State Health Care Staffing Contracts

Contract Workers Are a Small but Growing Proportion of Three State Facilities' Workforces

December 2025

REPORT 2024-114

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Grant Parks *State Auditor*

Mike Tilden *Chief Deputy*

December 4, 2025
2024-114

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As directed by the Joint Legislative Audit Committee, my office conducted an audit of the California Department of Corrections and Rehabilitation (CDCR) and its Salinas Valley State Prison facility, the Department of Developmental Services (DDS) and its Porterville Developmental Center facility, and the Department of State Hospitals (DSH) and its Atascadero State Hospital facility. Our assessment focused on the three departments' use of health care staffing contracts at these facilities, and we determined that although contract workers make up a small portion of medical and mental health staffing, the facilities have increasingly used them to address their growing number of staff vacancies.

Since July 2019, vacancy rates have increased to 30 percent at Atascadero, 36 percent at Porterville, and more than 50 percent at Salinas Valley. Although the facilities have engaged in multiple recruitment strategies, they have not evaluated the success of their efforts to determine which are most effective. To help address vacancies, each facility has significantly increased its use of contract workers: Atascadero by 79 percent, Porterville by 172 percent, and Salinas Valley by 46 percent. Contract workers generally cost the State more than state employees in the same job classifications, and the shorter tenure of contract workers presents challenges for facilities because of the training necessary to ensure that the contract workers are prepared to provide appropriate care to the facilities' patient populations.

The many staff vacancies have resulted in each facility realizing significant savings from fiscal year 2019–20 through 2024–25: about $247 million for Atascadero, $188 million for Salinas Valley, and $157 million for Porterville. Nonetheless, neither DSH nor DDS has required staff to evaluate staffing needs annually. Further, none of the three agencies require their facilities to report whether they are meeting shift-staffing minimums, which are critical to ensuring the provision of legally required levels of care. Because of the decades-long difficulties the facilities have had in filling vacant health care positions and a current and projected health care professional shortage, the State should consider facilitating a statewide campaign to draw medical and mental health care workers to California's civil service.

Respectfully submitted,

GRANT PARKS
California State Auditor

Selected Abbreviations Used in This Report

CalHR	California Department of Human Resources
CCHCS	California Correctional Health Care Services
CDCR	California Department of Corrections and Rehabilitation
CHA	California Hospital Association
DDS	Department of Developmental Services
DSH	Department of State Hospitals
FTE	Full-time equivalent
HCAI	Department of Health Care Access and Information
HRSA	Health Resources and Services Administration
SAM	*State Administrative Manual*
SCO	State Controller's Office
SPB	State Personnel Board

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Summary

Key Findings and Recommendations

The California Department of Corrections and Rehabilitation (CDCR), the Department of Developmental Services (DDS), and the Department of State Hospitals (DSH) have a responsibility to provide medical and mental health care to individuals who are incarcerated in or committed to the facilities they oversee. To determine the extent to which these departments rely on contract workers rather than state employees to provide this care, the Joint Legislative Audit Committee directed us to examine staffing levels at three facilities: the Department of State Hospitals-Atascadero (Atascadero), which DSH oversees; the Porterville Developmental Center (Porterville), which DDS oversees; and Salinas Valley State Prison (Salinas Valley), which CDCR oversees. Our review determined the following:

The Three Facilities We Reviewed Have Increasingly Struggled to Fill Vacant Positions

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Over the past five years, vacancy rates at all three facilities we reviewed have increased. As of fiscal year 2023–24, the vacancy rate was just over 30 percent at Atascadero, 36 percent at Porterville, and more than 50 percent at Salinas Valley. Most of these vacant positions were in nursing and mental health classifications. Facility staff and employee bargaining unit representatives specifically identified the high-risk nature of the work, a shortage of health care professionals, and low pay as factors contributing to the high number of vacancies. Facility staff also asserted that they must compete with other state facilities and private hospitals for the same limited pool of potential job candidates. Although the facilities have engaged in a number of recruitment strategies, they generally do not evaluate the success of these efforts to determine which are most effective. Given the decades-long difficulties the facilities have had in filling vacant health care positions and the current and projected health care professional shortage, the State should consider facilitating a statewide campaign to draw medical and mental health care workers to California's civil service.

To Address Their Vacancies, the Three Facilities Have Increased Their Use of Contract Workers

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Contract workers make up a small portion—from 4 percent to 10 percent—of each facility's medical and mental health care staffing. However, to address ongoing vacancies, each facility has significantly increased its use of contract workers over the past five years: Atascadero by 79 percent, Porterville by 172 percent, and Salinas Valley by 46 percent. Nearly all contract worker classifications cost the facilities more per hour than their state civil service counterparts, even after taking into account the

nonwage costs associated with state civil service employment, such as benefits. Although the contract workers we reviewed possessed the necessary licenses and certifications to work within their classifications, they generally had significantly shorter tenures at each facility than state employees in the same classifications. These shorter tenures can present a challenge for facilities because of the training necessary to ensure that the contract workers are prepared to work with their patient populations and provide appropriate care.

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CDCR, DDS, and DSH Have Not Taken Necessary Steps to Ensure That Their Facilities Have Appropriate Staffing Levels

By budgeting staff positions appropriately, departments can request that the Legislature fund the staff necessary to meet their facilities' operational needs, while not requesting positions they do not require. However, from fiscal years 2019–20 through 2024–25, the three facilities we reviewed had a significant number of vacant positions that they did not cover with either state overtime or contract workers. Moreover, each facility realized significant savings from these vacant positions over the six years: about $247 million for Atascadero, $188 million for Salinas Valley, and $157 million for Porterville. Nonetheless, neither DSH nor DDS has established policies and procedures to ensure that their process for staff budgeting is adequate, such as by including a requirement for staff to evaluate staffing needs at least annually. In addition, DSH, DDS, and CDCR have not formalized a process for facilities to report whether they are meeting shift-staffing minimums, which are critical to ensuring the provision of legally required levels of care.

Other Areas We Reviewed

In addition, we reviewed staffing logs from the three facilities and found that they used state employees to provide the majority of patient care but filled in shifts with contract workers as necessary. We also conducted interviews with frontline workers to gain insight into their workplace concerns.

To address these findings, we recommended a number of recruiting and retention strategies that the departments and facilities should implement, including exploring the feasibility of maximizing flexible shifts and streamlining their hiring processes. We further recommended that DSH and DDS develop comprehensive policies and procedures for their annual budgeting processes that include the requirement that staff evaluate staffing needs annually and seek adjustments to position authority—the number of positions authorized in the state budget—for each facility as necessary. In addition, we recommended that the departments require their facilities to track, tabulate, and report instances when they fall short of shift-staffing minimums. Finally, we recommended that the Legislature consider requiring the California

Department of Human Resources (CalHR) to facilitate a statewide, cross-agency collaboration to recruit medical and mental health care staff into California's civil service and to locations where it is especially difficult to recruit state employees.

Agency Comments

CDCR agreed with our recommendations. DDS and DSH generally agreed with our recommendations, but DDS disagreed with our recommendation that it require its facilities to track and report whether they are meeting required shift-staffing minimums, and DSH disagreed with our recommendation that it evaluate whether offering affordable housing options would improve Atascadero's ability to recruit new state employees.

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Introduction

Background

The three health care facilities we reviewed—Atascadero, Porterville, and Salinas Valley—house individuals who are incarcerated or institutionalized because the courts or those with jurisdiction over those individuals have determined they are a danger to themselves or others, or that they are incompetent to stand trial. State and federal laws require each of these facilities to provide medical and mental health care to the individuals they house. Specifically, the due process clause of the Fourteenth Amendment to the U.S. Constitution and California's Lanterman-Petris-Short Act give individuals who are involuntarily detained the right to prompt medical and mental health care. These laws apply to individuals who are committed to DSH, which oversees Atascadero, and to DDS, which oversees Porterville. Further, the Eighth Amendment of the U.S. Constitution prohibits cruel and unusual punishment of incarcerated individuals. This amendment applies to individuals who are subject to the jurisdiction of CDCR, which oversees Salinas Valley. Individuals subject to the jurisdiction of CDCR include incarcerated individuals who CDCR sends to DSH for psychiatric stabilization. The courts have interpreted a failure to provide adequate medical and mental health care to incarcerated individuals as cruel and unusual punishment.

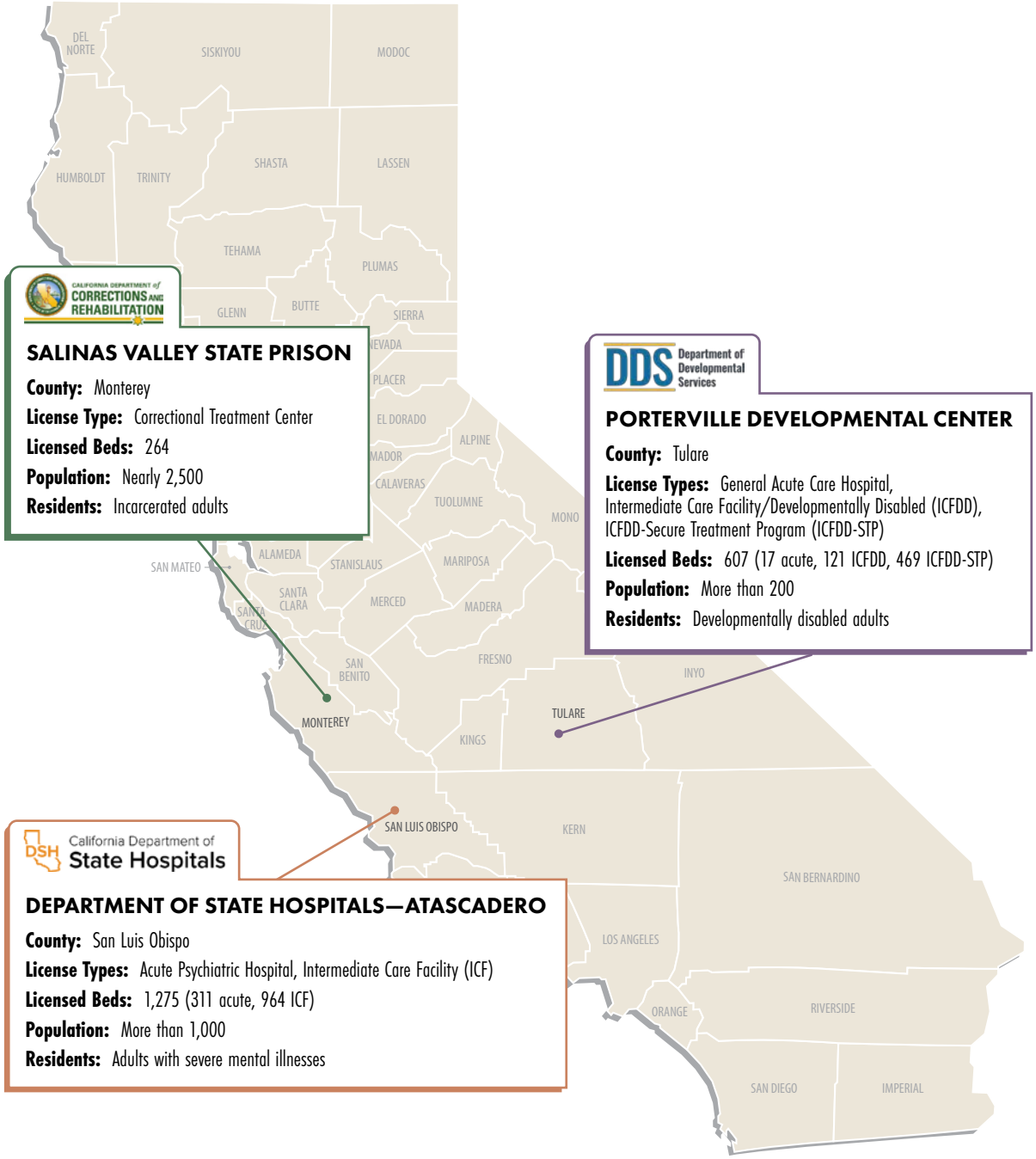
The Three Facilities Serve Different Populations

The three facilities we reviewed are all in Central California, as Figure 1 shows. Each maintains different licensure types, enabling it to provide medical and mental health care specific to the needs of its population. Atascadero is an acute psychiatric hospital and an intermediate care facility under DSH. It has the largest capacity of the three health care facilities we reviewed, with 1,275 licensed beds. Its all-male patient population consists mostly of criminal offenders with severe mental illnesses, some of whom were found not guilty by reason of insanity or incompetent to stand trial. Thus, the courts involuntarily committed—either criminally or civilly—these individuals to Atascadero for treatment. A small number of Atascadero's patients have not been charged with a crime; rather, they are treated under a conservatorship agreement because the courts have determined that their mental illnesses represent a danger to themselves or others.

Porterville is licensed as a general acute care hospital and as an intermediate care facility for developmentally disabled individuals. The courts criminally or civilly commit individuals to Porterville when the courts have determined they are incompetent to stand trial or pose a danger to themselves or others. DDS oversees the Porterville facility, which has 607 licensed beds. Although Porterville has the physical space to accommodate 607 patients, state law only allows individuals to be admitted to the facility when the population falls below 211 persons.[1]

[1] According to the bill that lowered the population cap to 211 persons, it was the intent of the Legislature that General Fund savings derived from the closure of developmental centers benefit persons with developmental disabilities living in the community.

Figure 1
The Three Central California Facilities Provide Residential Care to Populations With Specific Needs



Source: Websites for DDS, DSH, CDCR, Atascadero, Porterville, Salinas Valley, and California Department of Public Health facility licensing.

Salinas Valley is a state prison that houses incarcerated adults. Within the prison, CDCR, through its California Correctional Health Care Services (CCHCS) division, operates a licensed correctional treatment center with a mental health treatment program. Although Salinas Valley is the largest facility we reviewed by total population, it has the least number of licensed health care beds at 264 because it is not a hospital and only a portion of the facility is designated for medical and mental health care.

All Three Departments Have Been Involved in Litigation Regarding Medical and Mental Health Care Staffing

Dating back decades, the State has been involved in a number of lawsuits regarding its failure to meet minimum medical and mental health care staffing requirements at health care facilities that state agencies operate. In particular, ongoing federal court orders mandate CDCR and its facilities to fill 90 percent or more of certain mental health care positions. In 2023, the court ordered the State to pay monthly fines for noncompliance with mandated mental health staffing levels. As of 2025, CDCR had incurred more than $95 million in accumulated fines, as Figure 2 shows.

Both DDS and DSH have also been involved in litigation for failing to provide adequate mental health care staffing. Specifically, a 1981 court order required the facilities that the two departments oversee to post in a place that is visible to level-of-care staff of each unit and ward their minimum shift-staffing requirements. In addition, the court order required that the facilities track, tabulate, and report quarterly to their department headquarters the shifts and number of staff by which they fell short. The court order established a best practice to ensure accountability, increase transparency, and allow for the appropriate oversight of mandatory staffing ratios.

The Civil Service Mandate Requires State Agencies to Justify Their Use of Contract Workers Instead of State Employees

A civil service mandate generally prohibits state agencies from contracting with private entities to perform work that the State has historically and customarily performed using the state civil service employees (state employees). This mandate essentially requires state agencies to hire state employees rather than contracting for services unless exempted under state law. Nonetheless, state law provides some exceptions under which agencies may use personal services contracts. In this report, we discuss two provisions of Government Code Section 19130, specifically paragraphs (3) and (10) of subdivision (b) of that section. The first provision applies when the contracted services are not available within civil service. The second applies when the services are of such an urgent, temporary, or occasional nature that the delay inherent in hiring under civil service would frustrate their very purpose.

Personal services contracts are subject to oversight by the State Personnel Board (SPB). The SPB enforces civil service statutes, makes determinations regarding probationary periods and classifications, adopts other civil service rules, and reviews disciplinary actions. In addition, if a state agency cites one of the above-described provisions as justification when entering a personal services contract, any employee

organization that represents state employees can request the SPB to review that contract to determine its adequacy. For example, in 2019, at the request of an employee organization, the SPB reviewed a CDCR contract for six contracted classifications. The SPB approved the contract for two of the classifications but disapproved it for the other four, finding that CDCR either did not demonstrate reasonable and good faith efforts to recruit civil service employees or failed to establish the needed number of civil service positions in those classifications.

Figure 2
For 35 Years, CDCR Has Not Provided Adequate Medical and Mental Health Care

1990	• A class action lawsuit alleged that CDCR provided constitutionally inadequate mental health care.
1995	• A federal court ruled that CDCR had failed to provide a system of necessary mental health care to incarcerated individuals, violating the cruel and unusual punishment clause of the U.S. Constitution.
2001	• A class action lawsuit alleged that CDCR provided inadequate medical care that violated the U.S. Constitution. The State conceded to the deficiencies and stipulated to remedial injunction.
2005	• The federal court found that the State had failed to comply, declaring that California's prison medical system was "broken beyond repair" and imposed a receivership over CDCR's medical health care system.
2009	• A special three-judge federal panel ordered California to reduce its prison population to 137.5 percent of its design capacity within two years, determining that overcrowding was the primary cause of the systemic constitutional violations.
2011	• California appealed the order, but the U.S. Supreme Court upheld the panel's decision. • The California Legislature enacted public safety realignment legislation, shifting the responsibility for some offenders from state prison to county jails and probation systems.
2023	• After CDCR failed to meet its staffing requirements for more than 20 years, the federal court established monthly fines against the State for CDCR's failure to comply with mental health staffing orders.
2024	• The court found California in contempt of the court's orders requiring full compliance with its staffing plan and ordered the State to pay all fines it had accumulated since April 2023.
2025	• By March, the State had accumulated more than $95 million in fines. The court ordered California to use these fines to remedy ongoing mental health understaffing with retention, recruitment, and referral bonuses; monthly bonuses to augment pay; supplies to improve working conditions; and the hiring of a third-party recruitment and hiring contractor. The court later deferred the spending plan, pending appointment of a new receiver for mental health care. • The court appointed a new federal receiver for mental health care, who submitted her action plan in August. • In September, the court transferred the authority to direct the expenditure of the remaining fines to the receiver.

Source: Various court documents related to *Coleman v. Brown* and *Plata v. Newsom* court cases.

The Three Facilities We Reviewed Have Increasingly Struggled to Fill Vacant Positions

Key Points

- Vacancy rates at all three of the facilities we reviewed have increased since fiscal year 2019–20. As of fiscal year 2023–24, their vacancy rates for health care positions ranged from just over 30 percent at Atascadero to more than 50 percent at Salinas Valley. Their vacancy rates for psychiatrist and other mental health positions were especially high—often exceeding 50 percent.

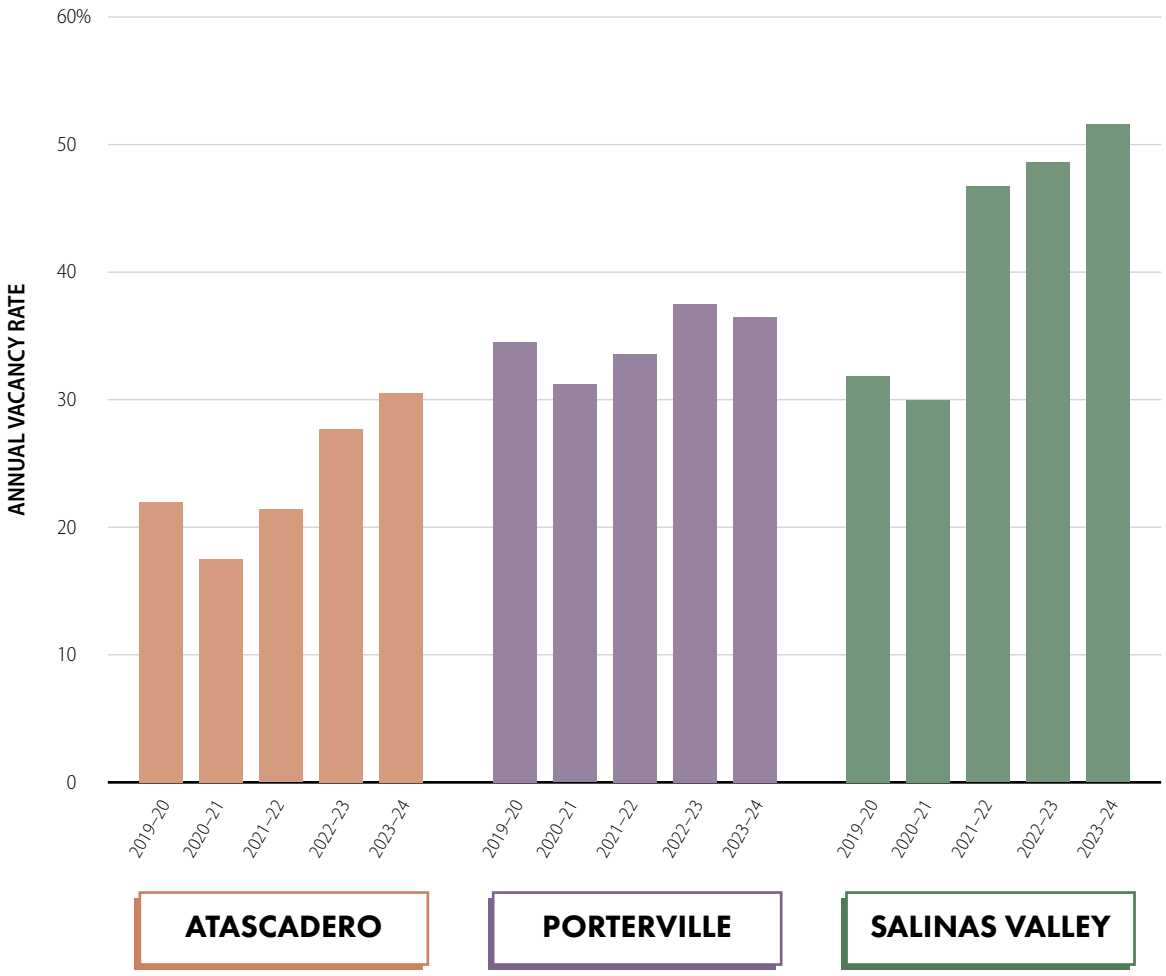
- The facilities face several barriers to recruiting new state employees. Each is located in a small city, surrounded by rural areas, in a county with a shortage of health care professionals. The facilities must compete with private sector hospitals, contract staffing agencies, and other nearby state facilities for a limited number of trained job candidates.

- Although the facilities have taken some steps to broaden their recruiting efforts, they could take additional action to make themselves more attractive to potential job candidates, such as offering more scheduling flexibility. The facilities and the departments that oversee them evaluate the results of certain recruitment efforts but could perform additional analysis to determine which of those efforts are the most effective.

In Recent Years, All Three Facilities Have Experienced Significant, Growing Vacancy Rates

Overall, vacancy rates for medical and mental health positions at each of the three facilities we reviewed increased from fiscal years 2019–20 through 2023–24. Vacancy rates can be impacted by a variety of factors, including an increased or decreased number of authorized positions, difficulty filling positions, and staff attrition. As Figure 3 shows, all three facilities had a vacancy rate of 30 percent or more during fiscal year 2023–24, with Salinas Valley having the highest vacancy rate. Salinas Valley's vacancy rate for medical and mental health care employees increased by 62 percent during our audit period, with more than half of its medical and mental health positions vacant in fiscal year 2023–24. Atascadero had a vacancy rate that was a little more than 30 percent in fiscal year 2023–24, a nearly 39 percent increase from fiscal year 2019–20. Specifically, from fiscal years 2021–22 to 2023–24, Atascadero increased its authorized positions by more than 50, and during that same time frame it lost more than 90 staff to attrition. Although Porterville's vacancy rate increased only by roughly 6 percent during our review period, 36 percent of its medical and mental health positions were vacant during fiscal year 2023–24.

Figure 3
The Three Facilities' Vacancy Rates for Medical and Mental Health Care Positions Increased Overall Fiscal Years 2019–20 Through 2023–24



Source: Analysis of State Controller's Office (SCO) vacancy data, Porterville's monthly staffing reports, and CDCR's monthly staffing reports.

To evaluate trends and compare staffing levels among the facilities, we judgmentally grouped similar job classifications into five main groupings—*mental health*, *nursing*, *primary care*, *psychiatry*, and *other*—as the text box shows. As Table 1 indicates, during fiscal year 2023–24, positions in the psychiatry grouping had the highest vacancy rate at Atascadero and the second highest vacancy rate at Porterville and Salinas Valley. During fiscal year 2023–24, Salinas Valley and Atascadero also had high vacancy rates in the other mental health grouping, which includes psychologists and social workers. Porterville, on the other hand, experienced its highest vacancy rate during fiscal year 2023–24 in the primary care grouping.

We Categorized Health Care Job Classifications Into Five Groupings

Mental Health: Psychologists, social workers, and marriage and family therapists.

Nursing: Registered nurses, licensed vocational nurses, certified nursing assistants, and psychiatric technicians.

Primary Care: Physicians, surgeons, medical residents, and physician assistants.

Psychiatry: Psychiatrists.

Other: All other medical or mental health professionals, including behavior specialists, dentists, dietetic technicians, lab assistants, pharmacists, physical therapists, radiologic technologists, rehabilitation therapists, respiratory care practitioners, and speech pathologists.

Source: Auditor generated from review of facility classifications.

Note: The job classifications we list here are just a few of the nearly 200 classifications we included in our review.

Although the nursing grouping did not have the highest vacancy rates at any of the three facilities, vacancies in this grouping largely drove all of their overall vacancy rates because about two-thirds or more of each facility's medical and mental health care employees work in nursing classifications. Consequently, vacancies in the nursing grouping accounted for 65 percent or more of all vacancies at each of the three facilities during fiscal year 2023–24. In fact, in fiscal year 2023–24, nursing vacancy rates and total vacancy rates at each of the facilities were within 2 percentage points of each other.

Table 1

In Fiscal Year 2023–24, the Three Facilities' Highest Vacancy Rates Were in Psychiatry, Primary Care, or Mental Health, but Nursing Vacancies Contributed Most to Total Vacancy Rates

JOB CLASSIFICATION GROUPING	DSH ATASCADERO		DDS PORTERVILLE		CDCR SALINAS VALLEY	
	AUTHORIZED POSITIONS	VACANCY RATE	AUTHORIZED POSITIONS	VACANCY RATE	AUTHORIZED POSITIONS	VACANCY RATE
Mental Health	147	36%	29	20%	85	65%
Nursing	1,152	29	654	38	421	51
Primary Care	20	6	22	56	13	48
Psychiatry	42	67	4	47	18	58
Other	152	31	55	25	100	44
Totals	**1,513**	**30%**	**764**	**36%**	**637**	**52%**

Source: SCO data, Porterville's monthly staffing reports, and CDCR's monthly staffing reports.

Note: Totals may not match the sum of individual groupings due to rounding.

Although employee hiring and separation trends were stable for most job classification groupings throughout our audit period, they fluctuated significantly for the nursing grouping at each of the three facilities we reviewed, as Figure 4 shows. Porterville's executive director stated that many of its staff in the nursing grouping either left when it closed its general treatment area in 2019 or during the COVID-19 pandemic. Salinas Valley staff stated that the facility eliminated its medical technical assistant classifications in the nursing group in fiscal year 2019–20 and that many of those employees transitioned to correctional job classifications because of higher rates of pay. Although the departments and facilities focused their perspective on challenges in hiring when asked about vacancies, we noted that, despite their recruiting efforts, attrition often outpaced hiring during our audit period, an issue we discuss later in this report. We present the details of vacancies, hiring, separations, and net gains and losses of state employees by facility, position type, and fiscal year in Table B.1 and Table B.2 of Appendix B.

Staff at each department asserted that they have used a mix of state employee overtime and contract workers to cover their ongoing vacancies. However, even after accounting for overtime and contract workers' hours, each facility still had uncovered vacant positions throughout our audit period. Figure 5 shows the number of full-time equivalent (FTE) positions that were not covered by state employee overtime or contract workers during fiscal year 2023–24. We discuss the departments' budgeting of positions at the facilities in the final section of this report.

