



The Department of State Hospital's (DSH) proposed budget for fiscal year (FY) 2026-27 totals \$3.2 billion – an increase of \$31.4 million from the 2026-27 Governor's Budget. 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
2026-27 Governor's Budget v. 2026-27 May Revision
(Dollars in Thousands)

FUNDING SOURCE	2026-27 Governor's Budget	2026-27 May Revision	Difference	% Change
State Operations	\$3,144,028	\$3,167,848	\$23,820	1%
Capital Outlay	\$59,471	\$67,098	\$7,627	13%
TOTALS	\$3,203,499	\$3,234,946	\$31,447	1%

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



SUPPORT BUDGET

The 2026-27 May Revision reflects a net increase of \$23.8 million in total funds, \$15.5 million General Fund (GF) in FY 2026-27. The following provides specific details of proposed budget adjustments.

SUPPORT COMPARISON

2026-27 Governor's Budget v. 2026-27 May Revision

(Dollars in Thousands)

FUNDING SOURCE	2026-27 Governor's Budget	2026-27 May Revision	Difference	% Change
General Fund (0001)	\$2,957,559	\$2,973,103	\$15,544	1%
Lease Revenue Bond (Ref 003/093)	\$35,282	\$35,282	\$0	0%
State Hospitals	\$35,282	\$35,282	\$0	0%
Support Funds (Ref 011)	\$2,919,623	\$2,935,167	\$15,544	1%
Administration	\$264,821	\$302,772	\$37,951	14%
State Hospitals	\$1,968,997	\$1,968,780	(\$217)	0%
CONREP	\$94,372	\$99,847	\$5,475	6%
Contracted Patient Services	\$564,296	\$529,551	(\$34,745)	-6%
Evaluation & Forensic Services	\$27,137	\$34,217	\$7,080	26%
Support HIPAA (Ref 017)	\$1,554	\$1,554	\$0	0%
Administration	\$1,554	\$1,554	\$0	0%
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)	\$186,348	\$194,624	\$8,276	4%
TOTALS	\$3,144,028	\$3,167,848	\$23,820	1%

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



BUDGET CHANGE PROPOSAL

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

DSH proposes \$27.6 million in FY 2026-27 to fund 68.6 limited-term positions and to implement and support the organization's Continuum Electronic Health Record (EHR) solution for Site 1 of 5 and begin Site 2 and 3 implementation readiness activities. DSH also proposes to reappropriate up to \$6.3 million from FY 2025-26 and proposes provisional language to augment this request, as needed, to maintain the proposed EHR 2026-27 project schedule.



ENROLLMENT, CASELOAD AND POPULATION

- As of May 12, 2026, DSH has a total of 458 patients pending placement, of which 256 are deemed Incompetent to Stand Trial (IST). The May Revision enrollment, caseload, and population estimates propose funding realignments and reimbursement adjustments to reflect projected expenditures and to support behavioral health workforce development efforts and Conditional Release Program capacity.
- *County Bed Billing Reimbursement Authority (-\$12.4 million in FY 2025-26 and -\$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 requests a reduction in county bed billing reimbursement authority of \$12.4 million in FY 2025-26 and \$5.8 million in FY 2026-27 and ongoing to reflect the phase-in of LPS beds and projected collections based on bed utilization.

- *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, and planned activation for the second unit anticipated in Summer 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) is activated and operating at full capacity.

- *Patient-Driven Operating Expenses and Equipment (OE&E) (No position authority or dollar change)*

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. DSH requests no additional adjustment to patient-driven operating expenses and equipment (OE&E).



