



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 25-107

July 01, 2025

Introduced: 6/26/2025

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Authorize and direct the Auditor-Controller to amend the FY 2024-25 Adopted Budget for the County Administrative Office, Other General Expenditures (001-1050-CAO014-8039), to increase appropriations by \$1,425,000, financed by a decrease in appropriations in General Fund Contingencies (001-1050-CAO020-8034), for payment of the County's FY 2023-24 Incompetent to Stand in Trial (IST) growth cap and penalty payment per Welfare & Institutions Code (WIC) 4336 to the State of California Department of State Hospitals (DSH) (4/5ths vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to authorize and direct the Auditor-Controller to amend the FY 2024-25 Adopted Budget for the County Administrative Office, Other General Expenditures (001-1050-CAO014-8039), to increase appropriations by \$1,425,000, financed by a decrease in appropriations in General Fund Contingencies (001-1050-CAO020-8034), for payment of the County's FY 2023-24 Incompetent to Stand in Trial (IST) growth cap and penalty payment per Welfare & Institutions Code (WIC) 4336 to the State of California Department of State Hospitals (DSH) (4/5ths vote required).

SUMMARY/DISCUSSION:

The County Administrative Office (CAO) requests to increase appropriations in the amount of \$1,425,000 in Fund 001, Budget Unit 8039, Appropriation Unit CAO014 of its Fiscal Year (FY) 2024-25 Adopted Budget. This increase will be funded by General Fund Contingencies in Fund 001, Budget Unit 8034, Appropriation CAO020 for payment of the County's FY 2023-24 Incompetent to Stand in Trial (IST) growth cap and penalty payment per Welfare & Institutions Code (WIC) 4336 to the State of California Department of State Hospitals (DSH).

Senate Bill 184 (SB184) added section 4336 to the WIC to implement a growth cap program for all counties for individuals committed pursuant to Section 1370 of the Penal Code. The growth cap program was deemed by the legislature as an actionable solution to address the increasing number of individuals with serious mental illness who become justice-involved and deemed Incompetent to Stand Trial (IST) on felony charges by helping to ensure that the expansion of DSH-funded community-based care does not create unintended incentives that result in an increased number of individuals being found IST on felony charges. WIC section 4336 establishes a growth cap for each county for felony IST determinations and includes a county redirection of funds that is aimed at supporting county activities that will divert individuals with serious mental illnesses away from the criminal justice system and lead to the reduction of felony IST determinations.

Under Section 4336, each county's baseline was based on IST determinations for FY 2021-22. For

Monterey, the baseline number is set at 59. Beginning in FY 2022-23, counties that exceed their IST Baseline are penalized based on a complex formula that escalates the payment amount by 50%, 75% and 100% of the state hospital rate for the 5th - 7th, 8th and 9th, and 10th IST above the growth cap, respectively. In FY 2022-23, Monterey had a total of 44 commitments and did not exceed the growth cap. In FY 2023-24, Monterey had a total of 84 commitments, exceeding the 59-growth cap by 25, resulting in a penalty of \$1,425,000 owed to DSH. Payment to DSH is due by August 27, 2025. These funds will be deposited into the Mental Health Diversion Fund by DSH, and 100% of the funds paid by the county will be returned to the county within 45 days after receipt and approval of a required expenditure plan.

This request will provide the CAO with the funding and appropriations needed to pay the \$1,425,000 IST Growth Cap invoice payable to DSH and due by August 27, 2025.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office received approval from the Budget Committee to present this recommendation directly to the Board of Supervisors for consideration. The request to bypass the Budget Committee was approved on June 26, 2025. The CAO has created a workgroup between the Sheriff's Office, Public Defender's Office, District Attorney's Office, and Health Department Behavioral Health Bureau to strategize on the County's approach to minimize or prevent future IST Growth Cap penalties.

FINANCING:

The request for appropriations is funded by General Fund Contingencies (001-8034-CAO020), where Contingencies has sufficient appropriations. The balance of the FY 2024-25 General Fund Contingencies after this recommended action will be \$1,952,855.

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Approved by: Deborah Paolinelli, Assistant County Administrative Officer, ext. 5309

Attachments: Resolution; Attachment A - State of California Department of State Hospitals
Department Letter 23-003