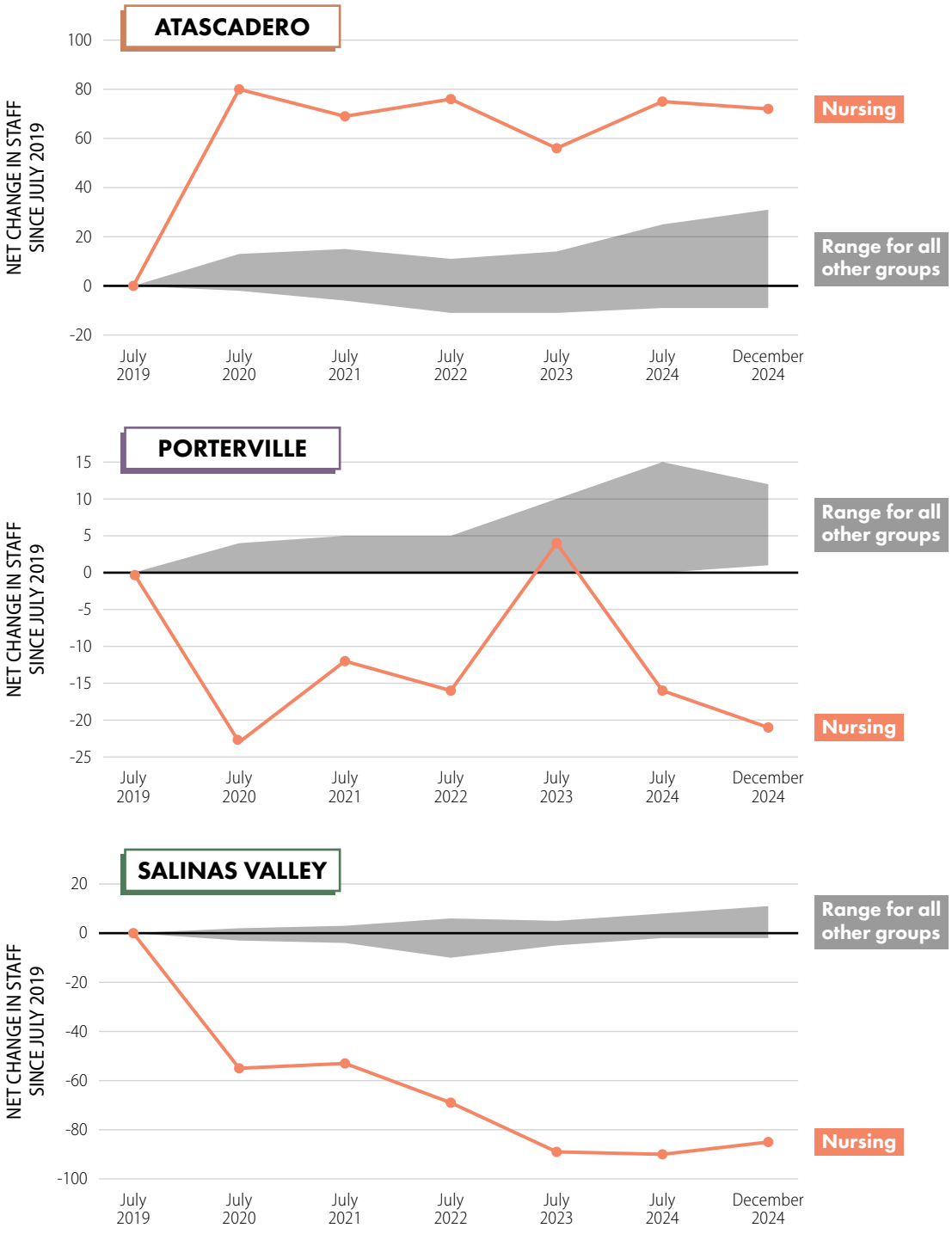
The Facilities Face a Number of Barriers When Recruiting New State Employees

Each of the facilities we reviewed faces challenges when recruiting staff, including difficult working conditions, a local shortage of health care professionals, and competition with other public facilities, private hospitals, and contract staffing agencies. However, Atascadero, Porterville, and the departments that oversee them have not conducted salary surveys to determine their competitiveness in the marketplace for health care professionals because, according to staff, they lack the necessary funding and resources.

Challenging Work Environments

The facility staff and employee bargaining unit representatives we spoke with identified the high-risk nature of the work as one of the primary causes of their ongoing vacancies. For example, in October 2025, a riot at Salinas Valley involving about 90 incarcerated individuals resulted in harm to three incarcerated individuals and to one staff member, who was treated for heat exhaustion. Salinas Valley's chief of mental health stated that some prospective employees may not be interested in working in such an environment, making recruiting staff more difficult. Atascadero and Porterville have similar work environments. In fact, according to DSH, there were nearly 2,900 patient-on-patient assaults and more than 2,500 patient-on-staff assaults across all of its hospitals in 2020—the most recent year for which published data is available.

Figure 4
Net Gains and Losses of Nursing Staff Fluctuated Considerably at All Three Facilities
July 2019 Through December 2024

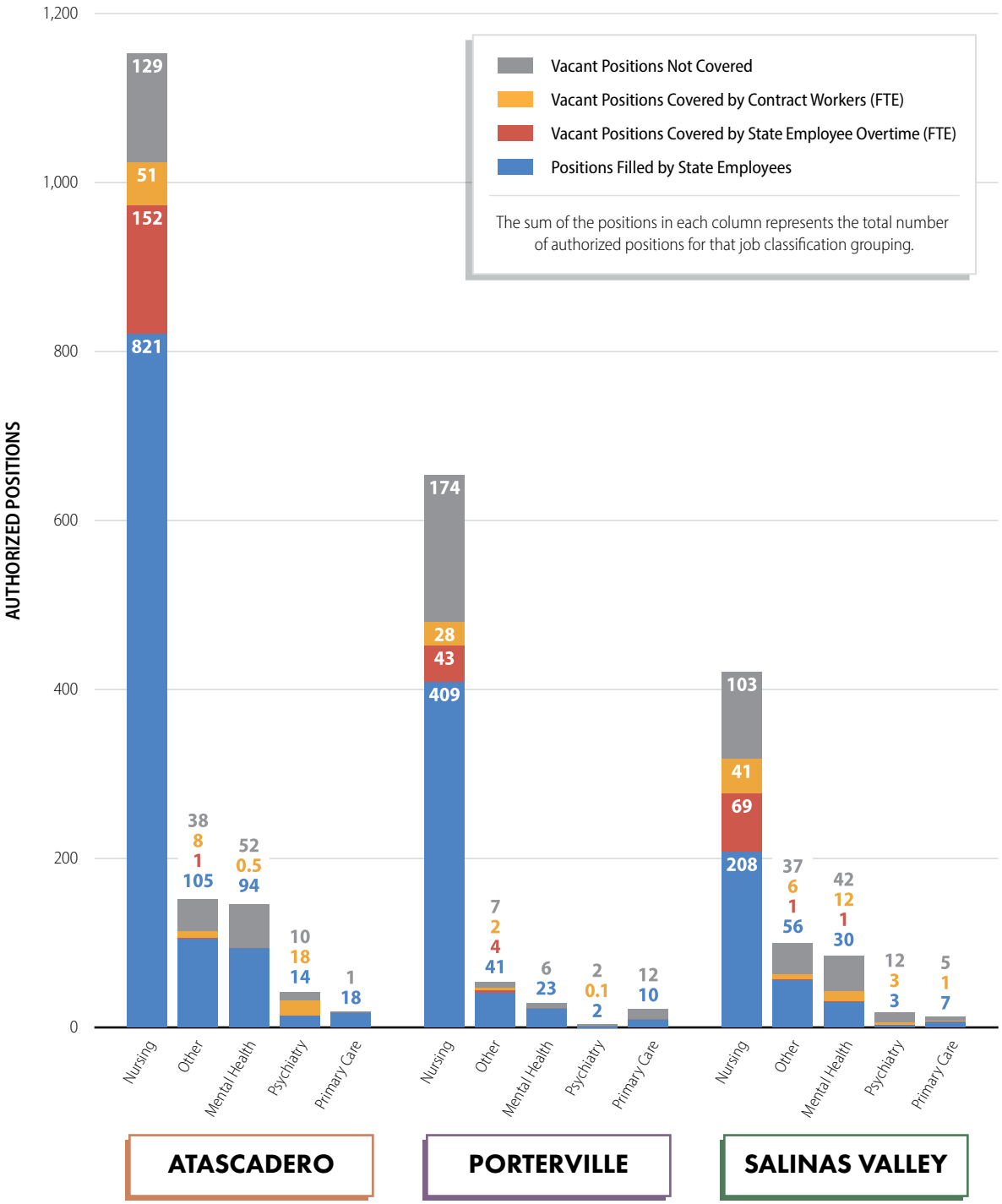


Source: SCO data.

Note: Net gains and losses are based on appointments and separations. Appointments include hires and changes in job classification, while separations include separations from the facility and changes in job classification. If an individual changed from one job classification to another, but remained within the same job category, they were counted as both an appointment and a separation, resulting in no net gain or loss in that grouping.

Figure 5

Facilities Used Overtime and Contract Workers to Cover Vacant Authorized Positions
Fiscal Year 2023–24



Source: State budget documents, SCO data, Porterville's monthly staffing reports, CDCR's monthly staffing reports, and facility invoice data.

Note: Facilities use a combination of voluntary and mandatory overtime, as well as contract workers and retired annuitants, to cover some unfilled shifts caused by vacant positions. We calculated the number of state employee overtime and contract worker full-time equivalent (FTE) positions by dividing the relevant number of hours worked by 2,080 (52 weeks times 40 hours per week). State employee overtime FTE positions reflect all state employee overtime hours, while contract worker FTE positions reflect all contract worker hours, including regular time and overtime. Because the vacancy data contains only established positions, these results do not include the number of FTE positions filled by retired annuitants and some other temporary positions.

Several of the staff we interviewed at Porterville—the only state-operated facility that serves individuals with mild to moderate intellectual disabilities who have been deemed a danger to themselves or others—described working in conditions in which they are verbally and physically assaulted regularly. According to Porterville's bargaining unit president, on-the-job injuries have led to retirements for some employees. He also asserted that given the unsafe working conditions because of patients who are sometimes violent, the State should offer employees additional compensation while staff work to make the facility safer.

Shortage of Health Care Professionals

Aside from working conditions, a shortage of health care professionals has contributed to the vacancies at the facilities. In a recent report, the California Hospital Association (CHA) stated that the COVID-19 pandemic delayed education and training for thousands of health care professionals, postponing their entrance into the workforce. CHA further noted that California's health care pipeline is struggling to keep pace with the demand for services, that 11 million Californians live in an area without enough primary care providers, and that there is a statewide shortage of nurses, physicians, pharmacists, behavioral health professionals, lab scientists, and physical therapists. In addition, the three facilities cited declining enrollment in psychiatric technician programs as a contributing factor for the high vacancies in these positions. According to CDCR staff who recruit for Salinas Valley, the supply of mental health professionals completing school training programs is not enough to meet demand for those professions. A bargaining unit president at Porterville—a senior psychiatric technician with 18 years of state service—explained that enrollment into psychiatric technician programs has been declining since the pandemic.

Moreover, a 2025 report from the Department of Health Care Access and Information (HCAI)—which collects, analyzes, and publishes information about California's health workforce and identifies areas of the State that are experiencing shortages of health professionals—indicates that more than 33 percent of the State's psychologists, more than 30 percent of its physicians, and more than 20 percent of its registered nurses were age 60 or older. Some of these older professionals are likely to retire within the next two to five years, further affecting the supply of health care professionals. HCAI data also show that all three facilities we reviewed are in areas with a shortage of psychiatrists and licensed mental health providers. As Table 2 shows, HCAI data indicate that Monterey County has a 31 percent shortage of psychiatrists, San Luis Obispo County has a 39 percent shortage, and Tulare County has a 75 percent shortage.

In addition, HCAI data show that each of the three facilities we reviewed is located in one of California's nursing shortage areas. According to HCAI, it designates an area as having a nursing shortage when there is a shortage of registered nurses, clinical nurse specialists, public health nurses, and psychiatric mental health nurses within one of California's counties or, for Los Angeles County, one of its eight service planning areas. Of the 65 total service areas in the State, HCAI identified 48 as having a low, medium, high, or severe nursing shortage designation.

Tulare County, where Porterville is located, has a medium nursing shortage area designation. Monterey County, where Salinas Valley is located, and San Luis Obispo County, where Atascadero is located, both have a low nursing shortage designation. According to department and facility staff, all three facilities have struggled to find effective ways to overcome these and other barriers, leaving them with small pools of candidates from which to recruit.

Table 2
The Facilities Are All in Counties With State-Designated Shortages in the Health Care Workforce

	SHORTAGE SEVERITY (PERCENTAGE SHORT)		
	ATASCADERO (SAN LUIS OBISPO COUNTY)	PORTERVILLE (TULARE COUNTY)	SALINAS VALLEY (MONTEREY COUNTY)
Psychiatrist	High (39 percent)	Severe (75 percent)	Medium (31 percent)
Licensed Clinician	Medium (22 percent)	Severe (57 percent)	Medium (32 percent)
Nursing	Low (14 percent)	Medium (30 percent)	Low (6 percent)

Source: 2025 HCAI Nursing Shortage Report and 2025 HCAI Health Workforce Research Data Center Report.

Other Geographical Challenges

The three facilities' locations present additional challenges for recruiting staff. Each of the three facilities is located in a small city, surrounded by rural areas with small populations, which may not be attractive to some medical and mental health care professionals interested in state employment. The city of Atascadero has a population of about 30,000 residents, while the city of Porterville has about 63,000 residents. The city of Soledad, where Salinas Valley is located, has fewer than 25,000 residents. Staff and bargaining unit representatives at the three facilities identified their rural locations as a barrier to recruitment for candidates who may be looking for a more vibrant lifestyle.

Atascadero is also located in an area with a high cost of living, which makes it more difficult to recruit medical and mental health care professionals. The compensation for many of these professionals may not be sufficient to provide a living wage. In San Luis Obispo County, where Atascadero is located, estimates show that an adult with one child needs to earn $99,396 annually before taxes to make a living wage. Based on the hourly rates the State offers on the CalHR website (CalCareers), we estimate that a starting licensed vocational nurse at Atascadero earns about $65,000, a starting radiology technologist about $79,000, and a starting clinical social worker about $110,000 annually. A bargaining unit president for Atascadero stated that the cost of living in the area is a major barrier to recruitment and retention and

that some staff have moved to lower-cost areas and commute to the facility. Staff at Atascadero similarly asserted that some applicants have turned down jobs because of the costs of housing. The average price of a home in Atascadero is about $830,000, while a small one-bedroom apartment costs about $2,000 per month.

Competition With Other State and Private Health Care Facilities

Despite working in high-risk environments, the medical and mental health care state employees we interviewed asserted that they are generally paid less and may receive fewer benefits than similar workers in the private sector or at other state facilities. To obtain perspective and understanding of working conditions and staffing challenges at each of the facilities, we conducted interviews with 21 frontline staff across the three facilities and held numerous meetings and interviews with facility staff and management. For example, Atascadero staff attributed psychiatrist vacancies in part to the fact that the private sector and other facilities can offer psychiatrists higher salaries and more flexibility. Specifically, staff at Atascadero indicated that a nearby private hospital offers signing bonuses of $90,000 to new psychiatrists, while Atascadero can only offer its employees no more than $10,000. Staff also explained that the relocation package that the State allows it to offer is minimal compared to those of private institutions.

The three state facilities must also compete with other state facilities for potential employees. Porterville's workforce manager stated that her facility faces competition from nearby CDCR facilities. She explained that pay differentials allow CDCR to pay state employees higher wages for the same work that they would perform at Porterville.[2] In the same vein, CDCR operates 31 adult state prisons across the State and each correctional facility is competing with other correctional facilities for the same job candidates. All three facilities we reviewed stated that competition with other state facilities and private institutions has made it more difficult for them to recruit medical and mental health care professionals. The text box identifies some of the state facilities and private hospitals located near the three facilities.

Each Facility We Reviewed Competes With Other Nearby Facilities for Health Care Staff

Atascadero:

- Sierra Vista Regional Medical Center
- French Hospital Medical Center

Porterville:

- Avenal State Prison
- California Substance Abuse Treatment Facility
- Kern Valley State Prison
- North Kern State Prison
- Wasco State Prison
- California State Prison, Corcoran

Salinas Valley:

- Correctional Training Facility
- Kaiser Permanente

Source: Interviews with facility staff.

[2] CDCR is able to offer some pay differentials that other departments cannot offer due to its ongoing involvement in federal litigation. CalHR defines a *pay differential* as compensation in addition to base pay that is typically provided to employees in a specific class to recognize unique skill sets, circumstances, or working conditions.

Competition With Staffing Agencies

In addition to competing for potential employees with private hospitals and other state facilities, the three facilities must also contend with staffing agencies, which frequently offer contract workers salary ranges that are higher than the State offers, as Table 3 shows. We did identify some exceptions: for instance, the staffing agencies that contract with Porterville offer lower salary ranges than the State does for certified nursing assistants, registered nurses, licensed vocational nurses, and psychiatric technicians. However, staffing agencies offered higher ranges of pay than the State did for each of the positions we reviewed at one or more of the facilities.

Table 3
Staffing Agencies Can Offer Higher Starting Salaries Than the State Does for Certain Job Classifications at Atascadero and Salinas Valley

	HOURLY SALARY RANGE	
JOB CLASSIFICATION	CONTRACT WORKER (STAFFING AGENCY WEBSITES)	STATE EMPLOYEES (CALCAREERS)
Certified Nursing Assistant	Porterville: $24.50 **Salinas Valley: $25–$45**	$26–$29
Registered Nurse	**Atascadero: $60–$92** Porterville: $34–$75	$58–$80
Licensed Vocational Nurse	**Atascadero: $40–$55** Porterville: $30–$40 **Salinas Valley: $45–$50**	$31–$46
Psychiatric Technician	Porterville: $25–$32 **Salinas Valley: $45–$52**	$35–$48
Clinical Social Worker	**Atascadero: $70–$85** **Salinas Valley: $75–$79**	$53–$64
Psychiatrist	**Atascadero: $250–$340**	$146–$207
Psychologist	**Salinas Valley: $110–$170**	$56–$85
Radiology Technician	**Atascadero: $40–$65**	$38–$46

Source: Staffing agency websites and CalCareers.

Notes: Ranges with higher average and maximum salary are shown in **green**.

For each job classification, salary range is based on job posts in July 2025 from the websites of one or more staffing agencies that provide contract staff to the audited facility. In several instances, staffing agencies did not have active job posts for positions at the audited facility. As a result, some of the data come from job posts for positions at locations other than the audited facility. For state employees, salary range for each classification is based on three different job posts on CalCareers, typically for a position at one of the audited facilities. State employees receive benefits including healthcare, pension plans, and social security. These benefit costs are not reflected in the salary ranges we show here.

In addition, many staffing agencies offer contract workers benefits similar to those the State offers to its employees. For example, staffing agencies frequently offer health, dental, and vision insurance; malpractice insurance; and retirement plans, including employer-sponsored retirement savings plans, such as 401(k)s. Some also offered other benefits, such as voluntary identity theft protection plans, transportation assistance, and employee discount programs.

Human resources staff at Atascadero and Porterville and their respective departments acknowledged that civil service salaries are frequently lower than those offered by staffing agencies and stated that these salary differences can negatively affect their recruitment efforts. To address this issue, staff at these departments and facilities have sometimes sought to obtain additional compensation, such as pay differentials, for state employees. To obtain pay differentials, state departments must submit an employee compensation request to the California Department of Human Resources (CalHR). For example, staff at Atascadero explained that they obtained pay differentials of $400 per month for the facility's psychiatric technicians. However, staff stated that CalHR has frequently denied their requests for reasons that included a lack of state funding. In contrast to DSH and DDS, staff at CDCR asserted that they did not know how much contract workers at Salinas Valley earn and had no perspective on how the differences in the pay for state employees and contract workers might affect their recruitment efforts.

Despite asserting that the State's salaries may affect their recruitment efforts, staff from Atascadero, Porterville, and their respective departments acknowledged that they have not conducted a formal salary survey to identify differences in state salaries and contract worker salaries. Staff at the two departments stated there may be a benefit to conducting a survey as it could enhance their position when negotiating salary changes with CalHR; however, they explained that they do not have the funding or resources to do so. They also questioned whether the survey results would lead to a change in salaries, given the State's budgetary constraints. According to DSH staff, when DSH last completed a comprehensive salary survey as part of its supplemental report to the Legislature in fiscal year 2014–15, it did not necessarily result in any salary changes. In contrast, staff at CDCR stated that they purchase annual salary surveys from third-party entities that the department then uses to develop a salary analysis that compares the salaries earned in the public and private sectors. The last salary analysis that CDCR conducted was in December 2023. CDCR staff use the salary surveys to support their requests to CalHR for salary changes for their staff and explained that salary surveys helped them to support compensation requests for staff at Salinas Valley.

Conducting a salary survey could help Atascadero, Porterville, and their respective departments better understand where they perform well and where they perform poorly in the marketplace for health care professionals, including in comparison to staffing agencies. Further, all three departments have funds from unspent salaries for health care staff that they could use to conduct such surveys. The surveys could also provide budget decision-makers, including the Legislature and CalHR, with information that is critical to ensuring that the State remains competitive as a potential employer for these essential workers.

Although the Three Facilities Have Made Reasonable Recruiting Efforts, They Can Do More to Assess the Effectiveness of Their Strategies

The three facilities we reviewed have made reasonable efforts to recruit new health care professionals, including placing advertisements in various locations, attending career fairs, and hosting hiring events. However, the facilities and their respective

departments have not comprehensively evaluated the effectiveness of these efforts to determine where they should focus resources more effectively. A collaborative, state-led effort to increase recruitment of health care professionals to California could benefit the facilities and help address the State's decades-long history of struggling to fill medical and mental health care positions.

Recruiting Efforts

All three facilities have made significant efforts to recruit medical and mental health care professionals through online job advertisements and in-person or virtual recruiting events. Each of the facilities advertises in social media, radio, industry magazines, and CalCareers, among other locations. We could not determine the exact number of job postings for each facility on the CalCareers website because many postings are ongoing and some are for multiple positions and facility locations. However, Atascadero had at least 4,063 postings during our audit period, while Porterville and Salinas Valley had at least 654 and 974 postings, respectively. Additionally, each of the three facilities participated in numerous recruiting events most years, as Table 4 shows.

Table 4
The Three Facilities Engaged in Numerous Recruitment Activities for Medical and Mental Health Care Positions 2019 Through 2024

	YEAR						
ACTIVITY TYPE	2019	2020	2021	2022	2023	2024	TOTAL
ATASCADERO							
Job Ads	8	36	72	196	336	141	789
Recruitment Events	59	38	53	62	53	39	304
PORTERVILLE							
Job Ads	0	0	2	0	74	0	76
Recruitment Events	0	1	3	12	18	28	62
SALINAS VALLEY							
Job Ads	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Recruitment Events	Unknown	Unknown	2	15	13	19	49

Source: DSH, CDCR, and DDS.

Note: The activities we list above do not include postings to CalCareers. CDCR contracts with a third-party consulting company that is responsible for marketing its job advertisements, and could not provide documentation necessary for us to determine the number of advertisements it posted for Salinas Valley. CDCR was also unable to provide any information about its recruitment events for Salinas Valley prior to 2021.

Although the three departments and facilities tracked some of their recruiting efforts during our audit period, they could not demonstrate that they actively compared recruiting strategies to determine which are most effective for getting qualified applicants to apply and ultimately get hired. DSH and CDCR stated that they are both

in the process of piloting and implementing systems to evaluate and compare the effectiveness of their various recruiting strategies.[3] However, these systems are not yet complete enough to generate meaningful data to guide their efforts. As a result, none of the facilities or departments were able to demonstrate which recruiting strategies were most effective in generating the greatest number of applicants and the greatest hiring percentage. We expected that given the number of vacant positions that the facilities need to fill, the departments and facilities would have already evaluated the effectiveness of their recruiting activities; without this information, they cannot leverage their efforts and focus on those that generate the best results.

Appendix E identifies the number of job applications each of the three facilities received and the number of applicants it interviewed and hired for five different job classifications from calendar years 2019 to 2024.

Recruiting Opportunities

When reviewing the three facilities' recruiting efforts, we identified several potentially effective strategies that some of the facilities have yet to adopt. For example, of the 49 in-person or virtual recruiting events that Salinas Valley conducted from 2019 through 2024, 25 were one- to three-day hiring events where interested candidates could apply, interview, and receive a contingent job offer before the event concluded. In 2021, CDCR's deputy director of human resources developed and implemented these hiring events after identifying a need to streamline the state civil service hiring process. The fact that such condensed events shorten and streamline the hiring process suggests that other facilities should consider implementing something similar.

When we asked human resources staff at Atascadero and Porterville about streamlined hiring events, staff at Porterville stated that they prefer the traditional merit-based hiring process because they can better ensure that candidates meet the facility's needs. In contrast, DSH's recruitment unit manager stated that it has successfully run a similar event for some facility support positions. He explained that DSH is open to expanding streamlined recruiting events to recruit for certain medical and mental health care positions. When we evaluated 37 websites from the staffing agencies with which the three facilities contract, we found that many promote a streamlined hiring process.

The staffing agencies also offer flexible work schedules, referral programs, and résumé assistance, along with the ability to work in various locations. Although the three facilities we reviewed cannot offer the last of these benefits, they could consider whether providing additional flexibility in scheduled shifts is feasible. Several of the state employees we interviewed stated that their current shifts do not allow for work-life balance. Further, a bargaining unit chapter president for employees at Porterville explained that the bargaining unit has attempted to negotiate such flexibility in the past.

[3] DSH staff stated that they are piloting a recruiting software system but are not yet using the system to analyze data at the facility level. CDCR's deputy director of human resources stated that the department began tracking the results of its recruiting strategies in late 2024, but the data are still not available.

Atascadero offers flexible schedules for some of its level of care staff, such as physicians, psychiatrists, psychologists, and registered nurses. However, Atascadero offers only limited flexible shifts to the positions in its nursing group, which comprises 77 percent of its medical and mental health care staffing. According to staff, Atascadero previously tried to offer 12-hour shifts to state employees in collaboration with bargaining units, but was unsuccessful in finding enough interested employees to accept the schedule. Staff stated that they also found it difficult to make more 12-hour shift options work with operational needs. We recognize that implementing flexible schedules might be difficult; however other 24-hour facilities in the private sector, such as hospitals, are successful at implementing a variety of flexible schedules. Both CDCR and DDS were also open to the idea of providing additional flexibility. Although we recognize that the departments would need to negotiate with the bargaining units and adhere to all state requirements before making any changes to staff schedules, the departments and facilities could conduct a study to determine whether doing so would be feasible and whether it would improve employee retention and increase the effectiveness of recruitment efforts.

Atascadero and Porterville could also better leverage their existing assets as part of their recruiting efforts. Both facilities have housing available at their locations that they have at times offered to newly hired employees as a recruiting strategy. Porterville has 30 rental properties, and staff stated that there are normally some vacancies. Atascadero has 17 rental properties and eight single rooms for rent, but staff advised that the units are normally full and the leases are for a limited duration. Staff at Atascadero told us that because the housing is normally full, it is of limited value as a recruiting tool. They believe that obtaining or developing additional housing units would require action by the Legislature. However, neither Atascadero nor DSH has explored this option to attract more candidates for the facility.

The State Could Assist the Facilities' Recruiting Efforts

The problems related to filling medical and mental health positions are not limited to the three facilities we reviewed. The Health Resources and Services Administration (HRSA) within the U.S. Department of Health and Human Services projects a national shortage of more than 187,000 full-time equivalent physicians and a shortage of 208,000 nurses by 2037. In addition, HRSA projects substantial shortages of mental health providers, including psychologists and psychiatrists. Such nationwide shortages suggest that without significant change, filling medical and mental health care vacancies will likely continue to challenge the State.

Although the departments and facilities can and should implement certain recruitment strategies on their own, we believe that the State could achieve greater efficiency and effectiveness by overhauling and centralizing its efforts to recruit medical and mental health care workers. CalHR could collaborate with various departments to improve the recruitment and hiring of medical and mental health care professionals, similar to the Work for California Hiring and Recruiting Campaign it piloted when seeking employees from the technology sector. This three-month pilot in 2023 included collaboration between 23 state agencies to increase applications for state jobs, reduce high vacancy rates, and decrease

application-to-hire time frames. The campaign included dozens of promotional videos, coordinated social media posts, and online interest forms, and it resulted in more than 5.4 million interactions and nearly 8,500 interest forms submitted. The project summary noted there were 1,584 hires, a decrease in vacancy rates, and a reduction in application-to-hire time frames for some departments.

The State could adopt a similar but broader campaign through which it centralizes recruiting activities in a cross-collaboration of agencies and facilities to attract and hire more medical and mental health care professionals. Although the technology pilot project ran for only three months, the severity of nationwide health care shortages and the State's decades-long history of struggling to fill medical and mental health care positions suggests that the State should consider conducting an ongoing campaign in this instance. The campaign could continue until the State can achieve and maintain minimal vacancy rates in its medical and mental health care classifications.

We spoke with CalHR's director about conducting a collaborative cross-agency recruiting campaign to hire more medical and mental health care professionals into state employment, and she was supportive of CalHR facilitating such an effort. She explained that our proposal for CalHR to incorporate online and in-person assistance to candidates during the application process, and for it to develop and streamline targeted recruitment activities for difficult to recruit classifications and locations, align with her goals to broaden the support that CalHR offers departments. The director stated that CalHR would need additional resources to facilitate such a campaign. However, she acknowledged that by centralizing some recruiting efforts, the State could improve the efficiency of its hiring activities by reducing some duplicative efforts and competition among the various departments.