- *Workforce Development (-\$10.3 million GF and increased reimbursement authority of \$10.3 million in FY 2026-27 and -\$10.9 million GF and increased reimbursement authority of \$10.9 million in FY 2027-28 and ongoing and \$3.8 million in increased reimbursement in FY 2026-27 and \$3.5 million in increased reimbursements in 2027-28 and ongoing to establish a new Psychiatric Technician Apprenticeship training cohort at DSH-Napa)*

DSH proposes \$10.3 million in reimbursements from the Behavioral Health Services Act (BHSA) Behavioral Health Workforce Initiative in 2026-27 and \$10.9 million in 2027-28 and ongoing to support its existing workforce development programs including psychiatric residency, fellowships and psychiatric technician training. The BHSA reimbursement is proposed to offset general fund expenditures for these programs and occur via an interagency agreement with Department of Health Care Access and Information. DSH also proposes \$3.8 million in 2026-27 and \$3.5 million in 2027-28 and ongoing in BHSA reimbursement to add an additional Psychiatric Technician Apprenticeship (PTA) Fast Track cohort to train an additional 30 psychiatric technician apprentices to help address DSH-Napa's psychiatric technician (PT) vacancy rate and increase the number of PTs available to serve community programs.

- *Conditional Release Program (CONREP) Non-Sexually Violent Predators (SVP) (realign \$6.1 million from IST Solutions 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 to realign \$6.1 million from the Incompetent to Stand Trial (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.

- *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 19 court-ordered clients participating in CONREP-SVP, 24 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.

- *Incompetent to Stand Trial (IST) (\$59 million in FY 2023-24; -\$11 million in FY 2025-26; -\$14.1 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 its continuum of care in recent years and reports a waitlist of 256¹ IST individuals as of the 2026-27 May Revision. This change represents a reduction of nearly 6.9% from the waitlist of 275² reported in the 2026-27 Governor's Budget. Furthermore, of the 256 individuals on the waitlist pending admission to a treatment bed, 129 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 March 2026, the court is reviewing the matter to determine whether DSH is in substantial compliance. DSH reports a \$59.0 million reduction to the one-time prior year FY 2023-24 savings of \$114.0 million reported in the Governor's Budget. DSH also reports an additional one-time savings of \$11 million in FY 2025-26 and \$8 million in FY 2026-27 related to updated program activation schedules of DSH Diversion and Community Based Restorations (CBR) programs. The cumulative total savings for all IST related programs across Governor's Budget and May Revision are \$55.0 million one-time in FY 2023-24, \$128.8 million one-time in FY 2025-26 and \$102.2 million one-time in FY 2026-27. In addition, DSH requests to realign \$10.0 million of IST Solutions funds in 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 proposes trailer bill language to remove the June 30, 2026, sunset date for the Independent Placement Panel (IPP) program.

¹Data as of May 12, 2026

²Data as of January 5, 2026



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

FUNDING SOURCE	2026-27 Governor's Budget	2026-27 May Revision	Difference	% Change
General Fund (0001)	\$9,026	\$9,026	\$0	0%
Capital Outlay	\$9,026	\$9,026	\$0	0%
Public Bldg Construction (0660)	\$50,445	\$58,072	\$7,627	15%
Capital Outlay	\$50,445	\$58,072	\$7,627	15%
TOTALS	\$59,471	\$67,098	\$7,627	13%

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

The 2026-27 May Revision reflects a net increase of \$7.6 million in General Fund and Public Building Construction Fund in FY 2026-27. The following provides specific details of proposed budget adjustments.

CAPITAL OUTLAY BUDGET CHANGE PROPOSALS

- *Metropolitan: Central Utility Plant Replacement - Revert and Fund New Construction (-\$50.45 million in FY 2025-26 and \$58.1 million FY 2026-27)*

Proposes to revert the existing authority of \$50,455,000 and requests \$58,072,000 in new funding from the Public Buildings Construction Funds for the construction phase of the DSH-Metropolitan Central Utility Plant (CUP) Replacement Project. With the design now complete, the State's estimate more accurately reflects the true 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 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 estimated caseload is projected to exceed 8,000 by the end of FY 2026-27, with a total of 5,681 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 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