \$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 requests \$19 million in FY 2025-26 and \$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.

- *Conditional Release Program (CONREP) Non-Sexually Violent Predators (SVP) (\$2.1 million in FY 2026-27 and ongoing)*

DSH anticipates a total contracted caseload of 862 in FY 2025-26 and 877 in FY 2026-27. DSH requests \$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.

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

DSH assumes a total caseload of 31 SVPs to be conditionally released into the community by June 30, 2027. There are currently 22 court-ordered clients participating in CONREP-SVP, 24 individuals with court-approved petitions awaiting placement into the community, and 16 individuals with filed petitions for conditional release who are proceeding through the court process.

- *Incompetent to Stand Trial (IST) (-\$114 million in FY 2023-24; -\$117.8 million in FY 2025-26; -\$94.2 million in FY 2026-27)*

DSH continues to provide timely access to treatment for individuals found IST on a felony charge, as a result of expansions made to its continuum of care in recent years and reports a waitlist of 275¹ IST individuals as of the 2026-27 Governor's Budget. This change represents a reduction of nearly 1.1% from the waitlist of 278² reported in the 2024-25 May Revision. Furthermore, of the 275 individuals on the waitlist pending admission to a treatment bed, 149 are receiving substantive treatment services through the Early Access and Stabilization Services (EASS) program or other treatment program. Based on the modified timelines set by Alameda Superior Court in *Stiavetti v Clendenin*, as of March 1, 2025, DSH was required to provide substantive services toward restoration of competency to IST patients within 28 days of the IST individual's transfer of responsibility to DSH. DSH filed a report to the court on March 28, 2025, demonstrating substantial compliance with the court's order. As of December 2025, the court is reviewing the matter to determine whether DSH is in substantial compliance. DSH reports a one-time savings of \$114 million in FY 2023-24 specific to the cancellation of funding awarded to counties who have not progressed with their IST infrastructure project, as well as to revert remaining unobligated dollars, \$117.8 million in FY 2025-26, and \$94.2 million in FY 2026-27, reflecting updated phased in activations of DSH Diversion/Community

¹Data as of January 5, 2026

²Data as of May 7, 2025

Based Restoration (CBR) Programs and serving lower census levels than the maximum budget projected to support.

CAPITAL OUTLAY COMPARISON
2025 Budget Act v. 2026-27 Governor's Budget
(Dollars in Thousands)

FUNDING SOURCE	2025 Budget Act	2026-27 Governor's Budget	Difference	% Change
General Fund (0001)	\$58,817	\$9,026	(\$49,791)	-85%
Capital Outlay	\$58,817	\$9,026	(\$49,791)	-85%
Public Bldg Construction (0660)	\$0	\$50,445	\$50,445	100%
Capital Outlay	\$0	\$50,445	\$50,445	100%
TOTALS	\$58,817	\$59,471	\$654	1%

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

The 2026-27 Governor's Budget reflects a net increase of \$654,000 in General Fund and Public Building Construction Fund in FY 2026-27. The following provides specific detail of proposed budget adjustments.

CAPITAL OUTLAY BUDGET CHANGE PROPOSALS

- *Napa Electrical Infrastructure Upgrades (\$7.27 million in FY 2026-27)*
 DSH proposes \$7.27 million in General Fund for the working drawings phase of the DSH-Napa Electrical Infrastructure Upgrade project. This project will upgrade the electrical distribution infrastructure with a 12kV distribution system, which includes replacement of the existing Pacific Gas and Electric (PG&E) transformers, substation, utility feeder lines, facility transformers, switchgear, and installation of new generators. This project is necessary to meet the electrical demand of day-to-day operations, and to support future campus improvements.
- *Patton Electrical Infrastructure Upgrades (\$1.76 million in FY 2026-27)*
 DSH proposes \$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, to upgrade medium and high voltage elements within the electrical distribution infrastructure at DSH-Patton and to upgrade low voltage electrical distribution at each building by replacing old panels and wiring. This project is necessary to meet the increased electrical requirements of the hospital, improve the reliability and resilience of the hospital's power system, upgrade outdated emergency generators

to meet campus electrical demands, and to efficiently address an increase in demand that can sustainably support future campus infrastructure improvements.



STATE HOSPITAL POPULATION

DSH is responsible for the daily care and treatment of over 7,500 patients. This estimated caseload is projected to exceed 8,000 by the end of FY 2026-27, with a total of 5,710 across the state hospitals, 1,809 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 Governor's Budget Estimates Caseload	
Location	Estimated Census on June 30, 2027
<i>Population by Commitment Type – Hospitals</i>	
Incompetent to Stand Trial (IST) — PC 1370	1,634
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	260
Subtotal	5,710
<i>Contracted Programs</i>	
Jail Based Competency Treatment Programs	426
Community Based Restoration	1,152
Community Inpatient Facilities	231
Subtotal	1,809
<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	8,427