As we indicate previously, the extent to which the State's salaries for medical and mental health care positions reflect the current marketplace is unclear. According to CalHR's deputy director of fiscal and data management, CalHR performs total compensation analyses on some state occupations. However, these analyses are high-level and do not include all medical and mental health care classifications. He further explained that it is departments' responsibility to conduct salary studies for specific classifications, which also consider their facilities' specific geographical locations and competition. He stated that CalHR offers departments guidance on conducting salary studies so that they can appropriately address compensation concerns and obtain the documentation necessary to seek compensation modifications. Therefore, before engaging in a large recruiting campaign, it would benefit the State to facilitate total compensation analyses of all medical and mental health care positions to ensure that compensation is commensurate and competitive with the private sector. Such an effort could also help ensure that state agencies and facilities are not competing with each other to the State's overall detriment.

Although CalHR would likely be the most appropriate agency to facilitate, manage, and track the results of such a recruitment campaign, CDCR, DDS, and DSH should collaborate with CalHR to pilot and identify the most effective recruitment strategies. Further, the departments should be responsible for vetting, hiring, and onboarding new applicants.

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To Address Their Vacancies, the Three Facilities Have Increased Their Use of Contract Workers

Key Points

- Contract health care workers made up between just 4 and 10 percent of overall staffing levels at each facility. However, each facility has increased its use of contract workers in recent years to help address ongoing vacancies.
- All three state facilities typically incur higher hourly costs for contract workers than for state employees within the same job classifications, even after accounting for the costs of the benefits state employees receive.
- The contract workers at the three facilities possessed the necessary credentials to work within their classifications. However, they generally had an average of two to three years less tenure than state employees in the same job classifications, thus requiring the State to spend additional time and resources for training.

The Facilities Are Increasingly Using Contract Workers to Provide Health Care

The three facilities we reviewed overwhelmingly rely on state employees rather than contract workers to provide care. However, as they have struggled to fill vacant positions in recent years, they have increasingly needed to rely on contract workers to ensure adequate staffing. Hourly costs for contract workers are generally higher than for state employees in the same job classifications, although costs for some job classifications at Atascadero and Porterville have decreased recently. All three facilities have processes in place to ensure that contract workers have the licenses and qualifications necessary for their positions, but because the contract workers' tenure at facilities tends to be shorter, they may have less familiarity with the needs of the population for whom they care.

The Facilities' Use of Contract Workers

Contract workers made up a small share of overall staffing levels at each facility in fiscal year 2023–24, as Table 5 shows. For example, at Atascadero, contract workers accounted for 77 of the facility's 1,513 authorized positions, or 5 percent; at Porterville, they accounted for 30 of the facility's 763 authorized positions, or 4 percent; and at Salinas Valley, they accounted for 62 of the facility's 637 authorized positions, or 10 percent.

Nevertheless, the number of hours worked by contract workers at each facility has increased dramatically over the years, as Figure 6 shows. We estimate that Porterville's use of contract workers more than doubled from fiscal years 2019–20 to 2024–25,

while Atascadero's and Salinas Valley's use of contract workers increased by 79 percent and 46 percent, respectively, during the same period.[4] The majority of the contracted hours at each facility were in nursing classifications, as the figure illustrates. Specifically, the hours that contract workers covered in nursing classifications during fiscal years 2019–20 through 2024–25 constituted 87 percent of contract workers' hours at Porterville, 60 percent of contract workers' hours at Salinas Valley, and 57 percent of contract workers' hours at Atascadero. After nursing classifications, the classifications in which contract workers covered the most hours varied by facility.

Table 5
Contract Workers Accounted for a Small Portion of Each Facilities' Overall Staffing
Fiscal Year 2023–24

	NUMBER OF AUTHORIZED POSITIONS	FULL-TIME EQUIVALENT POSITIONS COVERED BY CONTRACT WORKERS	
ATASCADERO	1,513	77	5%
PORTERVILLE	763	30	4%
SALINAS VALLEY*	637	62	10%

Source: State budget documents and facility contract data.

* Salinas Valley full-time equivalent positions do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

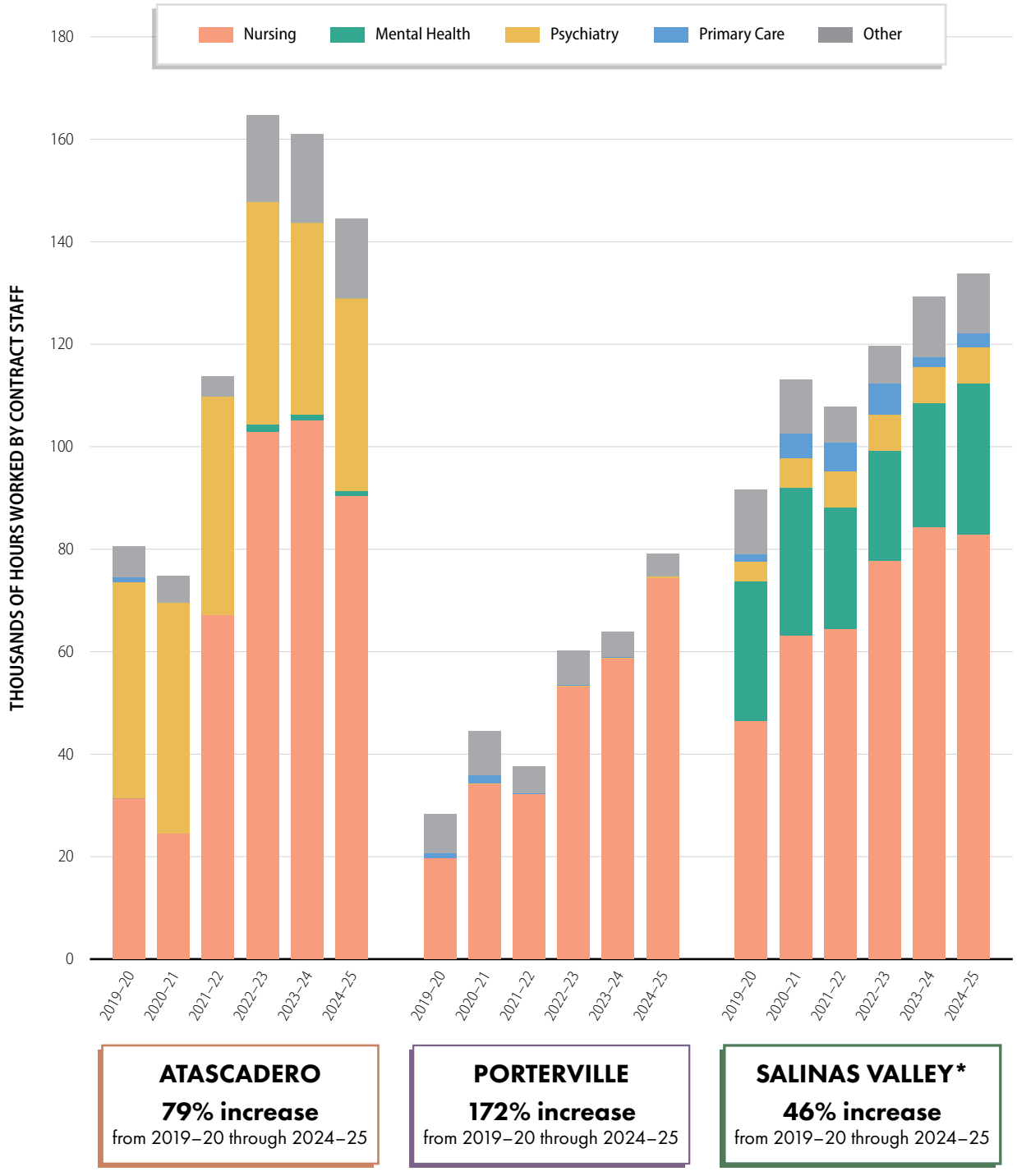
According to facility staff, the facilities increased their use of contract workers in part to fill their ongoing vacant positions. They explained that the facilities use contract workers to cover shifts when state employees are not available and that they increased their use of contract workers in part because they did not have enough state employees to work needed shifts. Staff also attributed the increase to the COVID-19 pandemic, when each facility had to address pandemic-related needs. For example, staff at Salinas Valley and Atascadero stated that they had to rely on contract staff to test patients for COVID-19, treat patients who tested positive for the virus, and replace state employees who tested positive for COVID-19 and had to isolate themselves. In addition, staff at Atascadero stated that a reduction in the number of mandatory overtime shifts and an increase in state employees being out on medical leave also led the facility to increase its use of contract workers.

The Number and Value of Health Care Contracts

As part of our review, the Joint Legislative Audit Committee (Audit Committee) asked us to determine the number and cost of each facility's medical and mental health care staffing contracts. Each of the three facilities we audited takes a different approach to contracting for health care workers. Atascadero uses contracts that

[4] We projected the number of hours worked in fiscal year 2024–25 based on actual data from July through December 2024.

Figure 6
The Facilities' Use of Contract Workers Has Increased Dramatically
Fiscal Years 2019–20 Through 2024–25



Source: Facilities' contractor invoice data.

Note: Hours worked for fiscal year 2024–25 are projected based on data from July through December 2024.

* Salinas Valley hours worked do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

DSH enters into on the facility's behalf, as well as contracts that the facility itself enters.[5] Porterville executes its own staffing contracts with both staffing agencies and individual providers. CDCR maintains staffing contracts for Salinas Valley and other correctional facilities. It has had one contract in place for medical staffing since 2014 and a second contract with the same vendor since 2017—updated in 2022—for dental and mental health care staffing. We list the three facilities' contracts in Appendix A.

The annual maximum value of the three facilities' health care contracts increased by nearly two times to more than five times from fiscal years 2019–20 through 2024–25, although the facilities spent only a portion of the maximum contract values.[6] Of the three facilities, Atascadero had the largest increase in the value of its contracts, from $65 million in fiscal year 2019–20 to $213 million in fiscal year 2024–25, as Figure 7 shows. The number of Atascadero's contracts also more than doubled from 13 contracts to 28 contracts during this period.

According to DSH's former business management branch chief, the department projects contract values based on staffing needs in anticipation of a worst-case scenario, such as another pandemic. She explained that the department now typically enters into contracts with multiple vendors for the same services to ensure that contract workers will be available when needed. She also stated that although the value of the contracts has increased, the facility pays for only the services it uses and does not spend or encumber the full value of the contracts. Further, Atascadero modified its contracting practices in 2023 to enter into contracts directly with vendors rather than using interagency agreements, increasing the number of its staffing contracts.

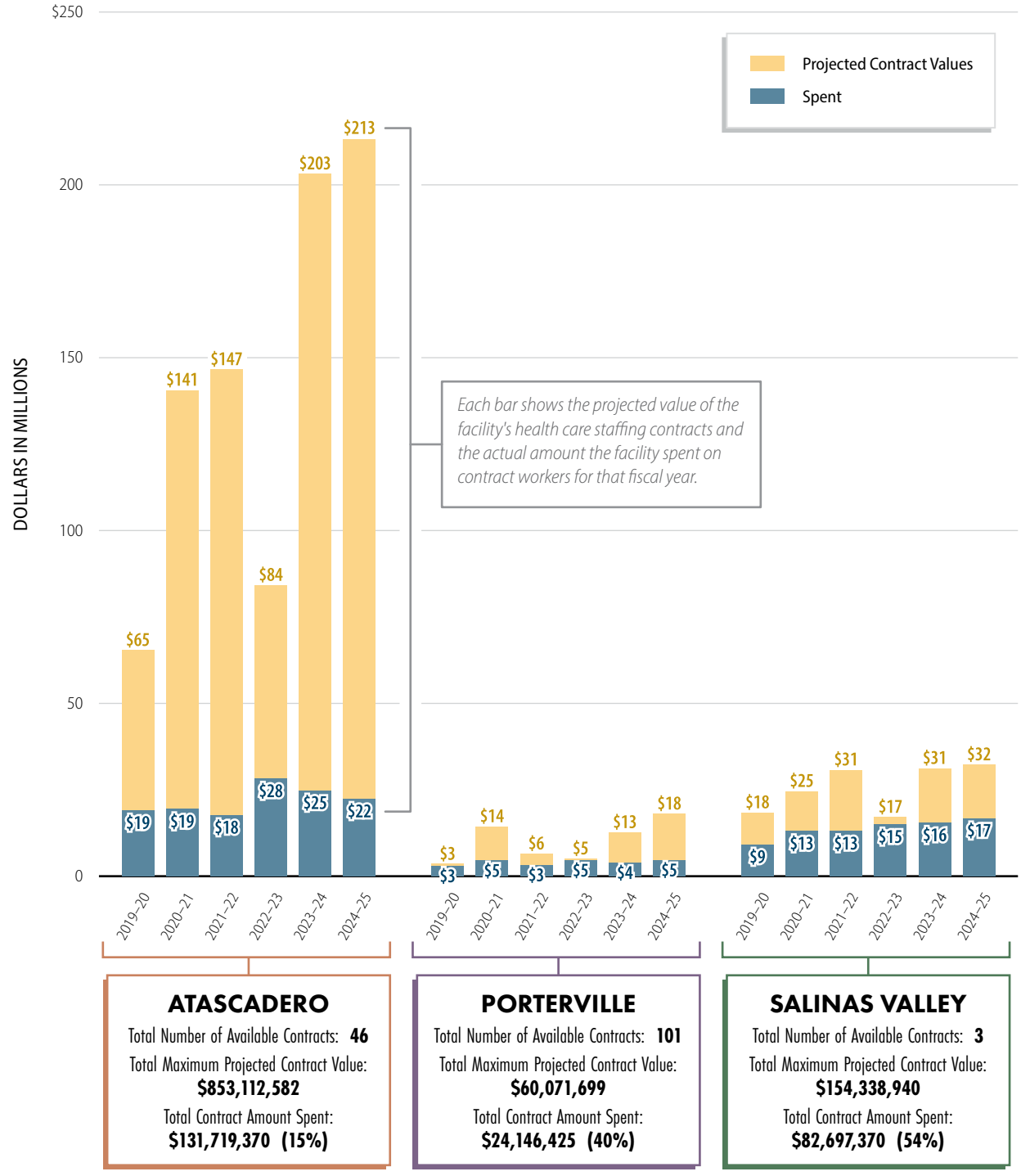
Although the number of Porterville's health care staffing contracts remained fairly consistent from fiscal years 2019–20 to 2024–25, the annual value of those contracts increased five-fold, from $3.5 million to $18 million. Porterville had a total of 101 staffing contracts with a total value of $60 million during this time. Porterville's staff explained that before the pandemic, it used personal service contracts only for medical specialty services, such as neurology, cardiology, and ophthalmology. They stated that the facility now contracts with multiple vendors that provide contract workers in various health care job classifications and that its contracts with those vendors are larger than the specialty contracts it used in previous years.

Finally, the annual value of contracts that CDCR allotted to Salinas Valley almost doubled from $18.4 million in fiscal year 2019–20 to $32 million in fiscal year 2024–25. In each year during our review period, CDCR had one contract for medical staffing and another for dental and mental health care staffing, both with the same vendor. CDCR is able to maintain fewer contracts than the other facilities because its contracts

[5] In addition to having its own contracts, Atascadero also used staffing contracts executed by other departments during the COVID-19 pandemic.

[6] Although many of the contracts cover multiple years, the facilities and their respective departments project the usage of the contracts by fiscal year. DSH and DDS maintain documentation recording how much of the total contract value they have projected for each fiscal year and each facility. According to Porterville staff, they divide the value of the facility's contracts equally by fiscal year, which allowed us to calculate the projected value for each fiscal year using the effective dates of the contract and the total value. According to CDCR's former deputy director of business services, CDCR allots funds for Salinas Valley's projected contract usage each fiscal year, but this value is not tied to the contract maximum value.

Figure 7
The Projected Value of the Facilities' Health Care Staffing Contracts and the Amounts the Facilities Spent on Contract Workers Have Generally Increased
Fiscal Years 2019–20 Through 2024–25



Source: Staffing contracts, contractor invoice data, and budget documents.

Note: Amount spent for fiscal year 2024–25 is projected based on data from July through December 2024. Salinas Valley contract amounts do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

are network contracts, in which the vendor subcontracts with other staffing agencies to provide contract workers. CDCR staff explained that increases in costs led to an increase in its contract values.

The Facilities' Spending on Contract Workers

Although the three facilities did not spend all funds allocated to their staffing contracts during the years we reviewed, the annual amount each facility spent on contract workers has increased since fiscal year 2019–20. As Figure 8 shows, from fiscal years 2019–20 through 2024–25, we estimate that annual spending on contract staff increased by $3.3 million at Atascadero, by $1.7 million at Porterville, and by $7.6 million at Salinas Valley.

Most of this increased spending was due to the facilities' growing use of contract workers in nursing classifications. From fiscal years 2019–20 through 2024–25, spending on contract nurses increased from $4.4 million to an estimated $9.6 million at Atascadero; from $1.8 million to an estimated $3.9 million at Porterville; and from $3 million to an estimated $7.1 million at Salinas Valley. Spending also increased in other classifications at each facility; for example, during our audit period, Salinas Valley increased its spending on contract mental health workers by about $1.6 million and on contract psychiatry by about $1.3 million. However, only Salinas Valley experienced increased spending in all five contract worker groupings. In fact, Atascadero's and Porterville's spending decreased in some categories, such as psychiatry and primary care. Nevertheless, Atascadero's and Porterville's increases in spending on nurses were significant enough to result in an overall increase in their spending on all contract workers, although Atascadero's spending has declined somewhat since fiscal year 2022–23.

Our Calculation of State Employee Hourly Costs Included the Following Elements:

- Gross pay
- Retirement system state share
- Social Security employer contribution
- Medicare employer contribution
- Other post-employment benefits employer contribution
- State disability insurance employer contribution
- State's share of costs and contributions to benefits, such as health care, dental, and life insurance, among others.

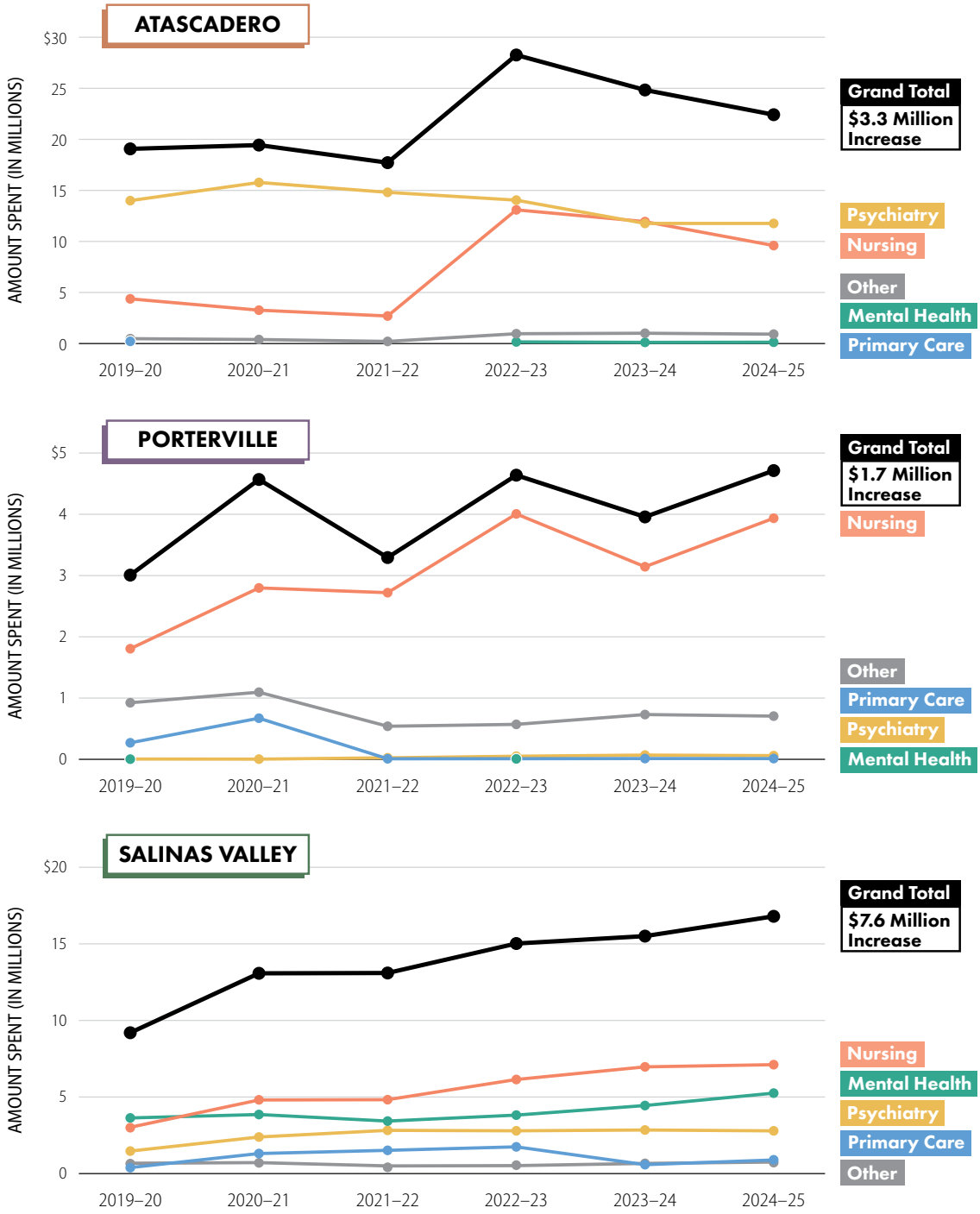
Source: SCO data.

Hourly Costs for Contract Workers Are Generally Higher Than Those for State Employees

Our review of average hourly costs found that for most job classifications, the facilities incur higher hourly costs for contract workers than for their state counterparts, even after accounting for the State's overhead and benefit costs.[7] We list the overhead costs we included in our analysis in the text box. For example, as Table 6 shows, the three facilities incurred costs from $84 to $113 more per hour for contract psychiatrists in fiscal year 2024–25 than for state-employed psychiatrists. For licensed vocational nurses,

[7] To determine the facilities' average hourly costs for contract workers, we used invoice data from each facility with any additional overhead costs the facility paid. For state employees, we used payroll data from the SCO and included the State's contributions for benefits and withholdings as well as its administrative costs. We did not include other payments such as overtime or bonuses in our analysis. Although in many cases an hour of regular pay for a contract worker would be less than an hour of overtime for a state employee, we were unable to determine how frequently this substitution occurred. We also found that contract workers frequently worked overtime, which would typically cost more than a similar amount of overtime by a state employee, possibly negating any savings. Therefore, we limited our analysis to base hourly rates.

Figure 8
The Amount Each Facility Spent on Contract Workers Has Generally Increased Fiscal Years 2019–20 Through 2024–25



Source: Facilities' contractor invoice data.

Notes: Spending for fiscal year 2024–25 is projected based on data from July through December 2024.

Atascadero spent approximately $217,000 for primary care contract workers in fiscal year 2019–20, but did not use primary care contract workers for the rest of the audit period. Porterville spent $3,000 for mental health contract workers in fiscal year 2019–20 and $900 in fiscal year 2022–23, but did not use mental health contract workers in the other fiscal years during the audit period. Salinas Valley amounts do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

the per-hour cost difference ranged from $5 to $19 that year. It is important to note that because Table 6 includes both the State's overhead costs associated with the contracts and the State's overhead costs for its employees, the per-hour costs within it represent more than the actual wages that state employees or contract workers received.

Table 6
Most Contract Workers Cost More Per Hour on Average Than State Employees in the Same Job Classifications Fiscal Year 2024–25 (Unless Otherwise Noted)

	AVERAGE HOURLY COST								
	ATASCADERO			PORTERVILLE			SALINAS VALLEY		
JOB CLASSIFICATION	STATE EMPLOYEES	CONTRACT WORKERS	DIFFERENCE	STATE EMPLOYEES	CONTRACT WORKERS	DIFFERENCE	STATE EMPLOYEES	CONTRACT WORKERS	DIFFERENCE
Psychologist	$92	$125	$33	$81	—	—	$91	$196	$105
Licensed Vocational Nurse	55	60	5	45	$60	$15	58	77	19
Psychiatric Technician	57	63	6	59	59	0	58	80	22
Registered Nurse	84	119	35	81	80	(1)	96	109	13
Radiologic Technician	62	60	(2)	63	113	50	61	70	9
Physician	165	240	75	155	376	221	216	292	76
Psychiatrist	230	314	84	211	315	104	246	359	113

Source: SCO payroll data and facility invoice data.

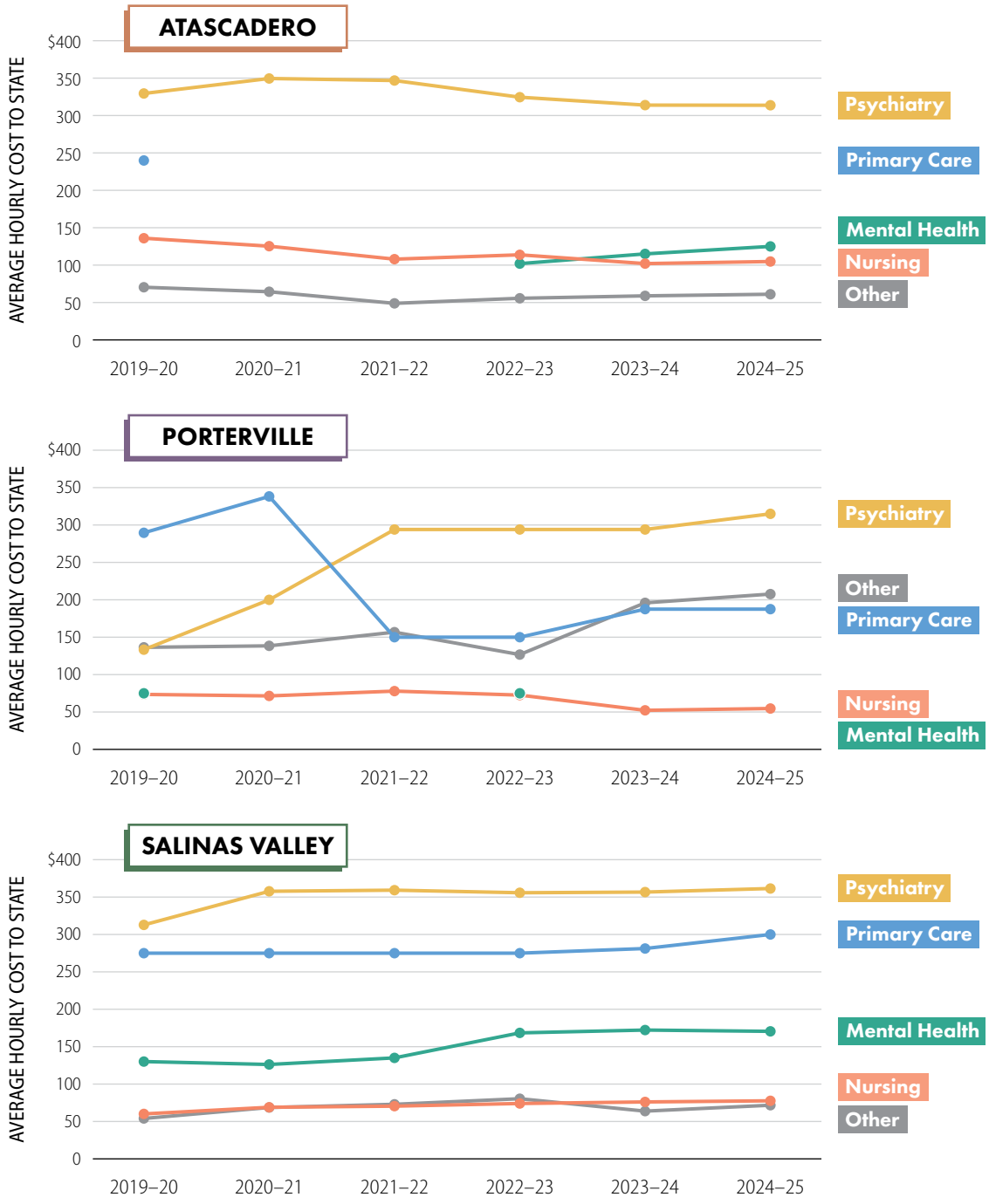
Notes: Hourly costs are for fiscal year 2024–25, with the exception of the following where we used the most recent year when both state employees and contract workers were employed: psychiatric technicians at Salinas Valley during fiscal year 2022–23, physicians at Porterville during fiscal year 2020–21, and physicians at Atascadero during fiscal year 2019–20. In addition, the hourly costs for radiologic technicians at Porterville and Salinas Valley are for senior radiologic technicians in fiscal year 2024–25. Hourly costs are based on the State's regular payments with unestablished positions removed and include the State's share of administrative costs and benefits. Unestablished positions include temporary blanket help positions, such as retired annuitants. State employees may receive additional payments that are not included in our results, such as bonuses. However, these payments represent a small percentage of employee pay and do not affect the conclusions of our analysis.

Refer to Appendix D for hourly costs for all classifications we tested for each fiscal year from 2019–20 through 2024–25.

Facility staff offered several explanations for why they paid higher hourly rates for contract workers. Porterville stated that its persistent staffing challenges have led to vendor bid rates that are higher than what the facility pays state employees. Atascadero staff stated that competition with other departments, counties, and hospital systems had led to contract worker costs that are higher than state employee salaries. A procurement analyst at Salinas Valley asserted that the high cost of living in Monterey County contributed to difficulties recruiting contract workers for the facility, which led CDCR to increase contracting rates.

Although all three facilities generally pay more for contract workers than for state employees, Porterville's and Atascadero's hourly costs for some contract workers have actually decreased since fiscal year 2019–20, as Figure 9 shows. For example, the average hourly cost that Atascadero incurred for contract workers in nursing classifications declined from $136 in fiscal year 2019–20 to $105 in fiscal year 2024–25. Porterville's average hourly cost for contract workers in nursing classifications similarly

Figure 9
Average Hourly Costs for Contract Workers in Some Job Classification Groups at Atascadero and Porterville Have Declined Fiscal Year 2019–20 Through Fiscal Year 2024–25



Source: Facility invoice data.

Notes: Data for fiscal year 2024–25 is projected based on data from July through December 2024.

Atascadero paid $240 per hour on average for primary care contract workers in fiscal year 2019–20, but did not use primary care contract workers for the rest of the audit period. Porterville paid $75 per hour on average for mental health contract workers in fiscal year 2019–2020 and fiscal year 2022–23, but did not use mental health contract workers in the other fiscal years during the audit period. Salinas Valley figures do not include contract dental providers. See further discussion in the Scope and Methodology section.

declined, from about $74 in fiscal year 2019–20 to about $55 in fiscal year 2024–25. Because the majority of the contract workers at these facilities worked in nursing classifications during our review period, the facilities' overall average hourly costs also declined, by 34 percent at Atascadero and 35 percent at Porterville.

Contract Rates for Some Classifications at Atascadero and Porterville Were Lower in 2024 Than in 2020

	Contract Rates*	
	2020	2024
Atascadero		
• Licensed Vocational Nurses	$76	$55
• Registered Nurses	126	113
Porterville		
• Certified Nursing Assistants	$55	$49
• Psychiatric Technicians	75	65
• Licensed Vocational Nurses	75	66
• Registered Nurses	95	89

Source: Facility contracts.

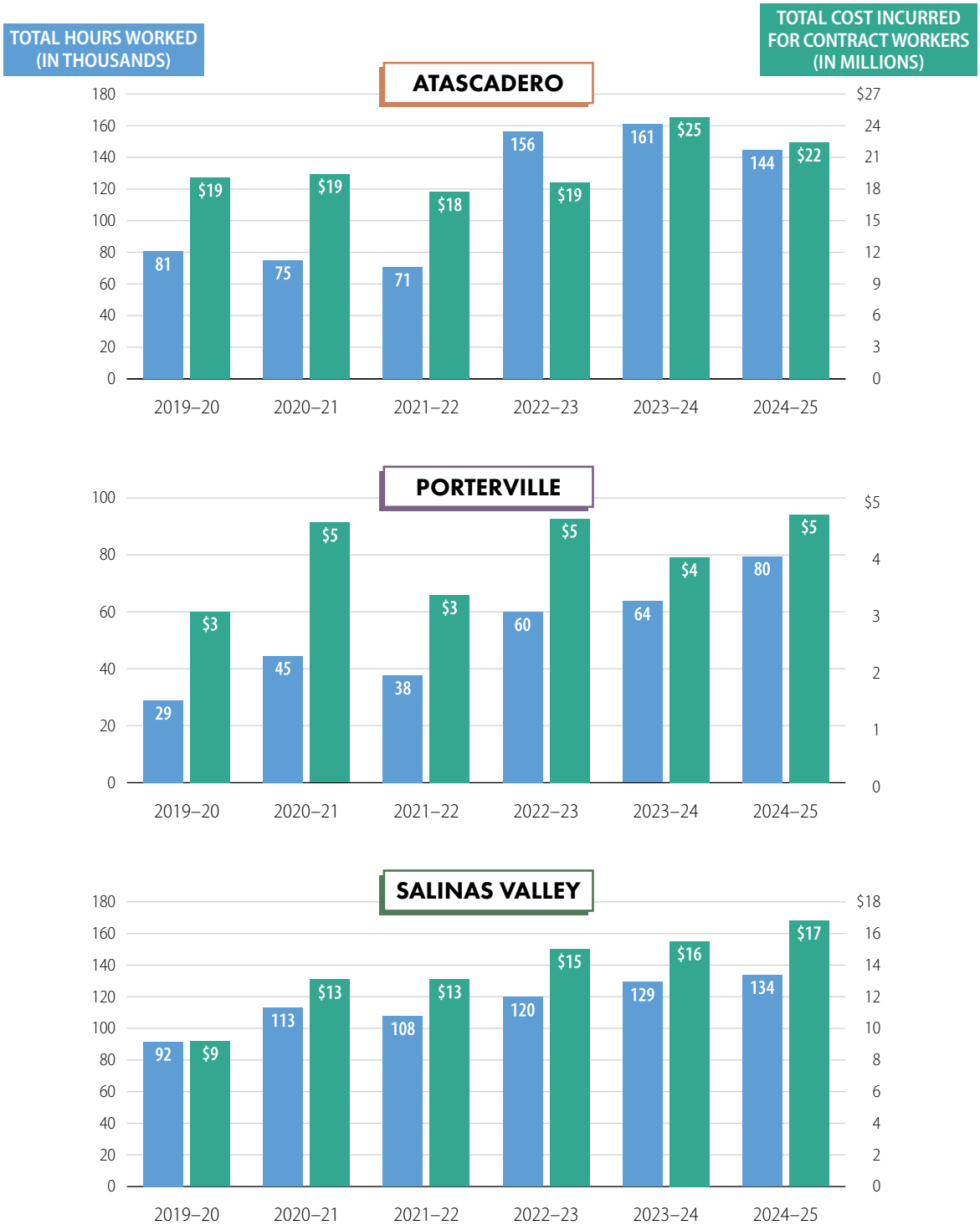
* Contract rates include administrative overhead charges. Values shown are examples from specific contracts and may differ from the averages we show in Table 6.

Staff at Atascadero and Porterville cited the end of the COVID-19 pandemic and their ability to use the contract bidding process to select the lowest responsible bidder as reasons that they were able to obtain lower rates. Using the contract bidding process, Atascadero and Porterville were able to obtain new contracts with lower rates, as the text box shows. Staff from both facilities stated that previous contracts were executed as emergency contracts and did not go through the bidding process. According to Atascadero, it began to use DSH's statewide multifacility contracts during our audit period, which also resulted in lower hourly costs for contract workers. As a result of their lower hourly costs, Atascadero's and Porterville's increased spending on contract workers during our review period, which Figure 10 shows, was less than it otherwise would have been.

Atascadero and Porterville also controlled the growth in their overall contracting costs by limiting their use of registered nurses, who have the highest hourly costs among the nursing classifications. In fiscal year 2019–20, registered nurses accounted for 100 percent of the total hours worked by contract nurses at Atascadero and 34 percent of the hours worked by contract nurses at Porterville. In contrast, by fiscal year 2024–25, registered nurses made up 74 percent of the hours worked by contract nurses at Atascadero and just 14 percent of the hours worked by contract nurses at Porterville. At each facility, contract nurses in classifications with lower hourly rates made up the difference. Consequently, the hourly cost for the overall nursing grouping at these two facilities decreased during our review period.

Unlike at Porterville and Atascadero, average hourly costs for contract workers at Salinas Valley generally increased in all categories from fiscal years 2019–20 through 2024–25, as Figure 9 shows. The average hourly rates that Salinas Valley paid for all contract health care workers increased by 25 percent over this period. According to facility staff, the staffing contract CDCR uses for all its facilities includes additional funds for its vendor to offer contract workers higher wages as a recruiting tool. In addition, Salinas Valley used proportionally more contract registered nurses in fiscal year 2024–25 than in fiscal year 2019–20. In fiscal year 2019–20, registered nurses accounted for 13 percent of Salinas Valley's contract worker hours in the nursing grouping; by fiscal year 2024–25, this number had increased to 24 percent.

Figure 10
Hours Worked and Total Cost of Contract Workers at Each Facility Have Increased Fiscal Year 2019–20 Through Fiscal Year 2024–25



Source: Facility invoice data.

Note: Spending and hours worked for fiscal year 2024–25 are projected based on data from July through December 2024.

* Salinas Valley figures do not include contract dental providers. See further discussion in the Scope and Methodology section.

The Three Facilities Generally Ensure That Contract Workers Are Qualified for Their Positions

The three facilities we reviewed require that contract workers have the same licenses and certificates (credentials) and meet the same or higher qualifications as those that the State requires for state employees in the same classifications. For example, the three facilities hire contract workers for a variety of positions that require special credentials, including licensed vocational nurse, psychiatric technician, registered nurse, and certified nursing assistant. The facilities generally specify these credential requirements in their staffing contracts with vendors. To determine whether contract workers possessed necessary credentials at the time of starting work and throughout their tenure with the three facilities, we reviewed documentation from 30 contract workers at each of the facilities. We found that all of the contract workers we reviewed maintained valid and appropriate credentials throughout their contract assignment, as Table 7 shows.

Table 7
The Contract Workers Whose Records We Reviewed at Each Facility Possessed All the Required Credentials

CLASSIFICATIONS WE REVIEWED	CREDENTIAL REQUIREMENT	ATASCADERO	PORTERVILLE	SALINAS VALLEY
Certified Nursing Assistant	Nursing Assistant certificate		✓	✓
Licensed Clinical Social Worker	Licensed Clinical Social Worker			✓
Licensed Marriage and Family Therapist	Licensed Marriage and Family Therapist			✓
Licensed Psychiatric Technician	Psychiatric Technician license	✓	✓	
Licensed Vocational Nurse	Licensed Vocational Nurse		✓	✓
Medical Assistant	Medical Assistant certificate			✓
Optometrist	Optometry license		✓	✓
Pharmacist	Pharmacy license			✓
Pharmacy Technician	Pharmacy Technician certificate			✓
Physical Therapist	Physical Therapist license		✓	✓
Psychiatrist	Doctor of Medicine or Doctor of Osteopathic Medicine license	✓		
Psychologist	Psychologist license			✓
Recreational Therapist	Recreational Therapist certificate			✓
Registered Nurse	Registered Nurse	✓	✓	✓
	Total Reviewed	**30**	**30**	**30**
	All Workers We Reviewed Met License Requirements	**YES**	**YES**	**YES**
	License Was Effective During Contract Work	**YES**	**YES**	**YES**

Source: CalHR classification specifications, facility contracts, and facility contract worker records.
= Classifications We Tested at the Facility
= Classifications With Contract Workers We Did Not Test at the Facility
= Classifications for Which the Facility Did Not Have Contract Workers
Note: When selecting which contract workers to test, we prioritized job classifications frequently used by the facilities.

The three facilities require their contractors to verify that all contract workers possess the required credentials. The three facilities told us that they also independently verify or review credential documentation and track credential expiration dates for at least some contract workers. Specifically, Salinas Valley staff told us that they verify and track all contract worker licenses. Atascadero staff stated that they verify licenses and track expiration dates for nursing positions. Porterville staff explained that they verify and track this information for specialty contract workers but rely on the staffing agencies to do so for other positions.

The Short Tenure of Contract Workers Can Create Challenges for the Three Facilities

In part because the facilities generally use contract workers on a temporary basis, they had significantly shorter average tenures than state employees during our audit period. This shorter tenure can create challenges for the facilities because they must devote time and resources to training individuals who may only work for a short time. In addition, some state employees we interviewed explained that contract workers are not always familiar with the specific needs of the populations they serve.

Contract Workers' Length of Tenure

Our review found that contract workers generally had significantly shorter average tenures than state employees at all three facilities.[8] Specifically, except for psychiatry at Atascadero, contract workers in all groupings across all facilities had an average tenure of less than one year from July 2019 through December 2024, as Table 8 shows. In contrast, the average tenure during our audit period of state employees in the classification groupings we reviewed ranged from 1.7 years for psychiatrists at Salinas Valley to about 4.4 years for the primary care grouping at Atascadero. Across all groupings, the average tenure of state employees at Salinas Valley was almost 2 years longer than the tenure of contract workers, while the average tenures of state employees at Atascadero and Porterville ranged from almost 2.5 years to more than 3 years longer, respectively, than that of contract workers. We also measured the tenure for these state employees including their time at the facilities before July 2019, and found that many worked at the facilities for a significant amount of time. For example, the average state employee tenure for all groupings at Atascadero was more than 8.5 years, with psychiatrists averaging nearly 12 years. Although we did not attempt to measure the tenure of contract workers prior to our audit period, given their short tenure during our review period, and the fact that facilities generally use contract workers on a temporary basis, it is unlikely that the contract workers who worked during our audit period had significant tenure at the facilities before July 2019.

[8] We measured the tenure of state employees and contract workers who worked at the facilities between July 2019 and December 2024 by determining their employment history at the facility within a classification group between July 2019 and December 2024.

Table 8
Contract Workers Had Shorter Tenures Than State Civil Service Employees at Each Facility Who Worked Between July 2019 and December 2024

JOB CLASSIFICATION GROUP	AVERAGE TENURE IN MONTHS (YEARS)					
	ATASCADERO		PORTERVILLE		SALINAS VALLEY	
	STATE EMPLOYEE	CONTRACT WORKER	STATE EMPLOYEE	CONTRACT WORKER	STATE EMPLOYEE	CONTRACT WORKER
Mental Health	39.1 months (3.3 years)	8.8 months (<1 year)	30.0 months (2.5 years)	0.2 month (<1 year)	30.6 months (2.6 years)	11.1 months (<1 year)
Nursing	38.6 (3.2)	9.4 (<1)	43.6 (3.6)	3.3 (<1)	30.7 (2.6)	10.0 (<1)
Primary Care	52.2 (4.4)	5.2 (<1)	42.4 (3.5)	2.0 (<1)	41.2 (3.4)	8.1 (<1)
Psychiatry	43.2 (3.6)	25 (2.1)	45.2 (3.8)	0.9 (<1)	20.9 (1.7)	9.1 (<1)
Other	37.3 (3.1)	9.5 (<1)	42.3 (3.5)	4.5 (<1)	38.3 (3.2)	10.1 (<1)

Source: SCO data and facilities' invoice data.

Note: We calculated each state employee's tenure as the number of months they worked at each facility in their respective job classification groupings between July 1, 2019, and December 31, 2024. For Salinas Valley, we calculated each contract worker's tenure by determining their earliest and latest month of service during the audit period and then counting the number of months in that interval. For Atascadero and Porterville, we calculated each contract worker's full-time equivalent service by dividing the total number of hours they worked during the audit period by 2,080 (for years) and 173.33 (for months). We then calculated the average length of service for all contract workers in a given classification group. Salinas Valley tenure amounts do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

The short tenure of contract workers is due, in part, to the fact that the facilities generally use contract workers to meet temporary rather than long-term needs. As we describe in the Introduction, personal service contracts are permissible under several conditions, including when the services are temporary in nature. One of the reasons the facilities we reviewed used to justify their contracts was that the services for which they contracted were temporary. In alignment with this justification, Porterville's nursing coordinator stated that the facility typically signs contract workers to agreements that are, on average, three to six months in length because contract work is intended to be short-term. Therefore, it is reasonable that many contract workers who worked during our audit period had an average tenure of less than one year.

Facility staff provided additional explanations for why the tenure of contract workers at their facilities is generally short-term. For example, staff at DSH asserted that some contract staff relocate to the Atascadero area on a temporary basis but never intend to stay long term. However, DSH staff also asserted that psychiatrists sometimes have the financial flexibility to stay in the Atascadero area longer, which may explain why contract psychiatrists have higher tenure than other contract staff at the facility. Each facility's staff also acknowledged that the secure detention settings often surprise contract staff and may discourage them from staying at the facility for longer periods of time.

Challenges Arising From the Use of Contract Workers

The short tenure of contract workers—who often stay in their positions at a facility for less than one year—can create challenges for facilities that need to provide training and instruction to these workers to enable them to complete their assignments. A 2017 study on nursing turnover found that one of the largest categories of costs related to turnover is orientating and training new hires.[9] Further, a 2024 article on nursing challenges published by the U.S. Department of Health and Human Services suggests that to provide high-quality care, contract health care nurses may need to spend time preparing for assignments.[10] However, staff at all three facilities we reviewed stated that the facilities do not always have time to provide contract workers with all training and orientation necessary before they must start work.

Each facility provides an onboarding process for contract workers before those workers begin interacting with patients. According to the human resources director at Atascadero, contract workers receive the same two-week orientation the facility provides to state employees. DSH staff indicated that the new employee orientation training is offered on a regular basis, and the department does not perceive this training as a significant challenge. Porterville similarly provides a new-employee orientation to its contract workers, and it also expects each of its supervisors to provide contract workers with information about the facility and training related to their assignments. Salinas Valley provides a two-week orientation to contract workers—one week of structured training followed by a one-week clinical orientation. However, this orientation is shorter than the eight- to nine-week training that state employees receive.

Nonetheless, when facilities use contract workers who are unfamiliar with a facility to perform the work of experienced long-term state employees, it places an additional burden on state employees who must provide on-the-job training to contract workers while also providing care to patients. State employees at all three facilities described needing to interrupt their work to help contract workers complete tasks and assignments. Some state employees asserted that some contract workers are not always sufficiently trained or not trained specifically for the unit to which they are assigned, limiting their ability to perform their duties independently. Staff gave us examples of needing to show contract workers where to access medication and supplies because of their lack of familiarity with a unit. Other staff described situations when contract workers felt unprepared for the role and requested more training.

In addition, when facilities experience high contract worker turnover, it can disrupt the continuity of patient care and put the quality of that care at risk. Our review did not specifically look for quality-of-care lapses related to the use of contract workers, and we did not incidentally identify any such lapses at the three facilities we reviewed. Moreover, according to the 2024 article from the U.S. Department of Health and

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[9] Mary Halter et al., "The Determinants and Consequences of Adult Nursing Staff Turnover: A Systematic Review of Systematic Reviews," *BMC Health Services Research*, 17:824, 2017. < https://doi.org/10.1186/s12913-017-2707-0>, accessed on October 8, 2025.

[10] Katie Boston-Leary et al., "Patient Safety Amid Nursing Workforce Challenges," *Patient Safety Network*, Agency for Healthcare Research and Quality, 2024, <https://psnet.ahrq.gov/perspective/patient-safety-amid-nursing-workforce-challenges>, accessed on August 28, 2025.

High Staffing Turnover Can Affect Quality of Care in a Number of Ways

- Discontinuity of care
- Missed nursing care
- Negative patient outcomes
- Incomplete patient information in handoffs
- Competing priorities between patients

Source: Auditor review of research, facility documentation, and interviews with facility staff.

Human Services on nursing challenges we previously mentioned, the practice of using contract workers itself is not an indicator of unsafe patient care. However, the article stated that the inclusion of other factors such as staffing levels, staff experience levels, and work environment, can contribute to conditions that may be less safe for patients. We list some of the potential negative impacts high nursing turnover can have on patient care in the text box. The article also reports that a strong work environment characterized by adequate nurse support provides safety benefits to patients, and it suggests that care settings with a high use of contract nurses tend to have less strong work environments.

Further, the facilities' contract workers may not always be equipped to provide necessary care in difficult situations because they lack experience with the patients the facilities serve. In many health care settings, patients receive care for a few days or weeks before leaving. However, most of the individuals at the three facilities we reviewed require regular or even constant care for an extended period of time. Facility staff described how their familiarity with patients can help prevent unwanted patient outcomes, such as suicides, because they notice warning signs and provide interventions.

Finally, some state employees we interviewed expressed that they have at times lost confidence in contract workers who appeared unable to handle the high-stress environment, leading the state employees to address patient needs alone. These employees explained that contract workers' unfamiliarity with facility policies makes them less likely to know how to respond when a patient exhibits behavior that requires immediate intervention. Nevertheless, our interviews and review of a selection of shift-staffing reports at Salinas Valley and Porterville found that the facilities assigned both state employees and contract workers to suicide watches and other one-on-one watches of at-risk patients. Although using a contract worker is preferable to having insufficient staffing, relying on staff who may not be familiar with the facility or the specific needs of its population may increase the risk of poorer quality of care in such instances.

CDCR, DDS, and DSH Have Not Taken Necessary Steps to Ensure That Their Facilities Have Appropriate Staffing Levels

Key Points

- DDS and DSH lack policies and procedures for aligning their facilities' budgeted medical and mental health care positions with the facilities' operational needs. In the absence of such policies and procedures, they cannot ensure that their budgeted positions for medical and mental health care staff are sufficient to cover legally required staff-to-patient ratios.

- From fiscal years 2019–20 through 2024–25, each of the departments we reviewed had significant savings resulting from vacant medical and mental health care positions. However, the departments do not track vacancy savings at the position level, nor does the State require them to do so. As a result, we could not identify how they used the funding from the vacant positions we reviewed.

- None of the departments require their facilities to track and report instances when they do not meet required shift-staffing minimums, leaving the departments without sufficient information to conduct appropriate oversight of the provision of medical and mental health care.

Two of the Three Departments Were Unable to Justify How They Budget for Health Care Staff

The *State Administrative Manual* (SAM) describes the process state agencies must use to reconcile staff positions during the annual state budgeting process, as well as to request changes to legislatively approved positions throughout the year. According to the SAM, agencies should base their estimates of expenditures and revenue on existing law and policies. In doing so, they must coordinate with the Department of Finance (Finance), which reviews their annual budgets and budget change proposals, including the number of authorized positions.

Finance expects all state departments to have proper fiscal internal controls for budgeting and accounting, including a system of policies and procedures for compliance with applicable laws, criteria, standards, and other requirements. However, we found that neither DSH nor DDS has such systems of policies and procedures to demonstrate proper fiscal internal controls for their staff budgeting processes. Both departments generally agreed that comprehensive policies and procedures for budgeting, including evaluating their departments' number of authorized positions, is a necessary internal control. However, neither could tell us why they have not developed such policies and procedures.

CDCR has a high-level, one-page policy and procedure requiring its staff to evaluate staffing needs twice annually using staffing models that consider statutory and regulatory requirements for health care staff-to-patient ratios, as Table 9 shows. CDCR also has comprehensive staffing models that it based on legal and regulatory staffing minimums that it uses to ensure that it budgets medical and mental health positions according to its needs each year. For example, the nursing staffing model calculates the staffing necessary to achieve 3.5 nursing hours per patient per day in basic and skilled nursing care and 4.5 nursing hours per patient per day in intermediate care—both of which achieve the State's minimum staffing requirements. CDCR was able to demonstrate that it used these staffing models to evaluate its staffing needs for budget projections twice annually. As a result, CDCR could demonstrate that it budgets facility positions based on required levels of care.

Table 9
DSH and DDS Lack Budgeting Processes That Evaluate Staffing Needs Each Year

POLICIES, PROCEDURES, AND PRACTICES	California Department of State Hospitals	DDS Department of Developmental Services	California Department of Corrections and Rehabilitation
Has a system of policies and procedures for compliance with applicable laws, criteria, standards, and other requirements.	No	No	Yes
Uses a current staffing model, which considers operational needs and regulatory requirements, to determine the number of positions needed.	Yes	No	Yes
Annually compares positions needed, as identified using the staffing model, to position authority.	No	No	Yes

Source: Auditor analysis and comparison of department practices.

Without policies and procedures for developing budgets, DDS could not justify that its authorized positions for medical and mental health care staff were sufficient or necessary. DDS has a staffing model that staff stated they use to budget medical and mental health positions for Porterville; however, DDS has not updated this model since 2016 despite significant operational changes at Porterville, including closing its general treatment area in fiscal year 2019–20. Further, the staffing model does not demonstrate that DDS considers the number of staff needed to cover all positions and shifts based on the staff-to-patient ratios that state regulations require. DDS also could not demonstrate that it consistently used its staffing model or conducted any other evaluation of staffing needs each year. DDS's fiscal forecasting branch manager explained that DDS uses its staffing model when it requests new resources. He further explained that DDS does not request additional funding for positions at facilities until its overall program, including all of its facilities, demonstrates a need. The branch manager's explanation suggests that DDS only needs to perform a staffing analysis when the program requires additional staff. However, we believe an annual evaluation of staffing needs would also identify when positions may no longer be necessary because of operational changes.

DSH also could not justify that its staffing level was sufficient or necessary because it does not review its staffing needs for all medical and mental health positions annually. DSH developed a staffing model in 2019 that it still uses, and used it to support two legislatively-approved budget requests for additional resources during our audit period. DSH's chief financial officer stated that it uses this staffing model to assess staffing needs when there is a significant change in the number of patients the facility can care for, based on changes in the treatment that patients need or when it activates or closes a unit within the facility. DSH's director explained that the department could use the staffing model to evaluate all medical and mental health care staffing needs annually, but acknowledged that the department has not done so previously. Budgeting staff positions consistently and appropriately is critical to ensuring that the departments can ask the Legislature to approve the positions necessary for facilities to meet their operational needs, while not having unnecessary positions that may remain vacant for extended periods of time.

The State Does Not Require the Three Departments to Track Facility Vacancy Savings at the Position Level

The Audit Committee asked us to identify how each department handled any funding budgeted for mental health care but not spent because of staff vacancies—funding that the State refers to as *vacancy savings*. During our audit period, all three facilities and their respective departments realized significant vacancy savings from unfilled medical and mental health care positions. However, we did not identify state law requiring the departments to track their use of vacancy savings at the position level, which would be necessary for us to determine vacancy savings specifically related to unfilled medical and mental health care positions.

Even after accounting for State employees' overtime and contract workers' hours, each facility we reviewed still had a significant number of uncovered vacant positions throughout our audit period, as Table 10 shows, which draws into question why the facilities need these additional positions. According to CDCR's deputy director of fiscal management in its health care services division, CDCR staffs its facility in accordance with its court-ordered staffing plan, leaving it little flexibility to reduce its position authority. Because DDS's staffing plan is outdated, the assistant deputy director of its state-operated facilities division acknowledged that it may be budgeting unnecessary positions. He said DDS is currently updating its staffing plan and working with Finance to align its authorized positions with its needs. When we asked Atascadero whether it needed its approximately 100 to more than 200 vacant positions, the executive director asserted that the facility needs all the allocated positions so the facility can provide the best possible care and can have staffing flexibility should it need to open a unit on short notice to accommodate new patients. Further, Atascadero's assistant clinical administrator stated that the facility needs about 100 positions in the event it needs to open its three units that are currently closed. Although we recognize Atascadero's need for flexibility and its desire to provide better care than the minimum required, the significant number of vacant positions raises questions as to whether maintaining all those positions is necessary, and because DSH does not annually use its staffing model to evaluate its needs, it lacks the evidence to support its position.

Table 10
Staff Overtime and Contracted Work Did Not Make Up for Vacant Medical and Mental Health Care Positions at Each Facility
Fiscal Years 2019–20 Through 2024–25

					NET OF OVERTIME AND CONTRACT FTE	
FISCAL YEAR (FY)	BUDGETED POSITIONS	FILLED POSITIONS	OVERTIME FTE	CONTRACT FTE	VACANCY	VACANCY %
ATASCADERO						
2019–20	1,468	1,144	91	39	194	13%
2020–21	1,435	1,184	100	36	115	8
2021–22	1,456	1,144	104	55	153	11
2022–23	1,506	1,089	148	79	190	13
2023–24	1,513	1,052	153	77	231	15
2024–25	1,509	1,072	144	69	224	15
Average per FY	**1,481**	**1,114**	**123**	**59**	**185**	**12%**
PORTERVILLE						
2019–20	861	564	31	12	254	29%
2020–21	816	561	44	21	190	23
2021–22	818	543	37	18	220	27
2022–23	818	511	37	29	241	29
2023–24	763	484	47	30	202	26
2024–25	763	467	49	38	209	27
Average per FY	**806**	**522**	**41**	**25**	**218**	**27%**
SALINAS VALLEY						
2019–20	659	443	56	44	116	18%
2020–21	563	388	60	54	61	11
2021–22	667	349	54	52	212	32
2022–23	630	319	63	58	190	30
2023–24	637	303	71	62	201	32
2024–25	634	308	62	64	200	32
Average per FY	**631**	**352**	**61**	**56**	**162**	**26%**

Source: State budget documents, SCO data, Porterville's monthly staffing reports, CDCR's monthly staffing reports, and facility invoice data.

Note: Vacancy details for fiscal year 2024–25 are based on July 2024 through December 2024 data. Averages per fiscal year might not equal the averages of their columns due to rounding. Salinas Valley contract FTE amounts do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

As a result of these vacancies, each facility we reviewed accumulated significant vacancy savings over the six fiscal years of our audit period: $247 million for Atascadero, $188 million for Salinas Valley, and about $157 million for Porterville, as Table 11 shows. These vacancy savings represented from 30 percent to 47 percent of the three facilities' budgets for medical and mental health care positions during

this period. Funding for vacant nursing positions alone accounted for 81 percent of Porterville's cumulative vacancy savings, 69 percent of Atascadero's cumulative savings, and 52 percent of Salinas Valley's cumulative vacancy savings from fiscal years 2019–20 through 2024–25. Moreover, these estimates do not include the facilities' savings related to benefits, overtime, and paid leave.

Table 11
Each Facility Had Vacancy Savings Each Fiscal Year 2019–20 Through 2024–25

	MEDICAL AND MENTAL HEALTH CARE STAFF (DOLLARS IN MILLIONS)		
FISCAL YEAR	BUDGETED EXPENDITURES	ACTUAL EXPENDITURES FOR STATE EMPLOYEES	VACANCY SAVINGS
ATASCADERO			
2019–20	$118.9	$80.0	$38.9
2020–21	131.5	80.1	51.4
2021–22	132.4	93.0	39.4
2022–23	139.1	98.8	40.3
2023–24	145.5	107.4	38.1
2024–25	152.0	113.0	39.0
Total	**$819.3**	**$572.3**	**$247.1**
PORTERVILLE			
2019–20	$57.3	$30.4	$26.9
2020–21	51.1	29.2	21.9
2021–22	62.2	34.8	27.4
2022–23	63.1	36.7	26.4
2023–24	66.4	37.9	28.5
2024–25	64.2	38.6	25.6
Total	**$364.3**	**$207.6**	**$156.7**
SALINAS VALLEY			
2019–20	$72.3	$36.2	$36.1
2020–21	72.9	30.9	42.0
2021–22	63.2	33.6	29.6
2022–23	60.2	34.4	25.8
2023–24	64.8	37.3	27.5
2024–25	66.8	39.7	27.1
Total	**$400.2**	**$212.1**	**$188.1**

Source: State budget documents and SCO data.

Note: State employee expenditures are for regular gross payments, excluding payments for items such as pay differentials and overtime. It also excludes payments to retired annuitants and some other temporary positions. Expenditures for fiscal year 2024–25 are projected based on data from July 2024 through December 2024.

Agencies may use their funds in any manner consistent with the purposes for which the funds were appropriated by the Legislature and in accordance with their departmental budgets as approved by the Department of Finance. The annual state budget act also allows Finance to approve transfers within individual items of appropriation under certain circumstances. Accordingly, vacancy savings in one area may generally be used to cover shortfalls in another area.

For example, the state budget for fiscal year 2025–26 appropriated about $4.1 billion dollars to CDCR to support the department, of which about $2.7 billion dollars were scheduled for adult medical services and about $729 million were scheduled for adult mental health services. Because the appropriation is not specific to an individual facility, using medical services-related savings at one of its facilities to cover a shortfall at another facility would be consistent with the appropriation, provided that the funds are used to pay for medical services. CDCR could also potentially use vacancy savings from medical services for mental health service shortfalls, within and across facilities. However, this would require CDCR to submit a formal request to Finance that outlines the amount of funds that the department intends to move and the underlying reasons for moving the funds.

According to their budgeting staff, none of the three departments track vacancy savings at the individual position or classification level. As a result, the departments could not explain how they used the facilities' vacancy savings specific to the positions we reviewed. However, the budget staff asserted that their departments generally used vacancy savings to offset the costs associated with staff overtime and contract workers, as well as to pay for expenses such as equipment and special repairs. For example, staff indicated that in fiscal year 2020–21 DSH approved Atascadero's emergency request for about $13,000 to replace a sewage pump for its water treatment facility.

Although the departments could not explain how they used the specific savings that we identified, they have reverted unused funds to the State in the past. Generally, unspent appropriated funds revert back to the State after a period of time, and each of the three departments asserted that they reverted funds to the General Fund during our review period. Specifically, budget staff from CDCR stated that it reverted about $16.4 million in salary savings from the fiscal year 2019–20 appropriation for its Mental Health Program back to the State; however, they acknowledged that there have been no similar reversions since. DDS also reverted $36 million of its fiscal year 2019–20 appropriation for its Residential and Community Services Program back to the General Fund at the end of fiscal year 2021–22. Similarly, DSH reverted about $1.4 million to the General Fund in fiscal year 2021–22 because of construction delays and COVID-19-related uncertainties. However, because these appropriations are made at the program-level, the departments could not determine whether the related reverted amounts included any vacancy savings from the specific positions that we reviewed.

The Departments Do Not Have a Formal Process for the Facilities We Reviewed to Report Whether They Are Meeting Staffing Requirements

State regulations establish specific staffing requirements per shift with which the three facilities we reviewed must comply. However, none of the facilities formally track this information, and their respective departments do not require them to report when they fail to meet shift-staffing minimums. In addition, the federal court ordered CDCR to fill 90 percent or more of certain authorized medical and mental health care positions. However, as we previously discussed, it has consistently failed to comply with this order.

Shift-Staffing Minimums

State regulations set forth minimum shift-staffing requirements for facilities that differ by facility licensure type, as the text box shows. However, neither Porterville nor Salinas Valley has a formal process to track, tabulate, or report to their departments when they fail to meet these staffing minimums. Porterville and Salinas Valley track some shift-staffing information, but their tracking mechanisms lack key components, such as the type of treatment to be delivered or the number of patients per shift to demonstrate that the staff who are scheduled and present are sufficient to meet the required staff-to-patient ratios. In contrast, Atascadero has a written process to schedule and track staffing to ensure that it meets the minimum staffing requirements and notifies its department when it does not. Although Atascadero does not tabulate the number of times it misses staffing minimums, according to its executive director, he notified the department of three shifts wherein the facility missed staffing minimums within our audit period. Staff at each facility asserted that they generally use state employee overtime, contract workers, or staff from other units to cover shift vacancies and that they rarely fall short of required staffing minimums. However, without a formal process to track, tabulate, and report such information to their respective departments, none of the facilities could demonstrate their full compliance with associated state or court requirements.

Examples of Regulatory Requirements for Shift Staffing

Acute Psychiatric Hospital—Must provide a sufficient number of appropriate personnel, which the regulation does not define.

Correctional Treatment Center—Must provide 2.5 nursing hours per patient day.

General Acute Care Hospital—Must provide the following:

- One nurse for every two patients in critical care.
- One nurse for every five patients in medical and surgical care.
- One nurse for every four patients in specialty care.

Intermediate Care Facility—Must provide a minimum average of 1.1 nursing hours per patient day.

Source: State regulations.

None of the departments responsible for overseeing the three facilities has formally or specifically requested that facilities track, tabulate, and report their compliance with staffing minimums or developed a formal process for the facilities to do so. Without such oversight, the departments cannot be certain that their facilities are staffed appropriately for each shift to provide adequate medical and mental health care. In fact, as we discuss in the Introduction, a 1981 court order required DSH and DDS to meet certain staffing minimums for nursing care, post the minimum staffing requirements

for each shift, tabulate the number of people by which each shift fell short, and aggregate this information in a quarterly report to headquarters. Although the departments no longer follow the court order and it is likely no longer enforceable, the requirements serve as a best practice for accountability, transparency, and effective oversight of facilities' medical and mental health staffing.

The departments provided various explanations for not requiring facilities to track, tabulate, and report staffing minimums. DSH's chief deputy director of operations (chief deputy) acknowledged that DSH lacks such a formal process but stated that it generally expects that its facilities will report staffing shortages to DSH. Atascadero's executive director also confirmed that there is no formalized process that requires such reporting. Similarly, the assistant chief counsel for DDS advised that the department has an unwritten expectation that its facilities will report to the department any time that a staffing issue prevents them from meeting the minimum staffing requirements in state regulations. However, DDS was also unable to demonstrate how it monitors Porterville's shift staffing. Both DDS and DSH generally agreed that tracking such information would be beneficial.

Finally, according to CDCR's former deputy director of business services for CCHCS (business services deputy), CDCR similarly does not require Salinas Valley to track, tabulate, and report shift-staffing shortages for medical and mental health care units. She stated that the facility's chief executive officer of health care is responsible for oversight, management, and compliance related to shift-staffing minimums. CDCR's director of health care policy and administration acknowledged the need to ensure that its licensed facilities meet shift-staffing requirements. As a result, she explained that CDCR is currently formalizing a process for facilities to track, tabulate, and report any staffing deficiencies to the department.

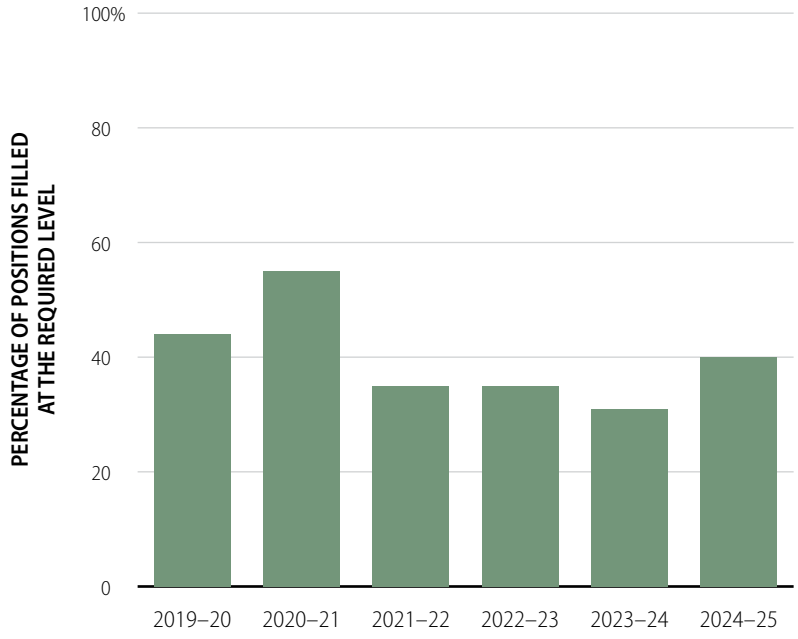
Position-Staffing Minimums

As the Introduction explains, in addition to being subject to regulatory shift-staffing requirements for its licensed facilities, CDCR is subject to additional position-staffing requirements at the direction of the federal court. Specifically, the court has directed CDCR to fill certain mental health care positions, such as psychiatrists, psychologists, and clinical social workers, at 90 percent or greater, and to report its vacancy rates for these positions to the court each month. Additionally, the federal receiver's staffing plan indicates that CDCR has established the same goal for its medical positions, including nurses.

Nevertheless, when we reviewed CDCR's monthly reports for these and other medical and mental health positions from fiscal years 2019–20 through 2024–25, we found that Salinas Valley met the court's requirements and its own goals for just 31 percent to 55 percent of the positions it reported annually, as Figure 11 shows. The facility appeared to have the most difficulty filling mental health positions: it filled psychology positions at the required level only 23 percent of the time, clinical social workers 17 percent of the time, and other mental health positions 33 percent of the time.

Salinas Valley most closely met its position-staffing requirements for the primary care and psychiatry job classification groups, but it still reported that it filled each of those positions at the required level only 49 percent of the time.

Figure 11
Salinas Valley Met Its Position-Staffing Requirements Less Than Half of the Time From Fiscal Years 2019–20 Through 2024–25



Source: CDCR's monthly vacancy reports.

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Other Areas We Reviewed

To address the audit objectives approved by the Audit Committee, we also did the following:

- Reviewed shift-staffing reports from the three facilities to determine staffing trends. We found that state employees, rather than contract workers, provided the majority of patient care.

- Conducted interviews with state employees and contract workers to gain insight into the perspectives of frontline workers.

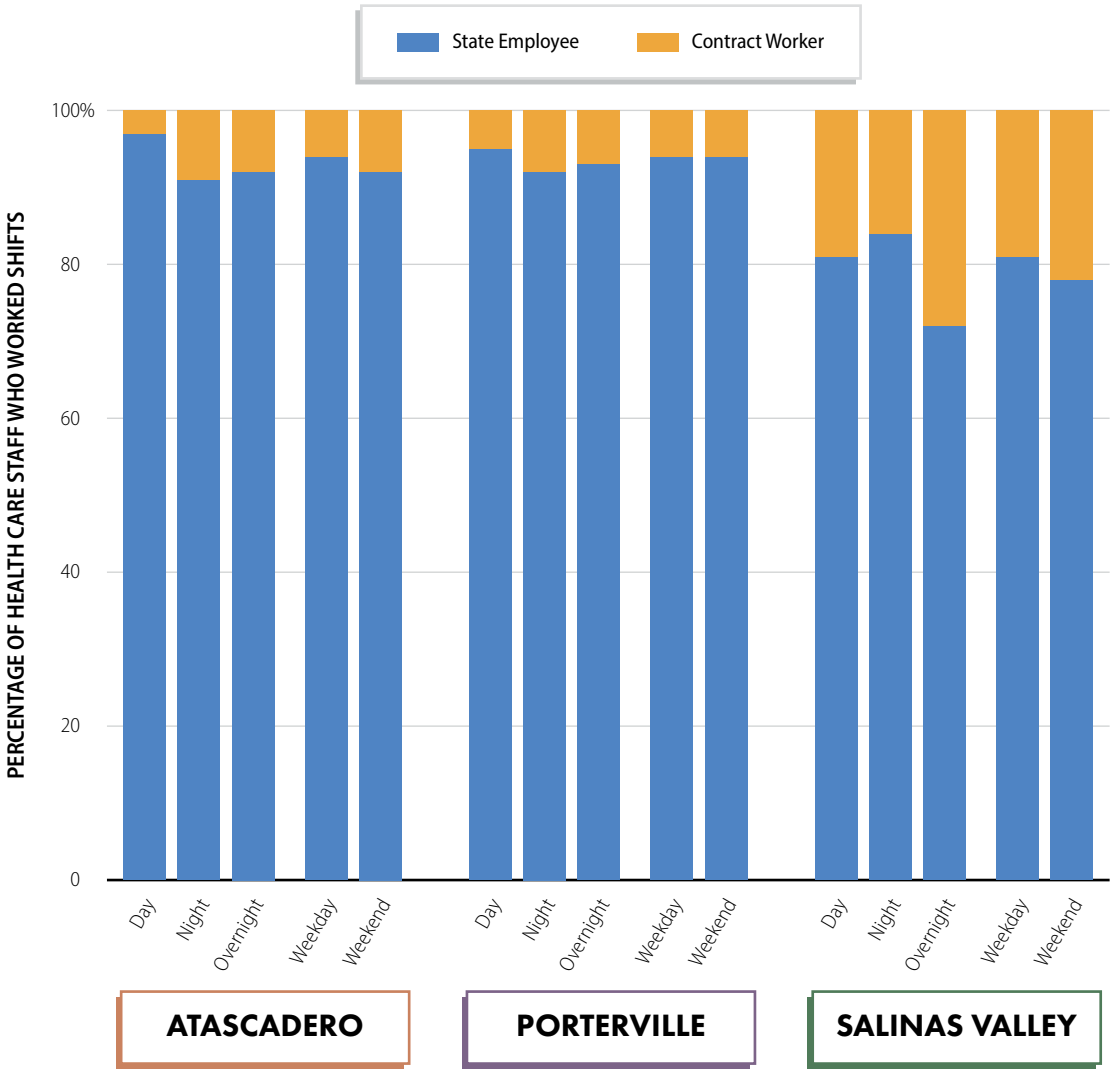
State Employees Generally Provided the Majority of Patient Care Across Shifts at the Three Facilities

The Audit Committee asked us to determine the provision of patient care and the number of patients seen by state employees and contract workers. To accomplish this, we reviewed staffing reports for 126 shifts at each facility for the same seven-day period each year from 2019 through 2024 to determine the composition of the facility's shift-staffing. Further, because Atascadero and Porterville are licensed hospitals, and because their populations are full-time patients, all interactions between staff and patients are an opportunity to provide care. Therefore, for Atascadero and Porterville, we also used the ratio of civil service employees to contract workers from the shift staffing reports to determine the level of interaction between staff and patients, and to approximate the proportion of patients that state employees and contract workers served.

Based on our review of these shift-staffing reports, we found that state employees made up most of the workers in each shift. Specifically, as Figure 12 shows, state employees made up from 72 percent to 97 percent of the shifts when classified by the time of day, and from 78 percent to 94 percent of the shifts when classified by weekdays or weekends. Of the 126 shifts that we tested at each facility, we found that state employees worked all of them, except for two shifts at Salinas Valley in 2019, while contract workers covered some unfilled positions during 70 shifts at Atascadero, 104 shifts at Porterville, and 120 shifts at Salinas Valley.

We also attempted to obtain patient-provider visit data from each facility for further analysis of the number of patients seen by state employees and contract workers, but only Salinas Valley was able to provide data that would allow for this type of analysis. Our analysis of Salinas Valley's data further supported our review of the shift-staffing reports that most patients were served by state employees.

Figure 12
State Employees Represented the Majority of the Health Care Staff on Each Shift We Reviewed at the Three Facilities From 2019 Through 2024



Source: Facility staffing logs and reports from Atascadero, Porterville, and Salinas Valley for one week at the end of April and beginning of May for each year from 2019 through 2024.

Note: This figure reflects the number of individuals who worked each shift we tested. This differs from Figure 5, which shows the number of filled positions, positions covered by state employee overtime and contract worker FTE, and uncovered vacant positions. When considered at the shift level, contract workers make up a somewhat greater—although still small—proportion of the individuals who worked when compared to overall staffing levels, because the shift staffing analysis does not account for state employee overtime or uncovered vacant positions.

We Interviewed Frontline Staff to Identify Their Workplace Concerns

The Audit Committee directed us to evaluate the facilities' provision of patient care and to assess notable trends in areas such as vacancies, staff recruiting, and hiring. To address these areas of interest, we conducted structured interviews with a selection of frontline state employees and contract workers at Atascadero, Porterville, and Salinas Valley.[11] We present our results aggregated together, rather than by facility, to allow participants to remain anonymous. We summarize the responses we received in Table 12.

Table 12
Frontline Staff We Spoke With at the Three Facilities Expressed Workplace Concerns in the Following Areas

WORKPLACE CONCERN	NUMBER (PERCENTAGE) OF STAFF WHO EXPRESSED CONCERN
Pay	18 (86%)
Training	16 (76%)
Cost of Living	14 (67%)
Exposure to Violence	12 (57%)
Stress	11 (52%)
Flexible Schedules	10 (48%)

Source: Interviews with 21 frontline staff at Atascadero, Porterville, and Salinas Valley.

Note: We identified these areas of concern that could hinder facilities' recruitment and retention efforts and conducted structured interviews with 21 staff to determine which concerns they felt were applicable to their facilities. None of these areas of concern are specific to any departmental responsibilities or requirements.

[11] Structured interviews using a standardized set of interview questions allow individual testimonial data to be prepared and analyzed into a higher form of evidence through systematic analysis.

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Recommendations

Legislature

To maximize the effectiveness of the State's recruiting efforts, the Legislature should require CalHR to assemble and coordinate a cross-agency collaborative campaign to recruit medical and mental health care staff for state facilities statewide. CalHR should continue, modify, and improve such efforts until the State can achieve and maintain appropriate vacancy rates, as the Legislature determines. This campaign should include, but not be limited to, the following:

- A total compensation analysis, and adjust as appropriate, to ensure that all medical and mental health care classifications' compensation is commensurate and competitive with similarly situated recruiting entities.
- The provision of online and in-person assistance for candidates during the application and testing process.
- The implementation of targeted efforts, including development of marketing materials, as appropriate, highlighting the benefits of state employment in California, to recruit candidates for specific job classifications and facility locations that are historically difficult to fill.
- The establishment of measurement metrics to track the results of each type of recruiting activity and test modifications to each strategy. These measurements should include, but not be limited to, the number of candidates who express interest, apply, interview, receive, and accept employment offers.

CDCR

To improve Salinas Valley's ability to recruit and retain medical and mental health care employees, CDCR should, by June 2026, do the following:

- Develop and implement a process to measure the effectiveness of each of its recruiting strategies and track those strategies' costs.
- Evaluate whether offering affordable housing options would improve Salinas Valley's ability to recruit new state employees, and if so, explore options to develop or obtain additional affordable housing units for Salinas Valley's staff and seek a funding allocation from the Legislature to do so.

By December 2026, CDCR with Salinas Valley should comprehensively assess the technical, financial, legal, and operational impacts of implementing flexible shifts, including but not limited to, 8-, 10-, and 12-hour shift options for staff. Using the results of this assessment, they should develop concrete plans to address employee concerns related to scheduling flexibility to the extent feasible.

To ensure transparency, increase accountability, and allow adequate oversight, CDCR should immediately require its facilities to establish a system to track, tabulate, periodically report to CDCR, and make publicly available the following:

- Staffing levels by shift, including the individuals' classifications and whether they are state employees or contract workers.

- The number of shifts during which and the number of staff by which the facility fell short of its required shift-staffing minimums, as well as an explanation for why it missed the minimums.

DDS

To improve Porterville's ability to recruit and retain medical and mental health care employees, DDS should do the following:

- With Porterville, develop and implement a process by June 2026 to measure the effectiveness of their recruiting strategies and track those strategies' costs.

- To ensure that Porterville is competitive in the marketplace for health care professionals, conduct a salary survey, by December 2026, that compares the salaries and benefits it offers its health care workers to those offered by local public health care facilities, private health care facilities, and staffing agencies. DDS should use this survey in its discussions with CalHR and Finance.

- By June 2026, pilot and consider permanently implementing one- to three-day recruiting events that allow candidates to apply, interview, and receive a conditional job offer before the event's conclusion.

- Evaluate by June 2026 whether offering affordable housing options would improve Porterville's ability to recruit new state employees, and if so, explore options to develop or obtain additional affordable housing units for Porterville's staff and seek a funding allocation from the Legislature to do so.

By December 2026, DDS with Porterville should comprehensively assess the technical, financial, legal, and operational impacts of implementing flexible shifts, including but not limited to, 8-, 10-, and 12-hour shift options for staff. Using the results of this assessment, they should develop concrete plans to address employee concerns related to scheduling flexibility to the extent feasible.

To ensure that its proposed budget accurately reflects its facilities' operational needs, DDS should, by June 2026, develop comprehensive policies and procedures for its annual budgeting process that include the requirement that staff use appropriate models to evaluate facility staffing needs and seek adjustments to position authority as necessary.

To ensure transparency, increase accountability, and allow adequate oversight, DDS should immediately require its facilities to establish a system to track, tabulate, periodically report to DDS, and make publicly available the following:

- Staffing levels by shift, including the individuals' classifications and whether they are state employees or contract workers.

- The number of shifts during which and the number of staff by which the facility fell short of its required shift-staffing minimums, as well as an explanation for why it missed the minimums.

DSH

To improve Atascadero's ability to recruit and retain medical and mental health care employees, DSH should do the following:

- With Atascadero, develop and implement a process by June 2026 to measure the effectiveness of their recruiting strategies and track those strategies' costs.

- To ensure that Atascadero is competitive in the marketplace for health care professionals, conduct a salary survey, by December 2026, that compares the salaries and benefits it offers its health care workers to those offered by local public health care facilities, private health care facilities, and staffing agencies. DSH should use this survey in its discussions with CalHR and Finance.

- By June 2026, pilot and consider permanently implementing one- to three-day recruiting events that allow candidates to apply, interview, and receive a conditional job offer before the event's conclusion.

- Evaluate by June 2026 whether offering affordable housing options would improve Atascadero's ability to recruit new state employees, and if so, explore options to develop or obtain additional affordable housing units for Atascadero's staff and seek a funding allocation from the Legislature to do so.

By December 2026, DSH with Atascadero should comprehensively assess the technical, financial, legal, and operational impacts of implementing flexible shifts, including but not limited to, 8-, 10-, and 12-hour shift options for staff. Using the results of this assessment, they should develop concrete plans to address employee concerns related to scheduling flexibility to the extent feasible.

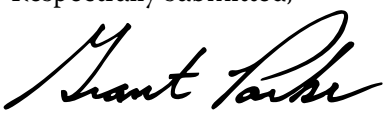
To ensure that its proposed budget accurately reflects its facilities' operational needs, DSH should, by June 2026, develop comprehensive policies and procedures for its annual budgeting process that include the requirement that staff use appropriate models to evaluate facility staffing needs and seek adjustments to position authority as necessary.

To ensure transparency, increase accountability, and allow adequate oversight, DSH should immediately require its facilities to establish a system to track, tabulate, periodically report to DSH, and make publicly available the following:

- Staffing levels by shift, including the individuals' classifications and whether they are state employees or contract workers.
- The number of shifts during which and the number of staff by which the facility fell short of its required shift-staffing minimums, as well as an explanation for why it missed the minimums.

We conducted this performance audit in accordance with generally accepted government auditing standards and under the authority vested in the California State Auditor by Government Code section 8543 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



GRANT PARKS
California State Auditor

December 4, 2025

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Appendix A

Facility Health Care Staffing Contracts

The Audit Committee asked us to determine each facility's current medical and mental health care worker contracts and, for each contract, to identify the contractor's name, type of service provided, cost, and contract duration. Tables A.1–A.3 provide a list of contracts available to each of the three facilities from July 1, 2019, through June 30, 2025.[12] The Audit Committee also asked us to identify the same information for contracts in the current and upcoming budget years. We include the information for contracts available for the facilities from July 1, 2025 through September 30, 2025 in Table A.4. We did not include the additional contracts we show in Table A.4 as part of our analysis in the report. For statewide contracts that were not exclusive to one facility, we showed both the overall contract amount and the projected contract amount for the facility. For Atascadero and Porterville, the facility amount shown is for the contract period. For Salinas Valley, the facility amount shown is CDCR's allotment to the facility from fiscal years 2019–20 through 2024–25.

Table A.1
Atascadero Contracts

CONTRACTOR NAME	TYPE OF SERVICE	START DATE	END DATE	ATASCADERO AMOUNT	USED ONLY AT ATASCADERO?	CONTRACT MAXIMUM COST
Correctional Healthcare Associates, Inc	Physician and Nonphysician Services	4/3/2017	7/31/2020	$60,284,742	No	$104,131,180
PeopleSolution Healthcare Staffing, Inc	Laboratory Staffing	4/4/2017	2/29/2020	564,005	Yes	564,005
ExMed, Inc	Clinical Psychiatrists	9/1/2018	8/31/2020	2,364,384	No	9,457,536
Imperial Locum Services, APC	Clinical Psychiatrists	9/1/2018	8/31/2020	2,374,838	No	9,499,354
Pinnacle Health Services, Inc	Clinical Psychiatrists	9/1/2018	8/31/2020	3,563,683	No	14,254,733
California Locums PC	Clinical Psychiatrists	9/28/2018	8/31/2020	475,200	No	1,900,800
ExMed, Inc	Clinical Psychiatrists	9/1/2019	2/28/2023	36,185,760	No	102,340,752
Bay Area Doctors, Inc	Clinical Psychiatrists	9/1/2019	2/28/2023	8,440,000	No	105,888,000
Registry of Physician Specialists	Clinical Psychiatrists	9/1/2019	2/28/2023	36,504,000	No	103,240,800
Pinnacle Health Services, Inc	Clinical Psychiatrists	9/1/2019	2/28/2023	72,555,200	No	153,918,240
Imperial Locum Services, APC	Clinical Psychiatrists	9/1/2019	2/28/2023	41,781,792	No	118,167,478
Intuitive Health Services, Inc	Clinical Psychiatrists	9/1/2019	2/28/2023	38,563,200	No	109,064,640
California Locums PC	Clinical Psychiatrists	9/1/2019	2/28/2023	37,440,000	No	105,888,000
VirtualDocInc	Clinical Psychiatrists	9/13/2019	8/31/2022	27,456,000	No	77,651,200
PeopleSolution Healthcare Staffing, Inc	Laboratory Staffing	3/1/2020	2/28/2023	1,467,893	Yes	1,467,893
Healthcare Staffing Professionals, Inc	Laboratory Staffing	3/1/2020	2/28/2023	1,593,504	Yes	1,593,504
Correctional Healthcare Associates, Inc	Physician and Nonphysician Clinical Services	4/2/2020	8/31/2020	29,534,109	No	147,670,547

continued on next page . . .

[12] In some instances, the contracts began before or ended after the time period listed. However, they were in effect for at least a portion of the audit period.

CONTRACTOR NAME	TYPE OF SERVICE	START DATE	END DATE	ATASCADERO AMOUNT	USED ONLY AT ATASCADERO?	CONTRACT MAXIMUM COST
Correctional Healthcare Associates, Inc	Physician and Nonphysician Clinical Services	3/1/2021	10/31/2021	9,165,953	No	45,829,766
Imperial Locum Services, APC	Health Care Staffing	11/1/2021	10/31/2024	9,898,733	No	39,696,198
Intuitive Health Services, Inc	Health Care Staffing	11/1/2021	10/31/2024	10,954,015	No	42,862,044
Correctional Healthcare Associates, Inc	Health Care Staffing	11/1/2021	10/31/2024	16,680,720	No	50,158,641
Intuitive Health Services, Inc	Clinical Psychologist Services	12/8/2021	11/30/2024	5,350,562	Yes	5,350,562
My Choice Health Services	Clinical Psychologist Services	12/8/2021	11/30/2024	5,374,512	Yes	5,374,512
3.11 Health Services, LLC	Clinical Psychologist Services	12/8/2021	11/30/2024	5,398,462	Yes	5,398,462
R.L. Klein & Associates	Clinical Psychologist Services	12/8/2021	11/30/2024	5,052,326	Yes	5,052,326
Imperial Locum Services, APC	Clinical Psychologist Services	12/8/2021	11/30/2024	5,326,612	Yes	5,326,612
Jeffrey W. Davis, MD, Inc	Qualified Psychiatrists	11/7/2022	11/6/2025	49,000,000	No	86,195,000
Registry of Physician Specialists	Qualified Psychiatrists	11/7/2022	11/6/2025	49,000,000	No	86,240,000
Funk and Associates, Inc	Qualified Psychiatrists	11/7/2022	11/6/2025	49,000,000	No	86,683,000
ExMed, Inc	Qualified Psychiatrists	11/7/2022	11/6/2025	49,000,000	No	77,148,560
Pinnacle Health Services, Inc	Qualified Psychiatrists	11/7/2022	11/6/2025	55,000,000	No	76,258,000
Intuitive Health Services, Inc	Level-of-Care Staff (RN, LVN, CNA)	7/1/2023	6/30/2026	35,035,307	No	214,678,674
Healthcare Staffing Professionals, Inc	Level-of-Care Staff (RN, LVN, CNA)	7/1/2023	6/30/2026	33,367,165	No	159,188,347
Pinnacle Health Services, Inc	Level-of-Care Staff (RN, LVN, CNA)	7/1/2023	6/30/2026	35,153,832	No	166,430,716
Wynden Stark, LLC	Level-of-Care Staff (RN, LVN, CNA)	7/1/2023	6/30/2025	$35,262,320	No	$159,174,800
Huckeye Health Staffing	Level-of-Care Staff (RN, LVN, CNA)	7/1/2023	6/30/2025	29,467,377	No	146,453,463
InSync Consulting Services, LLC	Clinical Psychologist Services	8/20/2024	7/31/2025	1,273,500	No	5,300,200
SLS Health Services, LLC	Clinical Psychologist Services	8/20/2024	7/31/2025	1,273,500	No	5,300,200
TrueCare24, Inc	Clinical Psychologist Services	9/17/2024	7/31/2025	1,273,500	No	5,300,200
Imperial Locum Services, APC	Health Care Staffing	11/1/2024	4/30/2025	161,172	No	4,937,369
Intuitive Health Services, Inc	Health Care Staffing	11/1/2024	4/30/2025	1,706,686	No	3,544,654
Correctional Healthcare Associates, Inc	Health Care Staffing	11/1/2024	4/30/2025	1,036,915	No	2,367,598
Intuitive Health Services, Inc	Health Care Staffing	4/24/2025	3/31/2028	67,626,600	No	89,991,232
Correctional Healthcare Associates, Inc	Health Care Staffing	4/25/2025	3/31/2028	73,596,252	No	188,741,468
Imperial Locum Services, APC	Health Care Staffing	4/25/2025	3/31/2028	77,513,928	No	108,196,318
Pinnacle Health Services, Inc	Health Care Staffing	4/28/2025	3/31/2028	63,868,908	No	89,196,608

Source: Facility contract data.

Note: Atascadero had access to 46 staffing contracts over the audit period, with 21 different vendors. The majority of the staffing contracts were statewide contracts.

Table A.2
Porterville Contracts

CONTRACTOR NAME	TYPE OF SERVICE	START DATE	END DATE	PORTERVILLE AMOUNT	USED ONLY AT PORTERVILLE?	CONTRACT MAXIMUM COST
Sierra View Nephrology	Nephrology	7/1/2017	6/30/2020	$39,600	Yes	$39,600
Ramasamy Seralathan, MD	Medical Surgery	7/1/2017	6/30/2020	54,000	Yes	54,000
Claude M. Schutz, DPM, Inc	Podiatry	7/1/2017	6/30/2020	178,152	Yes	178,152
Premier Pathology Laboratories, Inc	Pathology	7/1/2017	6/30/2020	49,500	Yes	49,500
Kannappan Mohan, MD	Gastroenterology	7/1/2017	6/30/2020	36,000	Yes	36,000
John D. Blackburn, OD	Optometry	7/1/2017	6/30/2020	202,800	Yes	202,800
American Telepsychiatry Associates	Telemedicine Psychiatric Services	7/1/2017	6/30/2020	84,000	Yes	84,000
Rajendra Dwivedi, MD	Urology	7/1/2017	6/30/2020	43,200	Yes	43,200
Harpreet Sandhu, MD	Pulmonology	9/25/2017	6/30/2020	16,500	Yes	16,500
Mark Tindall, MD	Orthopedics	7/1/2018	6/30/2021	30,600	Yes	30,600
Syed Hasnain, MD	Ophthalmology	7/1/2018	6/30/2021	36,000	Yes	36,000
Daniel Boken, MD	Infectious Disease Specialty	7/1/2018	6/30/2021	18,000	Yes	18,000
Ramu Thiagarajan, MD, Inc	Neurology	7/1/2018	6/30/2021	124,800	Yes	124,800
Nallathamby Thayapran, MD	Cardiology	7/1/2018	6/30/2021	30,600	Yes	30,600
Imaging Associates, Inc	Ultrasound	7/1/2018	6/30/2021	96,250	Yes	96,250
Kristina Lopez	Physical Therapy	10/1/2018	9/30/2019	106,080	Yes	106,080
Prudence A. Smith, MD	Radiology	1/9/2019	12/31/2019	149,999	Yes	149,999
Valley Ear, Nose and Allergy Group	Ear, Nose, and Throat	7/1/2019	6/30/2022	52,800	Yes	52,800
Terry R. Wood, DDS, Inc	Oral Surgery	7/1/2019	6/30/2020	99,000	Yes	99,000
Dawn Camarena	Radiology Technician	7/1/2019	6/30/2021	142,500	Yes	142,500
LM Piestrup Consulting	Registered Dietitian Services	7/1/2019	6/30/2021	63,360	Yes	63,360
TC Porterfield	Registered Dietitian Services	7/1/2019	6/30/2021	63,360	Yes	63,360
Kristina Lopez	Physical Therapy	10/1/2019	6/30/2021	185,640	Yes	185,640
Prudence A. Smith, MD	Radiologist	1/1/2020	12/31/2020	145,600	Yes	145,600
Aya Healthcare, Inc	Licensed and Certified Clinical Level-of-Care Staffing	4/14/2020	6/30/2022	2,563,173	No	10,000,000
Columbus Medical Services, LLC	Licensed and Certified Clinical Level-of-Care Staffing	4/15/2020	6/30/2022	5,448,400	No	8,000,000
SHC Services, Inc	Licensed and Certified Clinical Level-of-Care Staffing	4/17/2020	6/30/2022	2,133,558	No	7,000,000
Maxim Healthcare Staffing Services, Inc	Licensed and Certified Clinical Level-of-Care Staffing	4/21/2020	6/30/2022	8,811,731	No	10,000,000
Cross Country Staffing, Inc	Licensed and Certified Clinical Level-of-Care Staffing	4/21/2020	6/30/2022	2,406,250	No	5,000,000
Town and Country Diagnostics	Radiographic Studies	4/23/2020	10/31/2020	40,000	Yes	40,000
Premier Pathology Laboratories, Inc	Pathology	7/1/2020	6/30/2023	48,600	Yes	48,600
Imperial Locum Services, APC	Telemedicine Psychiatric Services	7/1/2020	6/18/2021	55,986	Yes	55,986
Rajendra Dwivedi, MD	Urology	7/1/2020	6/30/2023	43,200	Yes	43,200
Harpreet Sandhu, MD	Pulmonology	7/1/2020	6/30/2023	18,000	Yes	18,000

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CONTRACTOR NAME	TYPE OF SERVICE	START DATE	END DATE	PORTERVILLE AMOUNT	USED ONLY AT PORTERVILLE?	CONTRACT MAXIMUM COST
John D. Blackburn, OD	Optometry	7/1/2020	6/30/2023	$202,800	Yes	$202,800
Sequoia Medical Services, LP	Oral Surgery	7/1/2020	6/30/2021	99,000	Yes	99,000
Sierra View Nephrology	Nephrology	7/1/2020	6/30/2023	39,600	Yes	39,600
Ramasamy Seralathan, MD	Medical Surgery	7/1/2020	6/30/2023	54,000	Yes	54,000
Parmod Kumar, MD	Gastroenterology	7/1/2020	6/30/2023	46,800	Yes	46,800
Claude M. Schutz, DPM, Inc	Podiatry	7/1/2020	6/30/2023	192,504	Yes	192,504
Mad Ram, Inc	Clinical Oversight and Supervision Services for Social Workers	7/1/2020	7/30/2022	72,000	Yes	72,000
AB Staffing Solutions, LLC	Audiology	11/1/2020	10/31/2021	137,280	Yes	137,280
Prudence A. Smith, MD	Radiologist	1/1/2021	12/31/2021	145,600	Yes	145,600
Nallathamby Thayapran, MD	Cardiology	7/1/2021	6/30/2022	12,000	Yes	12,000
Mark Tindall, MD	Orthopedics	7/1/2021	6/30/2024	30,600	Yes	30,600
Imaging Associates, Inc	Ultrasound	7/1/2021	6/30/2025	115,000	Yes	115,000
Syed Hasnain, MD	Ophthalmology	7/1/2021	6/30/2024	32,400	Yes	32,400
Dawn Camarena	Radiology Technician	7/1/2021	6/30/2023	120,000	Yes	120,000
Daniel Boken, MD	Infectious Disease Specialty	7/1/2021	6/30/2024	18,000	Yes	18,000
Ramu Thiagarajan, MD, Inc	Neurology	7/1/2021	6/30/2024	124,800	Yes	124,800
LM Piestrup Consulting	Registered Dietitian Services	7/1/2021	6/30/2024	94,176	Yes	94,176
TC Porterfield	Registered Dietitian Services	7/1/2021	6/30/2024	94,176	Yes	94,176
R.L. Klein & Associates	Telemedicine Psychiatric Services	9/1/2021	6/30/2024	164,640	Yes	164,640
AB Staffing Solutions, LLC	Audiology	11/1/2021	10/31/2022	149,760	Yes	149,760
Kristina Lopez	Physical Therapy	12/1/2021	6/30/2022	74,400	Yes	74,400
Prudence A. Smith, MD	Radiologist	1/1/2022	12/31/2022	145,600	Yes	145,600
R.L. Klein & Associates	Psychology Services	4/1/2022	6/30/2023	429,000	Yes	429,000
R.L. Klein & Associates	Telemedicine Psychiatric Services	6/24/2022	6/30/2024	166,080	Yes	166,080
Maxim Healthcare Staffing Services, Inc	Licensed and Certified Clinical Level-of-Care Staffing	7/1/2022	9/29/2022	149,900	Yes	149,900
Cross Country Staffing, Inc	Licensed and Certified Clinical Level-of-Care Staffing	7/1/2022	9/29/2022	149,900	Yes	149,900
SHC Services, Inc	Licensed and Certified Clinical Level-of-Care Staffing	7/1/2022	9/29/2022	149,900	Yes	149,900
Health Advocates Network, Inc	Licensed and Certified Clinical Level-of-Care Staffing	7/1/2022	6/30/2023	1,232,640	Yes	1,232,640
Prudence A. Smith, MD	Radiologist	1/1/2023	12/31/2023	145,600	Yes	145,600
Talantage	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2023	12/31/2023	967,470	Yes	967,470
22nd Century Technologies, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2023	12/31/2023	1,061,320	Yes	1,061,320
Cross Country Staffing, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2023	12/31/2023	1,243,840	Yes	1,243,840
Medical Edge Recruitment, LLC	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2023	12/31/2023	1,387,360	Yes	1,387,360
Healthcare Staffing Professionals, Inc	Psychology Services	7/1/2023	6/30/2024	338,000	Yes	338,000
R.L. Klein & Associates	Psychology Services	7/1/2023	6/30/2024	$429,000	Yes	$429,000

CONTRACTOR NAME	TYPE OF SERVICE	START DATE	END DATE	PORTERVILLE AMOUNT	USED ONLY AT PORTERVILLE?	CONTRACT MAXIMUM COST
Claude M. Schutz, DPM, Inc	Podiatry	7/1/2023	6/30/2026	210,288	Yes	210,288
John D. Blackburn, OD	Optometry	7/1/2023	6/30/2026	249,600	Yes	249,600
AB Staffing Solutions, LLC	Audiology	7/1/2023	6/30/2025	149,760	Yes	149,760
Dawn Camarena	Radiology Technician	7/1/2023	6/30/2025	68,000	Yes	68,000
Parmod Kumar, MD	Gastroenterology	7/1/2023	6/30/2026	54,000	Yes	54,000
Rajendra Dwivedi, MD	Urology	7/1/2023	6/30/2026	108,000	Yes	108,000
Anil Reddy Anumandla, MD	Cardiology	7/1/2023	6/30/2024	72,000	Yes	72,000
Premier Pathology Laboratories, Inc	Pathology	7/1/2023	6/30/2026	57,600	Yes	57,600
Harpreet Sandhu, MD	Pulmonology	7/1/2023	6/30/2026	30,000	Yes	30,000
Sierra View Nephrology	Nephrology	7/1/2023	6/30/2026	39,600	Yes	39,600
Ramasamy Seralathan, MD	Medical Surgery	7/1/2023	6/30/2026	67,500	Yes	67,500
Kristina Lopez	Physical Therapy	7/1/2023	6/30/2025	251,160	Yes	251,160
Adelphi Medical Staffing, LLC	Speech Language Pathology	9/1/2023	6/30/2024	95,000	Yes	95,000
Maxim Healthcare Staffing Services, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	2,925,000	Yes	2,925,000
Tryfacta, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	3,001,050	Yes	3,001,050
Medical Edge Recruitment, LLC	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	3,120,000	Yes	3,120,000
Cross Country Staffing, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	3,237,000	Yes	3,237,000
Supplemental Health Care	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	3,497,000	Yes	3,497,000
Prudence A. Smith, MD	Radiologist	1/1/2024	6/30/2026	201,600	Yes	201,600
Medical Edge Recruitment, LLC	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	4,264,000	Yes	4,264,000
Cross Country Staffing, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	4,966,000	Yes	4,966,000
Platinum Empire Group, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	5,616,000	Yes	5,616,000
Maxim Healthcare Staffing Services, Inc	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	5,928,000	Yes	5,928,000
Adelphi Medical Staffing, LLC	Licensed and Certified Clinical Level-of-Care Staffing	1/1/2024	6/30/2026	5,980,000	Yes	5,980,000
Anil Reddy Anumandla, MD	Cardiology	7/1/2024	6/30/2025	72,000	Yes	72,000
Mark Tindall, MD	Orthopedics	7/1/2024	6/30/2027	51,000	Yes	51,000
Daniel Boken, MD	Infectious Disease Specialty	7/1/2024	6/30/2027	18,000	Yes	18,000
Ramu Thiagarajan, MD, Inc	Neurology	7/1/2024	6/30/2027	187,200	Yes	187,200
R.L. Klein & Associates	Telemedicine Psychiatric Services	7/1/2024	6/30/2026	149,907	Yes	149,907
LM Piestrup Consulting	Registered Dietitian Services	7/1/2024	6/30/2027	94,176	Yes	94,176
TC Porterfield	Registered Dietitian Services	7/1/2024	6/30/2027	94,176	Yes	94,176
R.L. Klein & Associates	Speech Language Pathology	7/1/2024	6/30/2025	84,230	Yes	84,230

Source: Facility contract data.

Note: Porterville had access to 101 staffing contracts over the audit period, with 44 different vendors. The majority of the staffing contracts were sole-service contracts.

Table A.3
Salinas Valley Contracts

CONTRACTOR NAME	TYPE OF SERVICE	START DATE	END DATE	SALINAS VALLEY ALLOTMENT FOR FY 2019–20 THROUGH FY 2024–25	USED ONLY AT SALINAS VALLEY?	CONTRACT MAXIMUM COST
Management Solution	Medical Service Staffing	5/6/2014	12/31/2025	$64,736,850	No	*
Management Solution	Dental and Mental Health Staffing	5/1/2017	4/30/2022	44,373,221	No	$398,514,744
Management Solution	Dental and Mental Health Staffing	5/1/2022	4/30/2026	45,228,869	No	567,589,640

Source: Facility contract data and budget documents.

Note: Salinas Valley had access to three statewide contracts during the audit period, all with the same vendor.

* CDCR asserts that its medical service staffing contract is confidential, so we do not include the maximum cost of that contract in the table.

Table A.4
Additional Facility Contracts From July 1, 2025, Through September 30, 2025

CONTRACTOR NAME	TYPE OF SERVICE	START DATE	END DATE	FACILITY AMOUNT	USED ONLY AT THIS FACILITY?	CONTRACT MAXIMUM COST
ATASCADERO						
Bestnest Management, LLC	Licensed Psychologist Services	9/23/2025	7/31/2026	$5,334,656	No	$14,726,878
Pinnacle Health Services, Inc	Licensed Psychologist Services	9/24/2025	7/31/2026	6,018,566	No	14,960,788
Huckeye Health Staffing, LLC	Licensed Psychologist Services	9/24/2025	7/31/2026	6,357,162	No	16,219,260
VitaWerks, Inc	Licensed Psychologist Services	9/24/2025	7/31/2026	17,331,810	No	36,824,916
InSync Consulting Services, Inc	Licensed Psychologist Services	9/25/2025	7/31/2026	2,666,316	No	8,546,766
PORTERVILLE						
Dawn Camarena	Bone Density and Relief Radiology Technician Services	7/1/2025	6/30/2026	$76,000	Yes	$76,000
Prudence Ann Smith, MD	Radiologic	7/1/2025	6/30/2027	308,760	Yes	308,760
Imaging Associates, Inc	Ultrasound	7/1/2025	6/30/2028	125,000	Yes	125,000
Central Valley Heart Institute, Inc	Cardiology	7/1/2025	6/30/2026	72,000	Yes	72,000
Huckeye Health Staffing, LLC	Physical Therapist	9/1/2025	6/30/2027	183,000	Yes	183,000

Source: Facility contract data.

Note: The Audit Committee asked us to identify this information for contracts in the current and upcoming budget years. We did not include these contracts as part of our analysis in the report. Salinas Valley did not gain new contracts during the time period.

Appendix B

Facilities' Vacancy Rates, Hires, and Separations Vary by Job Classification Grouping

To provide more detail about the overall vacancy rates we discuss in the report, Table B.1 shows the vacancy rate by fiscal year, position type, and facility. As we discuss in the report, the nursing grouping comprises most of each facility's authorized positions and has the largest impact on the facilities' overall vacancy rates.

Table B.1
Vacancy Rates by Facility, Position Type, and Fiscal Year

	VACANCY RATES BY FISCAL YEAR						
JOB CLASSIFICATION GROUPS	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25*	CHANGE OVER TIME (FISCAL YEARS 2019–20 THROUGH 2023–24†)
ATASCADERO							
Mental Health	25.6%	22.3%	27.4%	32.0%	36.0%	38.0%	40.6%
Nursing	20.7	15.4	18.9	25.2	28.8	27.5	39.1
Primary Care	20.6	19.2	22.2	18.7	5.6	8.5	(72.8)
Psychiatry	67.6	67.2	72.6	71.0	67.4	58.6	(0.3)
Other	14.9	12.4	16.6	30.4	30.6	26.9	105.4
PORTERVILLE							
Mental Health	20.2%	12.6%	28.7%	32.2%	19.9%	18.1%	(1.5%)
Nursing	35.7	32.1	34.1	37.6	37.5	40.4	5.0
Primary Care	54.0	51.8	51.8	63.0	56.4	50.0	4.4
Psychiatry	52.9	50.0	50.0	50.0	47.4	64.9	(10.4)
Other	16.5	19.7	22.7	28.7	24.6	22.6	49.1
SALINAS VALLEY							
Mental Health	40.7%	43.9%	64.4%	65.9%	64.5%	61.9%	58.5%
Nursing	32.8	28.7	46.4	46.4	50.6	50.2	54.3
Primary Care	18.6	32.9	46.5	41.0	48.3	52.3	159.7
Psychiatry	39.3	9.8	42.4	63.4	57.9	52.1	47.4
Other	20.4	25.9	33.1	41.2	44.0	43.1	115.7

Source: Analysis of SCO's vacancy data, Porterville's monthly staffing reports, and CDCR's monthly staffing reports.

* Vacancy rates for fiscal year 2024–25 are based on July 2024 through December 2024 data.

† We show the percentage change in the vacancy rate from fiscal year 2019–20 through fiscal year 2023–24, the last year for which we had complete data.

Table B.2 shows for each facility, by fiscal year and position type, the number of state employees appointed and the number that separated, including an associated calculation of the facilities' net gains or losses by position type and overall. Appointments include hires and changes in job classification, while separations include separations from the facility or changes in job classification—if an individual changed from one job classification to another within the same group and facility, they were counted as both an appointment and a separation, resulting in no net gain or loss in that grouping. As we discuss in the report, while the net gains and losses remained fairly steady from year to year in most groupings, they fluctuated considerably in the nursing grouping at each facility throughout our audit period.

Table B.2
Appointments, Separations, Net Gains, and Net Losses in Medical and Mental Health Care Employees

	FISCAL YEAR 2019–20			FISCAL YEAR 2020–21			FISCAL YEAR 2021–22			FISCAL YEAR 2022–23			FISCAL YEAR 2023–24			FISCAL YEAR 2024–25		
JOB CLASSIFICATION GROUP	APPOINT-MENTS	SEPARA-TIONS	NET GAIN/ LOSS	APPOINT-MENTS	SEPARA-TIONS	NET GAIN/ LOSS	APPOINT-MENTS	SEPARA-TIONS	NET GAIN/ LOSS	APPOINT-MENTS	SEPARA-TIONS	NET GAIN/ LOSS	APPOINT-MENTS	SEPARA-TIONS	NET GAIN/ LOSS	APPOINT-MENTS	SEPARA-TIONS	NET GAIN/ LOSS
ATASCADERO																		
Mental Health	44	37	7	39	40	(1)	32	31	1	45	46	(1)	30	42	(12)	22	25	(3)
Nursing	396	316	80	332	343	(11)	336	329	7	310	330	(20)	349	330	19	149	152	(3)
Primary Care	4	1	3	3	1	2	4	3	1	3	0	3	0	1	(1)	1	1	0
Psychiatry	2	4	(2)	1	5	(4)	3	8	(5)	3	3	0	3	1	2	2	0	2
Other	32	19	13	23	21	2	29	33	(4)	29	26	3	36	25	11	18	12	6
Totals	**478**	**377**	**101**	**398**	**410**	**(12)**	**404**	**404**	**0**	**390**	**405**	**(15)**	**418**	**399**	**19**	**192**	**190**	**2**
PORTERVILLE																		
Mental Health	10	7	3	9	9	0	9	8	1	7	5	2	9	6	3	9	7	2
Nursing	144	167	(23)	109	98	11	78	82	(4)	102	82	20	84	104	(20)	38	43	(5)
Primary Care	0	0	0	1	1	0	2	0	2	0	0	0	3	0	3	0	0	0
Psychiatry	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	1	1
Other	12	8	4	18	17	1	8	8	0	12	7	5	13	8	5	6	9	(3)
Totals	**166**	**182**	**(16)**	**137**	**125**	**12**	**97**	**98**	**(1)**	**121**	**94**	**27**	**109**	**118**	**(9)**	**55**	**60**	**(5)**
SALINAS VALLEY																		
Mental Health	13	16	(3)	15	16	(1)	12	18	(6)	18	13	5	15	12	3	7	7	0
Nursing	109	164	(55)	84	82	2	79	95	(16)	45	65	(20)	73	74	(1)	32	27	5
Primary Care	0	2	(2)	0	0	0	3	1	2	0	1	(1)	1	1	0	0	0	0
Psychiatry	3	1	2	1	3	(2)	2	3	(1)	1	0	1	1	0	1	1	0	1
Other	8	6	2	12	11	1	22	19	3	23	24	(1)	19	16	3	9	6	3
Totals	**133**	**189**	**(56)**	**112**	**112**	**0**	**118**	**136**	**(18)**	**87**	**103**	**(16)**	**109**	**103**	**6**	**49**	**40**	**9**

Source: SCO data.

Note: Data for fiscal year 2024–25 is from July through December 2024 only. Net gains and losses are based on appointments and separations that were effective from July 2019 through December 2024. Appointments include hires and changes in job classification, while separations include separations from the facility and changes in job classification. If an individual changed from one job classification to another within the same facility, but remained within the same job category, they were counted as both an appointment and a separation, resulting in no net gain or loss in that grouping.

Appendix C

Facility Vacancy Savings

Each facility budgeted funds for medical and mental health care positions that it did not fill and thus had vacancy savings. The budget staff at each department asserted that they use a portion of their vacancy savings toward the cost of contract workers, as well as other costs associated with filling vacancies, such as overtime and temporary help. However, after accounting for the cost of contract workers, each facility still had vacancy savings remaining. Tables C.1–C.3 show the vacancy savings we calculated for each facility by job classification grouping.

Table C.1
Atascadero Had Vacancy Savings Even After Accounting for the Cost of Contract Workers
Fiscal Years 2019–20 Through 2024–25

JOB CLASSIFICATION GROUP	BUDGETED EXPENDITURES FOR STAFF	STATE EMPLOYEE EXPENDITURES*	VACANCY SAVINGS	PERCENT OF BUDGET UNSPENT	CONTRACTED WORKER EXPENDITURES	REMAINING VACANCY SAVINGS (ADDITIONAL SPENDING)
Fiscal Year 2019–20						
Mental Health	$12,583,931	$8,463,685	$4,120,246	33%	—	$4,120,246
Nursing	85,272,288	56,448,461	28,823,827	34	$4,378,107	24,445,720
Primary Care	3,722,598	3,255,568	467,030	13	216,749	250,281
Psychiatry	7,220,550	4,417,589	2,802,961	39	13,996,283	(11,193,322)
Other	10,125,110	7,442,987	2,682,123	26	476,255	2,205,868
Totals	**$118,924,477**	**$80,028,290**	**$38,896,187**	**33%**	**$19,067,394**	**$19,828,793**
Fiscal Year 2020–21						
Mental Health	$14,723,760	$8,902,038	$5,821,722	40%	—	$5,821,722
Nursing	92,177,703	56,627,674	35,550,029	39	$3,268,739	32,281,290
Primary Care	4,211,721	3,235,145	976,576	23	—	976,576
Psychiatry	9,315,776	3,946,583	5,369,193	58	15,776,680	(10,407,486)
Other	11,027,084	7,383,231	3,643,853	33	392,390	3,251,462
Totals	**$131,456,044**	**$80,094,670**	**$51,361,374**	**39%**	**$19,437,810**	**$31,923,564**
Fiscal Year 2021–22						
Mental Health	$14,938,196	$10,540,069	$4,398,127	29%	—	$4,398,127
Nursing	91,286,126	65,608,363	25,677,763	28	$2,697,574	22,980,189
Primary Care	5,044,329	4,105,229	939,100	19	—	939,100
Psychiatry	9,871,147	4,064,206	5,806,941	59	14,810,975	(9,004,034)
Other	11,277,306	8,701,527	2,575,779	23	207,382	2,368,397
Totals	**$132,417,104**	**$93,019,393**	**$39,397,711**	**30%**	**$17,715,932**	**$21,681,779**

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JOB CLASSIFICATION GROUP	BUDGETED EXPENDITURES FOR STAFF	STATE EMPLOYEE EXPENDITURES*	VACANCY SAVINGS	PERCENT OF BUDGET UNSPENT	CONTRACTED WORKER EXPENDITURES	REMAINING VACANCY SAVINGS (ADDITIONAL SPENDING)
Fiscal Year 2022–23						
Mental Health	$15,534,392	$10,794,709	$4,739,683	31%	$159,538	$4,580,145
Nursing	95,767,738	69,952,194	25,815,544	27	13,094,539	12,721,004
Primary Care	5,009,392	4,633,991	375,401	7	—	375,401
Psychiatry	11,329,200	4,198,645	7,130,555	63	14,045,300	(6,914,745)
Other	11,441,406	9,170,723	2,270,683	20	962,748	1,307,935
Totals	**$139,082,128**	**$98,750,261**	**$40,331,867**	**29%**	**$28,262,126**	**$12,069,741**
Fiscal Year 2023–24						
Mental Health	$15,824,327	$11,538,791	$4,285,536	27%	$116,150	$4,169,386
Nursing	99,778,491	73,709,367	26,069,124	26	11,943,567	14,125,556
Primary Care	5,552,242	6,061,441	(509,199)	(9)	—	(509,199)
Psychiatry	11,749,731	5,414,909	6,334,822	54	11,765,642	(5,430,821)
Other	12,551,386	10,724,759	1,826,627	15	1,009,772	816,856
Totals	**$145,456,177**	**$107,449,267**	**$38,006,910**	**26%**	**$24,835,132**	**$13,171,778**
Fiscal Year 2024–25†						
Mental Health	$15,805,616	$11,426,792	$4,378,824	28%	$130,800	$4,248,024
Nursing	105,835,500	77,854,063	27,981,437	26	9,598,203	18,383,234
Primary Care	5,823,715	5,969,776	(146,061)	(3)	—	(146,061)
Psychiatry	11,006,390	6,065,063	4,941,327	45	11,764,419	(6,823,093)
Other	13,518,782	11,656,206	1,862,576	14	920,157	942,419
Totals	**$151,990,003**	**$112,971,900**	**$39,018,103**	**26%**	**$22,413,579**	**$16,604,524**

Source: State budget documents, SCO data, and facility invoice data.

Note: Atascadero had vacancy savings each fiscal year from 2019–20 through 2024–25, even after accounting for the cost of contract workers. The department asserted that they use savings to cover costs associated with filling vacancies, such as overtime and temporary help.

* State employee expenditures are for regular gross payments, excluding payments for items such as pay differentials and overtime. It also excludes payments to retired annuitants and some other temporary positions.

† Expenditures for fiscal year 2024–25 are projected based on data from July through December 2024.

Table C.2
Porterville Had Vacancy Savings Even After Accounting for the Cost of Contract Workers
Fiscal Years 2019–20 Through 2024–25

JOB CLASSIFICATION GROUP	BUDGETED EXPENDITURES FOR STAFF	STATE EMPLOYEE EXPENDITURES*	VACANCY SAVINGS	PERCENT OF BUDGET UNSPENT	CONTRACTED WORKER EXPENDITURES	REMAINING VACANCY SAVINGS (ADDITIONAL SPENDING)
Fiscal Year 2019–20						
Mental Health	$2,964,187	$1,318,742	$1,645,445	56%	$3,000	$1,642,445
Nursing	45,240,854	23,662,933	21,577,921	48	1,684,690	19,893,232
Primary Care	3,294,979	1,658,797	1,636,182	50	327,008	1,309,175
Psychiatry	841,596	585,512	256,084	30	5,200	250,884
Other	4,920,661	3,170,278	1,750,383	36	891,945	858,439
Totals	**$57,262,277**	**$30,396,260**	**$26,866,017**	**47%**	**$2,911,842**	**$23,954,175**
Fiscal Year 2020–21						
Mental Health	$2,378,166	$1,504,252	$873,914	37%	—	$873,914
Nursing	39,218,432	22,690,606	16,527,826	42	$2,808,591	13,719,235
Primary Care	3,940,244	1,567,807	2,372,437	60	671,174	1,701,264
Psychiatry	871,700	545,902	325,798	37	3,199	322,600
Other	4,675,418	2,852,955	1,822,463	39	1,095,615	726,847
Totals	**$51,083,960**	**$29,161,522**	**$21,922,438**	**43%**	**$4,578,579**	**$17,343,859**
Fiscal Year 2021–22						
Mental Health	$2,645,467	$1,638,103	$1,007,364	38%	—	$1,007,364
Nursing	48,230,783	26,836,178	21,394,605	44	$2,617,583	18,777,022
Primary Care	5,684,107	2,200,769	3,483,338	61	9,000	3,474,338
Psychiatry	1,132,808	641,664	491,144	43	24,696	466,448
Other	4,543,714	3,490,807	1,052,907	23	539,859	513,048
Totals	**$62,236,879**	**$34,807,520**	**$27,429,359**	**44%**	**$3,191,138**	**$24,238,221**
Fiscal Year 2022–23						
Mental Health	$2,888,733	$1,838,008	$1,050,725	36%	$900	$1,049,825
Nursing	48,853,865	27,996,415	20,857,450	43	4,007,785	16,849,664
Primary Care	5,635,390	2,499,140	3,136,250	56	10,200	3,126,050
Psychiatry	1,135,808	654,504	481,304	42	50,568	430,736
Other	4,560,197	3,696,778	863,419	19	570,761	292,658
Totals	**$63,073,993**	**$36,684,846**	**$26,389,147**	**42%**	**$4,640,214**	**$21,748,933**
Fiscal Year 2023–24						
Mental Health	$2,917,855	$2,260,933	$656,922	23%	—	$656,922
Nursing	51,440,000	27,496,103	23,943,897	47	$3,121,392	20,822,505
Primary Care	6,153,598	3,157,414	2,996,184	49	—	2,996,184
Psychiatry	1,207,304	785,923	421,381	35	69,384	351,997
Other	4,711,727	4,213,309	498,418	11	743,766	(245,348)
Totals	**$66,430,484**	**$37,913,681**	**$28,516,803**	**43%**	**$3,934,542**	**$24,582,261**

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JOB CLASSIFICATION GROUP	BUDGETED EXPENDITURES FOR STAFF	STATE EMPLOYEE EXPENDITURES*	VACANCY SAVINGS	PERCENT OF BUDGET UNSPENT	CONTRACTED WORKER EXPENDITURES	REMAINING VACANCY SAVINGS (ADDITIONAL SPENDING)
Fiscal Year 2024–25†						
Mental Health	$2,899,654	$2,548,987	$350,667	12%	—	$350,667
Nursing	49,389,614	27,465,994	21,923,620	44	$3,902,860	18,020,760
Primary Care	5,920,037	3,673,850	2,246,187	38	12,000	2,234,187
Psychiatry	1,174,188	592,387	581,801	50	60,147	521,654
Other	4,777,174	4,343,235	433,939	9	705,394	(271,455)
Totals	**$64,160,667**	**$38,624,453**	**$25,536,214**	**40%**	**$4,680,401**	**$20,855,813**

Source: State budget documents, SCO data, and facility invoice data.

Note: Porterville had vacancy savings each fiscal year from 2019–20 through 2024–25, even after accounting for the cost of contract workers. The department asserted that they use savings to cover costs associated with filling vacancies, such as overtime and temporary help.

* State employee expenditures are for regular gross payments, excluding payments for items such as pay differentials and overtime. It also excludes payments to retired annuitants and some other temporary positions.

† Expenditures for fiscal year 2024–25 are projected based on data from July through December 2024.

Table C.3
Salinas Valley Had Vacancy Savings Even After Accounting for the Cost of Contract Workers Fiscal Years 2019–20 Through 2024–25

JOB CLASSIFICATION GROUP	BUDGETED EXPENDITURES FOR STAFF	STATE EMPLOYEE EXPENDITURES*	VACANCY SAVINGS	PERCENT OF BUDGET UNSPENT	CONTRACTED WORKER EXPENDITURES†	REMAINING VACANCY SAVINGS (ADDITIONAL SPENDING)
Fiscal Year 2019–20						
Mental Health	$8,929,277	$2,863,223	$6,066,054	68%	$3,633,857	$2,432,198
Nursing	46,894,189	26,522,545	20,371,644	43	3,023,348	17,348,296
Primary Care	3,879,322	1,882,171	1,997,151	51	393,316	1,603,835
Psychiatry	5,187,748	535,395	4,652,353	90	1,470,014	3,182,339
Other	7,361,563	4,352,273	3,009,290	41	676,416	2,332,874
Totals	**$72,252,099**	**$36,155,606**	**$36,096,493**	**50%**	**$9,196,951**	**$26,899,542**
Fiscal Year 2020–21						
Mental Health	$8,482,018	$2,924,674	$5,557,344	66%	$3,856,672	$1,700,671
Nursing	46,865,774	21,379,594	25,486,180	54	4,807,189	20,678,991
Primary Care	4,379,467	1,573,489	2,805,978	64	1,309,303	1,496,675
Psychiatry	5,385,668	762,142	4,623,526	86	2,388,508	2,235,018
Other	7,815,887	4,236,593	3,579,294	46	715,381	2,863,913
Totals	**$72,928,814**	**$30,876,492**	**$42,052,322**	**58%**	**$13,077,053**	**$28,975,270**
Fiscal Year 2021–22						
Mental Health	$8,673,278	$2,847,616	$5,825,662	67%	$3,428,873	$2,396,789
Nursing	37,540,889	23,577,032	13,963,857	37	4,825,150	9,138,707
Primary Care	4,648,584	1,831,363	2,817,221	61	1,518,474	1,298,747
Psychiatry	4,659,730	668,114	3,991,616	86	2,823,956	1,167,660
Other	7,723,686	4,697,925	3,025,761	39	500,951	2,524,810
Totals	**$63,246,167**	**$33,622,050**	**$29,624,117**	**47%**	**$13,097,403**	**$16,526,714**
Fiscal Year 2022–23						
Mental Health	$9,599,927	$2,993,010	$6,606,917	69%	$3,818,066	$2,788,852
Nursing	34,879,861	23,512,243	11,367,618	33	6,143,987	5,223,631
Primary Care	4,135,295	2,177,784	1,957,511	47	1,746,223	211,288
Psychiatry	4,748,817	537,306	4,211,512	89	2,794,107	1,417,405
Other	6,883,416	5,156,838	1,726,578	25	519,608	1,206,970
Totals	**$60,247,316**	**$34,377,180**	**$25,870,136**	**43%**	**$15,021,990**	**$10,848,146**
Fiscal Year 2023–24						
Mental Health	$9,944,838	$3,823,152	$6,121,686	62%	$4,443,857	$1,677,829
Nursing	38,161,855	24,365,496	13,796,359	36	6,968,463	6,827,896
Primary Care	3,721,612	2,183,952	1,537,660	41	583,826	953,834
Psychiatry	5,177,240	1,030,493	4,146,747	80	2,846,098	1,300,650
Other	7,791,632	5,899,932	1,891,700	24	663,320	1,228,380
Totals	**$64,797,177**	**$37,303,025**	**$27,494,152**	**42%**	**$15,505,563**	**$11,988,588**

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JOB CLASSIFICATION GROUP	BUDGETED EXPENDITURES FOR STAFF	STATE EMPLOYEE EXPENDITURES*	VACANCY SAVINGS	PERCENT OF BUDGET UNSPENT	CONTRACTED WORKER EXPENDITURES†	REMAINING VACANCY SAVINGS (ADDITIONAL SPENDING)
Fiscal Year 2024–25‡						
Mental Health	$10,171,673	$4,155,978	$6,015,695	59%	$5,253,155	$762,539
Nursing	38,967,934	25,442,532	13,525,402	35	7,112,300	6,413,102
Primary Care	4,144,706	2,356,088	1,788,618	43	888,873	899,745
Psychiatry	5,363,448	1,456,688	3,906,760	73	2,790,308	1,116,452
Other	8,116,150	6,305,967	1,810,183	22	753,774	1,056,409
Totals	**$66,763,911**	**$39,717,254**	**$27,046,657**	**41%**	**$16,798,410**	**$10,248,247**

Source: State budget documents, SCO data, and facility invoice data.

Note: Salinas Valley had vacancy savings each fiscal year from 2019–20 through 2024–25, even after accounting for the cost of contract workers. The department asserted that they use savings to cover costs associated with filling vacancies, such as overtime and temporary help.

* State employee expenditures are for regular gross payments, excluding payments for items such as pay differentials and overtime. It also excludes payments to retired annuitants and some other temporary positions.

† Salinas Valley amounts do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

‡ Expenditures for fiscal year 2024–25 are projected based on data from July through December 2024.

Appendix D

Hourly Costs for State Employees and Contract Workers

We calculated the average hourly costs each facility incurred for contract workers and state employees in a variety of medical and mental health care classifications. We found that for most classifications, contract workers cost more per hour than state employees. We included the State's contributions for benefits and withholdings when calculating the total cost for state employees. Similarly, when calculating the total cost for contract workers, we included any administration fees or overhead paid to the staffing agency. Table D summarizes the average hourly costs per fiscal year for selected medical and mental health care classifications at the three facilities from fiscal years 2019–20 through 2024–25.

Table D
Most Contract Workers Cost More Per Hour Than State Employees in the Same Job Classifications
Fiscal Years 2019–20 Through 2024–25

		AVERAGE HOURLY COST TO THE STATE*								
		ATASCADERO			PORTERVILLE			SALINAS VALLEY		
JOB CLASSIFICATION	FISCAL YEAR	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE
Mental Health										
Clinical Social Worker	2019–20	$60	n/a	n/a	$57	$75	$18	$65	$73	$8
	2020–21	54	n/a	n/a	55	n/a	n/a	57	74	17
	2021–22	62	n/a	n/a	61	n/a	n/a	66	86	20
	2022–23	66	$86	$20	66	75	9	70	127	57
	2023–24	69	n/a	n/a	70	n/a	n/a	75	128	53
	2024–25	69	n/a	n/a	72	n/a	n/a	75	128	53
Psychologist	2019–20	76	n/a	n/a	71	n/a	n/a	78	139	61
	2020–21	68	n/a	n/a	64	n/a	n/a	66	138	72
	2021–22	78	n/a	n/a	71	n/a	n/a	79	145	66
	2022–23	85	115	30	75	n/a	n/a	86	189	103
	2023–24	93	115	22	83	n/a	n/a	85	196	111
	2024–25	92	125	33	81	n/a	n/a	91	196	105
Nursing										
Certified Nursing Assistant	2019–20	n/a	n/a	n/a	n/a	$41	n/a	$26	$54	$28
	2020–21	n/a	n/a	n/a	n/a	40	n/a	25	59	34
	2021–22	n/a	n/a	n/a	n/a	62	n/a	29	57	28
	2022–23	n/a	n/a	n/a	n/a	64	n/a	32	60	28
	2023–24	n/a	n/a	n/a	n/a	41	n/a	38	59	21
	2024–25	n/a	n/a	n/a	n/a	41	n/a	39	60	21

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		AVERAGE HOURLY COST TO THE STATE*								
		ATASCADERO			PORTERVILLE			SALINAS VALLEY		
JOB CLASSIFICATION	FISCAL YEAR	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE
Licensed Vocational Nurse	2019–20	$38	n/a	n/a	$41	68	$27	52	71	19
	2020–21	37	n/a	n/a	38	71	33	46	78	32
	2021–22	42	$57	$15	42	69	27	52	75	23
	2022–23	48	80	32	43	79	36	56	79	23
	2023–24	51	59	8	47	62	15	58	76	18
	2024–25	55	60	5	45	60	15	58	77	19
Licensed Psychiatric Technician	2019–20	47	n/a	n/a	48	75	27	48	76	28
	2020–21	43	n/a	n/a	45	80	35	45	69	24
	2021–22	50	65	15	52	101	49	53	77	24
	2022–23	55	65	10	56	73	17	58	80	22
	2023–24	57	63	6	59	61	2	60	n/a	n/a
	2024–25	57	63	6	59	59	0	60	n/a	n/a
Registered Nurse	2019–20	74	136	62	75	110	35	82	58	(24)
	2020–21	68	125	57	67	115	48	75	102	27
	2021–22	76	117	41	74	125	51	86	99	13
	2022–23	81	135	54	76	108	32	92	109	17
	2023–24	85	116	31	80	81	1	95	105	10
	2024–25	84	119	35	81	80	(1)	96	109	13
Other										
Clinical Laboratory Technician†	2019–20	$50	n/a	n/a	$58	n/a	n/a	n/a	n/a	n/a
	2020–21	51	$34	$(17)	54	$120	$66	n/a	n/a	n/a
	2021–22	60	34	(26)	57	n/a	n/a	n/a	n/a	n/a
	2022–23	63	34	(29)	59	n/a	n/a	n/a	n/a	n/a
	2023–24	65	n/a	n/a	64	n/a	n/a	n/a	n/a	n/a
	2024–25	n/a	n/a	n/a	64	n/a	n/a	n/a	n/a	n/a
Dentist‡	2019–20	179	n/a	n/a	174	450	276	$175	—	—
	2020–21	160	n/a	n/a	165	450	285	160	—	—
	2021–22	182	n/a	n/a	174	n/a	n/a	170	—	—
	2022–23	194	n/a	n/a	180	n/a	n/a	187	—	—
	2023–24	210	n/a	n/a	193	n/a	n/a	204	—	—
	2024–25	215	n/a	n/a	171	n/a	n/a	187	—	—
Dietetic Technician	2019–20	29	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2020–21	28	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2021–22	29	n/a	n/a	19	n/a	n/a	n/a	n/a	n/a
	2022–23	33	46	13	n/a	n/a	n/a	n/a	n/a	n/a
	2023–24	32	46	14	30	n/a	n/a	n/a	n/a	n/a
	2024–25	34	46	12	n/a	n/a	n/a	n/a	n/a	n/a
Laboratory Assistant	2019–20	34	n/a	n/a	39	n/a	n/a	28	n/a	n/a
	2020–21	32	n/a	n/a	35	n/a	n/a	30	n/a	n/a
	2021–22	39	37	(2)	38	n/a	n/a	32	n/a	n/a
	2022–23	37	42	5	35	n/a	n/a	33	n/a	n/a
	2023–24	39	43	4	41	n/a	n/a	38	n/a	n/a
	2024–25	37	43	6	43	n/a	n/a	36	n/a	n/a

		AVERAGE HOURLY COST TO THE STATE*								
		ATASCADERO			PORTERVILLE			SALINAS VALLEY		
JOB CLASSIFICATION	FISCAL YEAR	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE
Medical Assistant	2019–20	n/a	n/a	n/a	n/a	n/a	n/a	26	$23	$(3)
	2020–21	n/a	n/a	n/a	n/a	n/a	n/a	25	52	27
	2021–22	37	n/a	n/a	n/a	n/a	n/a	33	42	9
	2022–23	40	n/a	n/a	n/a	n/a	n/a	30	40	10
	2023–24	40	n/a	n/a	n/a	n/a	n/a	34	44	10
	2024–25	41	n/a	n/a	n/a	n/a	n/a	37	45	8
Pharmacist	2019–20	86	n/a	n/a	88	185	97	93	85	(8)
	2020–21	78	n/a	n/a	82	n/a	n/a	83	85	2
	2021–22	88	n/a	n/a	94	n/a	n/a	96	85	(11)
	2022–23	101	n/a	n/a	105	n/a	n/a	106	85	(21)
	2023–24	107	n/a	n/a	111	n/a	n/a	109	85	(24)
	2024–25	107	n/a	n/a	108	n/a	n/a	106	85	(21)
Pharmacy Technician	2019–20	38	n/a	n/a	38	100	62	39	31	(8)
	2020–21	36	n/a	n/a	36	n/a	n/a	35	n/a	n/a
	2021–22	40	35	(5)	40	n/a	n/a	40	n/a	n/a
	2022–23	42	n/a	n/a	42	n/a	n/a	43	31	(12)
	2023–24	44	n/a	n/a	45	n/a	n/a	43	36	(7)
	2024–25	45	n/a	n/a	45	n/a	n/a	42	n/a	n/a
Physical Therapist	2019–20	n/a	68	n/a	66	115	49	n/a	79	n/a
	2020–21	57	68	11	65	128	63	n/a	79	n/a
	2021–22	66	n/a	n/a	73	34	(39)	n/a	80	n/a
	2022–23	74	n/a	n/a	n/a	34	n/a	n/a	97	n/a
	2023–24	76	n/a	n/a	n/a	115	n/a	n/a	100	n/a
	2024–25	76	n/a	n/a	n/a	115	n/a	n/a	100	n/a
Radiologic Technician§	2019–20	47	37	(10)	56	121	65	51	n/a	n/a
	2020–21	42	37	(5)	51	120	69	43	n/a	n/a
	2021–22	48	43	(5)	58	118	60	45	n/a	n/a
	2022–23	55	59	4	61	108	47	n/a	n/a	n/a
	2023–24	61	60	(1)	63	122	59	60	n/a	n/a
	2024–25	62	60	(2)	63	113	50	61	70	9
Registered Dietitian	2019–20	50	n/a	n/a	n/a	108	n/a	57	n/a	n/a
	2020–21	46	n/a	n/a	n/a	108	n/a	53	n/a	n/a
	2021–22	52	68	16	n/a	55	n/a	58	n/a	n/a
	2022–23	60	74	14	n/a	55	n/a	62	n/a	n/a
	2023–24	67	76	9	56	55	(1)	110	n/a	n/a
	2024–25	66	76	10	48	55	7	n/a	n/a	n/a
Rehabilitation Therapist	2019–20	56	113	57	55	n/a	n/a	63	n/a	n/a
	2020–21	51	94	43	51	n/a	n/a	54	n/a	n/a
	2021–22	58	91	33	58	n/a	n/a	121	n/a	n/a
	2022–23	61	78	17	63	75	12	n/a	n/a	n/a
	2023–24	69	78	9	73	75	2	n/a	n/a	n/a
	2024–25	70	78	8	73	n/a	n/a	n/a	88	n/a

continued on next page . . .

		AVERAGE HOURLY COST TO THE STATE*								
		ATASCADERO			PORTERVILLE			SALINAS VALLEY		
JOB CLASSIFICATION	FISCAL YEAR	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE	STATE WORKERS	CONTRACT WORKERS	DIFFERENCE
Respiratory Technician	2019–20	n/a	n/a	n/a	48	140	92	n/a	49	n/a
	2020–21	n/a	n/a	n/a	44	139	95	n/a	n/a	n/a
	2021–22	n/a	n/a	n/a	50	n/a	n/a	n/a	n/a	n/a
	2022–23	n/a	n/a	n/a	54	n/a	n/a	n/a	n/a	n/a
	2023–24	n/a	n/a	n/a	54	n/a	n/a	n/a	n/a	n/a
	2024–25	n/a	n/a	n/a	57	n/a	n/a	n/a	65	n/a
Primary Care										
Physician	2019–20	$165	$240	$75	$171	$376	$205	$208	$271	$63
	2020–21	148	n/a	n/a	155	376	221	189	274	85
	2021–22	175	n/a	n/a	180	n/a	n/a	211	274	63
	2022–23	183	n/a	n/a	188	n/a	n/a	217	273	56
	2023–24	200	n/a	n/a	200	n/a	n/a	226	281	55
	2024–25	195	n/a	n/a	190	n/a	n/a	216	292	76
Psychiatry										
Psychiatrist	2019–20	$191	$329	$138	$178	$133	$(45)	$190	$314	$124
	2020–21	170	350	180	163	200	37	177	361	184
	2021–22	191	347	156	184	294	110	199	359	160
	2022–23	200	325	125	191	294	103	217	358	141
	2023–24	233	314	81	227	294	67	249	359	110
	2024–25	230	314	84	211	315	104	246	359	113

Source: SCO's compensation data and facility invoice data.

Notes: Most job classifications at all three facilities had higher costs for contract workers than state workers. The only exceptions were some classifications in the "Other" job grouping at Atascadero and Salinas Valley. In addition, rates shown for fiscal year 2024–25 only cover the first half of the fiscal year.

Not every job classification at each facility had state employees or contract workers in every fiscal year. Job classifications that were not used at a given facility are notated with 'n/a' to indicate they are not applicable.

* Hourly costs are based on the State's regular payments with unestablished positions removed and include the State's share of administrative costs and benefits. Unestablished positions include temporary blanket help positions, such as retired annuitants. State employees may receive additional payments that are not included in our results, such as bonuses. However, these payments represent a small percentage of employee pay and do not affect the conclusions of our analysis.

† The hourly rate for civil service clinical laboratory technicians is an average hourly rate for both regular and senior clinical laboratory technicians.

‡ Salinas Valley contract worker amounts do not include contract dental providers. Refer to further discussion in the Scope and Methodology in Appendix F.

§ The hourly costs for radiologic technicians at Porterville for all years, as well as at Salinas Valley for fiscal years 2023–24 through 2024–25, are for senior radiologic technicians because those facilities did not employ regular radiologic technicians during those years.

Appendix E

Results of Facility Recruiting Efforts

We evaluated the number of job applications each of the three facilities received and rejected and the number of applicants they interviewed and hired for five different job classifications from calendar years 2019 to 2024. We found that despite Salinas Valley having the overall highest number of applicants, it hired just 11 percent or fewer of those whose applications were accepted for each classification, as Table E shows. Although Atascadero and Porterville generally received fewer applications than Salinas Valley, each of these facilities hired a greater percentage of their accepted applicants. Specifically, Atascadero hired from 20 percent to 59 percent of its accepted applicants in the selected job classifications, and Porterville generally hired from 24 percent to 38 percent of its accepted applicants.

Table E
The Three Facilities Did Not Hire the Majority of the Candidates Whose Applications Were Accepted to High-Vacancy Positions
Calendar Years 2019 Through December 2024

SELECTION OF HIGH VACANCY POSITIONS	TOTAL APPLICATIONS RECEIVED	TOTAL APPLICATIONS REJECTED*	TOTAL APPLICATIONS ACCEPTED	TOTAL APPLICANTS INTERVIEWED	TOTAL APPLICANTS HIRED	TOTAL PERCENTAGE OF ACCEPTED APPLICANTS HIRED
ATASCADERO						
Psychiatric Technician, Safety	1,230	230	1,000	630	377	38%
Staff Psychiatrist, Safety	49	25	24	12	8	33
Senior Psychologist, Specialist	41	12	29	27	17	59
Supervising Registered Nurse, Safety	79	43	36	20	8	22
Medical Assistant	100	44	56	34	11	20
Totals	**1,499**	**354**	**1,145**	**723**	**421**	**37%**
PORTERVILLE						
Registered Nurse, Safety	405	137	268	111	64	24%
Physician and Surgeon, Safety	33	7	26	19	10	38
Psychiatric Technician	733	148	585	319	174	30
Staff Psychiatrist, Safety	3	0	3	3	1	33
Supervising Registered Nurse II	0	0	0	0	0	0
Totals	**1,174**	**292**	**882**	**452**	**249**	**28%**
SALINAS VALLEY						
Registered Nurse, CF	1,324	630	694	267	66	10%
Certified Nursing Assistant	398	227	171	76	16	9
Psychiatric Technician, Safety	364	187	177	66	17	10
Licensed Vocational Nurse, CDCR	494	216	278	90	23	8
Medical Assistant	138	82	56	23	6	11
Totals	**2,718**	**1,342**	**1,376**	**522**	**128**	**9%**

Source: Facilities' recruitment tracking logs.

* CDCR asserts that no job applications for Salinas Valley are rejected. Thus, we calculated rejected applications based on the total applications received less those accepted.

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Appendix F

Scope and Methodology

The Audit Committee directed the California State Auditor to conduct an audit of the use of medical and mental health care staffing contracts by CDCR, DDS, DSH, Salinas Valley, Porterville, and Atascadero. Specifically, the Audit Committee directed us to review the three facilities' use of contract workers, their health care staff vacancies, and their oversight of staffing levels. Table F lists the objectives that the Audit Committee approved and the methods we used to address them. Unless otherwise stated in the table or elsewhere in the report, statements and conclusions about items selected for review should not be projected to the population.

Table F
Audit Objectives and the Methods Used to Address Them

	AUDIT OBJECTIVE	METHOD
1	Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed and evaluated the laws and regulations significant to the audit objective.
2	For the three selected facilities, evaluate budget and expenditure information for mental health care and medical workers for the past five fiscal years and perform the following: a. Calculate the amount budgeted for positions, salaries, and total compensation for mental health care and medical workers, including the number of vacant positions, by classification. Identify how each department handled any funding budgeted for mental health care but not spent because of staff vacancies. b. Calculate the number of contract workers performing mental health care and medical work, including the amount paid to them, broken down by a dollar-per-hour ratio, and determine which positions contract workers are replacing, by classification. c. To the extent possible, identify whether contract workers are using classifications other than the classifications the three facilities would typically use to fill the vacant positions. d. Assess notable trends in vacancy rates, staff recruitment, and hiring. e. Compare the amount spent on mental health care and medical work performed by state employees and by contract workers, determine any scheduling differences, and identify the amount the State would save by using state employees instead of contract workers.	• Interviewed staff and reviewed documents at each department to determine its budgeting processes for medical and mental health care staff. • To determine whether the facilities had vacancy savings, calculated the amount that each facility budgeted for positions in medical and mental health care classifications each year using the wages and salary budget supplements the departments included in their annual state budgets. Using expenditure records from the SCO, identified the amount that each facility spent on state employees in those same classifications each year. Because budget supplements generally include only salary and wages and do not include costs such as retirement contributions, employee health benefits, and worker's compensation, we excluded these additional costs when we calculated the amount the facilities spent. As a result, the facilities likely had additional vacancy savings that we could not identify. • Interviewed budget staff at each department to determine how it handled vacancy savings. • Obtained CDCR's contract worker invoice data for Salinas Valley from July 2019 through December 2024 and analyzed amounts paid, hourly rates, and hours worked. Although CDCR contracts with dental providers, CDCR tracks dental visits in a separate system from medical and mental health visits, and we did not obtain dental visits or dental contractor data for Salinas Valley. • For Atascadero and Porterville, reviewed facility-generated spreadsheets and printed invoices to determine the amount the State paid for contract workers, the number of hours worked by contract staff, and the dollar-per-hour ratio. • We collected data on the State's costs for contract and state workers and the hours contract staff worked at each facility over a five-and-a-half fiscal year period, from July 2019 through December 2024. This time frame includes the COVID-19 pandemic, which significantly affected staffing across facilities. As a result, the data was not suitable for developing a detailed projection for the second half of fiscal year 2024–25. Instead, we estimated costs and hours for that period by doubling the costs and hours worked from July through December 2024. • For a selection of five classifications at each facility, identified the staffing agencies used and reviewed their websites for information about salary and benefits that contract workers earn. • For each facility, reviewed 30 contract workers and facility scheduling documents and records to determine if the contract workers were working within the classification for which they were hired and whether the facility ensured that they met the classification requirements and had necessary credentials.

continued on next page . . .

AUDIT OBJECTIVE	METHOD
	• Used SCO data, Porterville's monthly staffing reports, and CDCR's monthly staffing reports, which include telepsychiatry positions, to produce summaries and identify trends in vacancy rates, hiring, and separations of state employees by classification and fiscal year at each of the facilities. Telepsychiatry positions that Salinas Valley fills with the CDCR's pool of psychiatrists are not delineated to the facility within the SCO data. In addition, SCO did not have vacancy data for September and October 2022, and stated that it had overwritten the data and had no way of retrieving it. • Using data obtained through the above procedures, compared the amount spent on state employees to the amount spent on contract workers by classification. • Interviewed staff at each facility about their scheduling processes and analyzed a selection of 126 staffing reports each year from 2019 through 2024. • Conducted interviews with state employees and contract frontline workers at Atascadero, Porterville, and Salinas Valley to determine notable trends in vacancies, recruitment, and hiring.
3 For the three selected facilities, evaluate information on the provision of mental health care and determine the following for the past five fiscal years: a. The number of hours worked by state employees and by contract mental health care workers, categorized by classification. b. The number of patients seen by state employees and by contract mental health care workers, categorized by classification. c. The length of service for full-time equivalent state employees and for contract mental health care workers. d. The number of instances in which the departments did not meet staffing minimums for state employees.	• Used SCO data to produce summaries from July 2019 through December 2024 of total hours paid to state employees by classification at Porterville, Atascadero, and Salinas Valley. • Used CDCR invoice data from July 2019 through December 2024 to summarize contract worker invoice details, including amount paid, hourly rate, and hours worked, by classification at Salinas Valley. • Using data compiled as part of audit objective 2b, determined the total number of hours each classification of contract worker worked at Atascadero and Porterville from July 2019 through December 2024. • Compared the hours worked by state employees and contract workers at all three facilities. • Attempted to obtain patient-provider visit data for further analysis of the number of patients seen by state employees and contract workers. However, only Salinas Valley had an electronic data system that tracks patient-provider visits and detailed information about the associated providers. As a result, we performed an analysis of 126 shift staffing reports at each facility to determine the proportion of state employees to contract workers for the same seven-day period at the end of April and beginning of May each year from 2019 through 2024. We also analyzed Salinas Valley's patient-provider visit data for July 2019 through December 2024. • Used SCO data to produce summaries from July 2019 through December 2024 of the service length of state employees by classification at Porterville, Atascadero, and Salinas Valley. In addition, we determined the overall service length of these state employees by classification grouping at those facilities prior to July 2019. • Used CDCR contract data from July 2019 through December 2024 to calculate the length of service for contract workers by classification at Salinas Valley. • Calculated the average length of service for medical and mental health care contract workers by classification at Atascadero and Porterville from July 2019 through December 2024. • Interviewed department and facility staff to determine whether the facilities track, tabulate, and report shift-staffing minimums to their departments. Because the facilities and departments do not track, tabulate, and report when they fall short of shift-staffing minimums, we were unable determine the number of times each facility missed its shift-staffing minimums. • Reviewed CDCR's monthly staffing reports from fiscal year 2019–20 through fiscal year 2024–25 to determine the number of times it missed its position staffing requirements. • Conducted interviews with state employees and contract frontline workers at Atascadero, Porterville, and Salinas Valley to evaluate information on the provision of care.

	AUDIT OBJECTIVE	METHOD
4	For the three selected facilities for the last five fiscal years, determine the number of medical and mental health care worker contracts currently entered into and, for each contract, the contractor name, type of service provided, cost, and the contract duration. To the extent possible, determine the same information for any current and upcoming proposals for contract workers in the current and next budget year.	• Obtained medical and mental health care worker contracts for each of the three facilities for July 2019 through December 2024. • For each medical and mental health care worker contract effective for the facilities from July 2019 through December 2024, documented contract information such as the contractor name, the type of service provided, the amount of the contract, and the effective dates and duration of the contract. • Obtained contracts entered into by the facilities from January 1, 2025, to September 30, 2025. We documented contract information such as the contractor name, the type of service provided, the amount of the contract, and the effective dates and duration of the contract. • Obtained information regarding proposals of upcoming contracts.
5	Evaluate the processes that CDCR, DDS, and DSH use to determine the appropriateness of each medical and mental health care worker contract. Determine whether the departments ensure that contract workers possess appropriate licenses and certifications and whether the workers previously worked for the State and left as the result of an adverse action.	• Interviewed staff and reviewed documentation to determine the departments' and facilities' processes for developing medical and mental health care staffing contracts and to assess whether processes comply with state law related to services contracts. • Reviewed a selection of 15 contracts to determine whether the department or facility followed the necessary steps to request the contract and to assess the justification provided. • Interviewed staff and reviewed documentation related to the facilities' oversight of contract worker licenses and the facilities' review of contract workers' previous state service. • Reviewed a selection of 30 contract workers from each facility to determine whether they possessed credentials in line with contract and state classification requirements. • We were unable to determine whether any contract workers previously worked for the state and left as the result of an adverse action because the departments and facilities we reviewed do not collect that information.
6	Evaluate CDCR's, DDS's, and DSH's recruiting efforts, particularly for positions with high vacancy rates, and, to the extent possible, determine any differences between their strategies or approaches and those used by any outsourced staffing agencies recruiting for the same positions.	• Interviewed hiring staff at the three facilities to understand their processes for recruitment. • Evaluated recruitment process documentation for the three facilities and departments. • Reviewed the number of jobs posted on CalCareers and the number of applications reviewed, rejected, and accepted, as well as the number of interviews and hires made. However, we could not determine the number of job postings on CalCareers for each facility because many postings are continuous, and some are for multiple positions. • Reviewed how many recruiting events the facilities' staff attended and how many job advertisements the staff posted. • Reviewed staffing agency websites and determined what strategies they use to recruit individuals in medical and mental health classifications. • Conducted interviews with state employees and contract frontline workers at Atascadero, Porterville, and Salinas Valley to evaluate recruiting efforts.
7	Review and assess any other issues that are significant to the audit.	We did not identify any other issues to review during the course of the audit.

Source: Audit workpapers.

Assessment of Data Reliability

The U.S. Government Accountability Office, whose standards we are statutorily obligated to follow, requires us to assess the sufficiency and appropriateness of computer-processed information we use to support our findings, conclusions, or recommendations. In performing this audit, we relied on payment and employment history data that we obtained from the California State Controller's Office (SCO),

position vacancy data obtained from the SCO and Porterville, as well as contractor invoice data and patient and provider data we obtained from CDCR. To assess the reliability of these data, we reviewed existing information about the data systems, interviewed people knowledgeable about the data, performed dataset verification, and performed electronic testing of key data elements. We also performed completeness and accuracy testing of CDCR's contractor invoice data. As a result of this testing, we found the SCO's payment and employment history data and CDCR's contractor invoice data to be sufficiently reliable to support our findings, conclusions, and recommendations. However, we found CDCR's patient and provider data, as well as SCO's and Porterville's position vacancy data to be of undetermined reliability. Although we recognize that limitations in these data may affect the precision of the numbers we present, there is sufficient evidence in total to support our audit findings, conclusions, and recommendations.

STATE OF CALIFORNIA — DEPARTMENT OF CORRECTIONS AND REHABILITATION GAVIN NEWSOM, GOVERNOR

OFFICE OF THE SECRETARY
PO Box 942883
Sacramento, CA 94283-0001

November 14, 2025

Mr. Grant Parks
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

Dear Mr. Parks:

Thank you for the opportunity to review the *2024-114 – Confidential Draft Audit Report* regarding the use of medical and mental health care staffing contracts by the California Department of Corrections and Rehabilitation (CDCR) and Salinas Valley State Prison. CDCR is committed to providing adequate health care for the incarcerated population, while ensuring fiscal responsibility. We appreciate your time and collaboration on this important topic.

Sincerely,

DocuSigned by:
Jeffrey Macomber
5957F5D0C55F473...

JEFF MACOMBER
Secretary

cc: J. Clark Kelso, *Plata* Receiver
Colette Peters, *Coleman* Receiver
Diana Toche, Undersecretary, Health Care Services
Sarah Hartmann, Director and Chief Counsel, California Correctional Health Care Services
Lara Saich, Director, Health Care Policy and Administration
Brittany Brizendine, Director, Health Care Services
Jason Williams, Director, Corrections Services
DeAnna Gouldy, Deputy Director, Policy and Risk Management Services

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DDS
PETE CERVINKA
DIRECTOR

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
DEPARTMENT OF DEVELOPMENTAL SERVICES
1215 O Street, Sacramento, CA 95814 • www.dds.ca.gov

GAVIN NEWSOM
GOVERNOR

November 14, 2025

SENT VIA EMAIL to: davidd@auditor.ca.gov

Grant Parks*
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

SUBJECT: 2024-114—DRAFT REPORT RESPONSE

Dear Grant Parks:

The Department of Developmental Services (Department) has reviewed the California State Auditor's (CSA) report entitled "State Health Care Staffing Contracts". The Department appreciates the opportunity to respond to the report and provide comments. This response to the audit report does not address the audit's recommendations that are directed to other state departments and the Legislature.

The Department takes pride in our employees' care and supervision of the people entrusted to us. There are many state job classifications involved in that care and supervision, ranging across janitorial, law enforcement, administrative, clinical, and healthcare employees. We appreciate the report's recognition that contracted medical and mental health services are a very small percentage of the overall staffing expenditure for Porterville Developmental Center (Porterville).

Despite this small percentage, contracted staff have a vital role in avoiding gaps in our ability to provide that care and supervision. During the COVID-19 pandemic, which was a large part of the time period covered by this audit's scope, this contracted staff was able to fill in behind state staff that became ill, provide surge capacity and mitigate COVID-19 outbreaks among residents. In cautiously erring on the side of appropriately and timely protecting residents and staff at Porterville, contracts for medical and mental health staff were sizable. However, as noted in the audit report, the actual expenditures pursuant to these contracts were significantly smaller than the total amounts authorized by those contracts.

The Department continues to recognize the importance of having a qualified and stable workforce across all employee classifications to serve individuals with intellectual and developmental disabilities. We concur with statements within the audit report that contracted staff are more expensive than state staff; can achieve less familiarity with Porterville, its residents, and the care program's design; and usually cannot develop meaningful long-term relationships and understanding of individual Porterville residents.

* California State Auditor's comments begin on page 91.

The Department is committed to continuous improvement in recruiting and retaining employees, not just health care and mental health professionals, to help maintain appropriate staffing levels at Porterville.

The Department generally accepts the audit findings and intent of its recommendations, which are individually addressed in the attachment to this letter. On behalf of the Department, I would like to thank your audit team for its evaluation of the Department's use of contracted employees. The findings and recommendations in the audit report support our ongoing efforts to deliver upon the promises of the Lanterman Act for the individuals we serve.

Sincerely,

PETE CERVINKA
Director

Attachment

cc: Debra Cooper, California Health and Human Services Agency

Grant Parks, California State Auditor
Page 3

Attachment

This Attachment responds to each recommendation directed to the Department of Developmental Services:

To improve Porterville's ability to recruit and retain medical and mental health care employees, DDS should do the following:

1. *With Porterville, develop and implement a process by June 2026 to measure the effectiveness of their recruiting strategies and track those strategies' costs.*

   The Department agrees that identifying the most effective recruitment strategies is important, with a cost-effectiveness lens too. Given the large ongoing vacancy rates at Porterville, the Department will continue its wide-ranging recruitment efforts, which are described in the report. These include, and are not limited to, funding community college events, engaging local high school students, online job listing services, community events, and inclusion of job opportunities in the Department's monthly newsletter to thousands of people. The Department commits to developing a process for tracking all of the Department's recruitment costs, not just at Porterville, by June 2026.

2. To ensure that Porterville is competitive in the marketplace for health care professionals, conduct a salary survey*, by December 2026, that compares the salaries and benefits it offers its health care workers to those offered by local public health care facilities, private health care facilities, and staffing agencies. DDS should use this survey in its discussions with CalHR and* Finance.

   The Department agrees with the intent of this recommendation. However, formal salary surveys typically are conducted by the California Department of Human Resources (CalHR). As noted in the report, the Department's historical and current experience with recruitment and retention suggests there are opportunities to improve parity with public and private entities performing similar services, and not just for medical and mental health professions. ①

3. *By June 2026, pilot and consider permanently implementing one- to three-day recruiting events that allow candidates to apply, interview, and receive a conditional job offer before the event's conclusion.*

   We concur with the intent of this recommendation, and further suggest that broader updates to the State's recruitment process would be helpful. Of note, Assembly Bill 313 (Chapter 515, Statutes of 2021) requires a report to the Legislature from the Government Operations Agency at the end of December 2025, which we expect will

include multiple recommendations that would be applicable beyond that report's focus on the employment by the State of people with disabilities.

Within the constraints of the State's civil service merit system, the Department already has been attempting to shorten the time between an indication of job applicant interest and a formal job offer. The Department has conducted several such multi-day events, offering education, application process guidance, and informal discussions about specific job opportunities. As human resources functions are consolidated within the Department by the end of June 2026, there will be more support available to Porterville, Canyon Springs, and other state-operated facility locations to conduct such events. ②

4. *Evaluate by June 2026 whether offering affordable housing options would improve Porterville's ability to recruit new state employees, and if so, explore options to develop or obtain additional affordable housing units for Porterville's staff and seek a funding allocation from the Legislature to do so.*

The Department concurs that affordable housing is helpful with recruitment. However, employee housing available from the Department itself relies upon existing buildings at the Porterville site, and is not the product of new development which can be costly and take significant time to make habitable. Consistent with Recommendation #1 above, the Department does not believe this is a cost-effective recruitment strategy, despite its obvious benefits. Should the Legislature choose to appropriate funding for this purpose, however, the benefits of such housing could be realized over the long-term. ③

5. *By December 2026, DDS with Porterville should comprehensively assess the technical, financial, legal, and operational impacts of implementing flexible shifts, including but not limited to, 8-, 10-, 12-hour shift options for staff. Using the results of this assessment, they should develop concrete plans to address employee concerns related to scheduling and flexibility to the extent feasible.*

The Department agrees that flexible shift durations could assist some employees and potentially stress other employees. Changes to schedules is subject to collective bargaining, and would implicate a host of other considerations including overtime costs, predictability of schedules, shift changes and associated security protocols, managing different shift durations to comply with licensing standards and care and supervision needs with necessary management flexibility. With CalHR, the Department remains committed to harmonious relations with its applicable collective bargaining representatives, inclusive of this recommendation.

6. *To ensure that its proposed budget accurately reflects its facilities' operational needs, DDS should, by June 2026, develop comprehensive policies and procedures*

Grant Parks, California State Auditor
Page 5

for its annual budgeting process that include the requirement that staff use appropriate models to evaluate staffing needs and seek adjustments to position authority as necessary.

The Department agrees with the intent of this recommendation to assure staffing needs are met. The annual budget is constructed starting with the Supplementary Schedule of Salaries and Wages (the Department of Finance's "Schedule 7A"), which assumes the full resident population legally allowed at all state-operated facilities. Utilization of the current budget construction methodology assures the availability of adequate resources, and historically has resulted in substantial year-end reversion of unused funding to the State's General Fund. A substantial portion of these historical savings have been identified for ongoing budget solutions in the last two state Budget Acts. The same is true for authorized staffing, as evidenced by the high vacancy rates noted in the audit report. Despite these savings and vacancy rates, failure to maintain adequate care and supervision of Porterville residents has not been an item materially noted by the California Department of Public Health's licensing division's recurring monitoring visits. The Department therefore is comfortable with the adequacy of current budget and staffing authorities. (4)

7. *To ensure transparency, increase accountability, and allow adequate oversight, DDS should immediately require its facilities to establish a system to track, tabulate, periodically report to DDS and make publicly available the following:*
    a. *Staffing levels by shift, including classification and whether they are a state employee or contract worker.*
    b. *The number of shifts during which and the number of staff by which the facility fell short of its required shift-staffing minimums, as well as why it missed the minimums.*

Complementary to the response to Recommendation #6, the Department does not agree that this recommendation is necessary. Overall staffing is authorized and reported in the annual Budget Act, along with expenditure information. Day-to-day staffing requirements are determined by the fluctuating needs of residents, and in compliance with licensing standards. (5)

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Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE DEPARTMENT OF DEVELOPMENTAL SERVICES

To provide clarity and perspective, we are commenting on the response to our audit report from DDS. The numbers below correspond with the numbers we have placed in the margin of DDS's response.

DDS's statement that formal salary surveys are typically conducted by CalHR is incorrect. As we describe on page 23, CalHR performs total compensation analyses on some state occupations, which are high-level and do not include all medical and mental health care classifications. In fact, CalHR's deputy director of fiscal and data management explained that it is departments' responsibility to conduct salary studies for specific classifications, which also consider their facilities' specific geographical locations and competition. Thus, we stand by our recommendation that DDS should conduct a salary survey to ensure that Porterville is competitive in the marketplace for health care professionals. (1)

DDS appears to misunderstand our recommendation. In its response, DDS states that it has conducted several multi-day events at which it offered education, application guidance, and had informal discussions about specific job opportunities. Although we believe these recruitment efforts can be effective, our recommendation specifically focuses on DDS implementing events that allow candidates to apply, interview, and receive a conditional offer before the event's conclusion. As we state on page 21, CDCR has conducted such events to streamline the state civil service hiring process. (2)

We question the basis for DDS' belief that providing affordable housing options is not a cost-effective recruitment strategy given it has not conducted an evaluation of such options as we recommend. Further, as we describe on page 22, Porterville at times has offered its housing facilities to newly hired employees as a recruiting strategy and staff stated that there are normally some vacancies. With the availability of affordable housing being a statewide concern, it would be prudent for Porterville to evaluate whether it could better leverage its existing housing as part of its recruiting efforts. (3)

Although DDS states it is comfortable with the *adequacy* of its current budget and staffing authorities, we are concerned that they might not be *accurate*. Specifically, we describe on page 44 that Porterville has accumulated significant vacancy savings over the six fiscal years of our audit period. Further, as we state on page 43, even after accounting for State employees' overtime and contract workers' hours, each of the three facilities we reviewed—including Porterville—still had a significant number of uncovered vacant positions, which calls into question why the facilities need these additional positions. Importantly, as we describe on page 43, DDS's assistant deputy director of its state-operated facilities division acknowledged that the department may be budgeting unnecessary positions and that it is currently working with Finance to align its authorized positions with its needs. Thus, we stand by our recommendation that it take the steps necessary to ensure its proposed budget accurately reflects its facilities' operational needs. (4)

(5) We disagree with DDS's position that our recommendation, which aims to ensure adequate oversight of staffing levels and required shift-staffing minimums, is unnecessary. As we state on page 47, Porterville tracks some shift-staffing information, but its tracking mechanism lacks key components, such as the type of treatment to be delivered or the number of patients per shift, to demonstrate that it schedules sufficient staff to meet the required staff-to-patient ratios. Further, as we state on page 47, DDS has not formally or specifically requested that facilities track, tabulate, and report their compliance with staffing minimums, nor has it developed a formal process for the facilities to do so. Without such oversight, DDS cannot be certain that its facilities are staffed appropriately for each shift to provide adequate medical and mental health care.

State of California – Department of State Hospitals Gavin Newsom, Governor

Office of the Director
1215 O St.
Sacramento, California 95814
www.dsh.ca.gov

November 17, 2025

Grant Parks*
California State Auditor
621 Capital Mall, Suite 1200
Sacramento, CA 95814

Dear Mr. Parks,

This letter is in response to the draft audit report, 2024-114 State Health Care Staffing Contracts. Thank you for the opportunity to review and provide a response to the recommendations presented in the report. The Department of State Hospital's (DSH) response to the recommendations are included in the attachment. DSH also appreciates the opportunity to emphasize and clarify several aspects of its operations and the audit report:

- ***Safety, care and treatment are a top priority*** **–** DSH provides care and treatment to over 5,500 patients daily in a 24/7/365 setting, through its dedicated and talented treatment team and level of care nurses. The treatment team is comprised of psychiatrists, psychologists, rehabilitation therapists and social workers. The interdisciplinary treatment team works to develop a treatment plan and diagnosis, a plan for delivery of group treatment and as needed one-to-one treatment, sets treatment goals, coordinates discharge planning, and performs medication management. Roles within the level-of-care nursing category include registered nurses, licensed vocational nurses, and psychiatric technicians. Nursing services provide the essential 24-hour care necessary to treat and house patients with psychiatric needs. DSH prioritizes and values providing services through its dedicated civil service team members as evidenced in the report. The audit report found that DSH-Atascadero's overall staffing levels provided were comprised of 95% civil service staff. DSH's use of contracted staff represented a very small portion of staff delivered to fulfill the Department's mission. Due to the nature of DSH's operations, challenges experienced with recruitment/retention during the COVID-19 global pandemic and other factors beyond the Department's control, DSH has supplemented staffing to maintain the necessary staffing to continuously provide quality medical and psychiatric care and treatment for its patients. ①

- ***DSH regularly meets and exceeds level of care staffing minimums*** **–**DSH's hospitals regularly meet and exceed minimum staffing levels across all its hospitals. While the report notes three occurrences during the 5 year audit period where DSH-Atascadero did not meet staffing minimums, these isolated shortages were due to extraordinary circumstances when a significant surge of ②

* California State Auditor's comments begin on page 101.

COVID-19 infections amongst the staff occurred during declared states of emergency. Specifically, in one instance, an unusually ***high*** ***number*** of staff called out of their shift on a holiday (i.e., Christmas Eve) at the same time COVID-19 infections were impacting staffing levels, and in a second, a local flood prevented staff from safely reaching the facility. DSH-Atascadero self-reported each of these events to the California Department of Public Health, its applicable labor partners, and also notified the DSH Director's Office of the situation as required by DSH policy. DSH recognizes the criticality of ensuring it meets its level of care staffing minimums as well as having appropriate departmental oversight of these instances.

- **DSH offers significant schedule flexibility for its staff–** In recent years, DSH has moved to provide significant scheduling flexibilities in an effort to retain its mental health and nursing staff. For mental health staff, alternate work schedules (including 4/10s and 9/8/80) and telework have been offered while balancing the direct patient treatment needs. For nursing staff, the department offers both 8-hour and 12-hour shifts as well as some 9/8/80 schedules. These flexible schedules are considered and approved based on job classification, role, responsibilities, duties and operational need for a 24/7 hospital. DSH has worked collaboratively with labor unions to consider schedules that are feasible through Joint Labor Management Committee meetings, statewide pilots, ad-hoc discussions, etc. ③

- ***DSH uses approved budgeting staffing standards to adjust resources based on significant policy or programatic changes -*** The audit report states that "the department was unable to justify how it budgets for health care staffing". DSH and the Department of Finance (DOF) completed a mission-based-review (MBR) and established budgeting staffing standards for nursing level of care, treatment team and primary care, and forensic staffing. These staffing standards were presented to the Legislature in budget change proposals, supported by DOF, and approved along with position adjustment requests to realign positions across the hospitals where possible to meet treatment, evaluation, and care needs. Where realignments were not possible, additional positions were approved to provide hospitals the position authority needed to meet the staffing standards. . Below are the details for each MBR approval: ④

    - Fiscal Year (FY) 2019-20 – Direct Care Nursing and Court Evaluations and Reports

        - Heard in the Assembly Budget Subcommittee No. 1 on Health and Human Services on 03/04/2019 and approved as budgeted

        - Heard in the Senate Budget Subcommittee No. 3 on Health and Human Service on 05/02/2019 and approved as budgeted

    - FY 2020-21 – Treatment Team and Primary Care

- Heard in the Assembly Budget Subcommittee No. 1 on Health and Human Services on 06/12/2020 and was deferred without prejudice. A revised proposal was ultimately approved by the Budget Committee for inclusion in the 2020 Budget Act.

- Heard in the Senate Subcommittee No. 3 on Health and Human Service on 05/24/2019 and was deferred without prejudice. A revised proposal was ultimately approved by the Budget Committee for inclusion in the 2020 Budget Act.

As part of the Governor's Budget and May Revise process, DSH bi-annually provides updates and/or adjustments to its staffing, using its staffing standards, based on significant policy and/or programmatic changes such as the construction of the Enhanced Treatment Program, right-sizing COVID-19 isolation unit based on utilization, and the closure of units. Each update is heard by the legislative subcommittees.

- **Salary savings is overstated in the audit report**: The audit report reflects greater salary savings than the department incurred during the audit scope. The savings identified in the audit did not incorporate full costs of personnel services wages as well as other payments such as workers' compensation, nonindustrial disability, and temporary disability, the amount of salary savings is overstated. The allocation of vacant position salary savings, as well as having flexibility within DSH's operating expenditure budget, allowed the department to maintain mandated patient mental health services through the utilization of those dollars for overtime, temporary help, and contractors as well as emergent one-time needs that arise primarily due to infrastructure repairs or equipment replacements. Furthermore, the Department utilizes the Governor's Budget and May Revise process to return position related savings associated with significant program changes and/or project delays. ⑤

- **DSH conducts significant ongoing recruitment and retention efforts**: Recruitment and retention have been historically challenging for DSH and have only been exacerbated during the pandemic. While DSH is not alone in its staffing challenge for its health care workforce, DSH does present unique challenges for recruitment and retention due to multiple factors. The individuals DSH serves have some of the most difficult to treat behavioral health challenges, some with a significant violence risk level. This, coupled with the geographic locations of DSH's facilities and nationwide shortages for the healthcare workforce, makes recruitment and retention very challenging. While the audit report acknowledges some of DSH's recruitment efforts, it did not adequately describe DSH's significant recruitment efforts. DSH has implemented a multi-faceted approach to its efforts to recruit and retain team members, specifically focused across four domains: 1) marketing/outreach; 2) streamlining the hiring process; 3) developing and expanding training programs; and 4) employee compensation. DSH-Atascadero participates in statewide recruitment initiatives such as ⑥

partnering with a firm to conduct marketing recruitment campaigns, collaborating with California psychiatric technician programs to take recruitment efforts more upstream, participating regularly in virtual career fairs and hosting onsite career fairs. DSH-Atascadero has established partnerships with many educational institutions to serve as a training and clinical rotation site for various disciplines including but not limited to psychiatry, psychology, and social work. Partners include Stanford, Community Memorial Health for 4th year psychiatry residents, and specific for nursing classifications Cuesta, Cal State Monterey Bay and Allen Hancock College, which result in a direct pipeline into employment with DSH. DSH-Atascadero also continues to invest in developing its own team members through the offering of a 20/20 training program, which provides selected, qualified employees wishing to become Psychiatric Technicians, Registered Nurses or Clinical Social Worker the opportunity to participate in an approved full-time academic program while working half-time (generally 20 hours per week) in their current classification while receiving full pay and benefits.

We would like to thank your staff for their professionalism, time, and courtesy during the audit. In addition, we appreciate the recognition of the challenges presented when staffing a 24/7/365 hospital system, particularly during a multi-year global pandemic as well as the recommendations to assist DSH with its recruitment and retention initiatives.

Please contact Liliana Lopez, Chief of the Office of Audits, at liliana.lopez@dsh.ca.gov if you have any questions.

Sincerely,

Stephanie Clendenin
Director

cc: Secretary Kim Johnson, California Health and Human Services Agency

Department of State Hospitals
Response to the California State Auditor

Draft Report Entitled: State Health Care Staffing Contracts

Recommendation 1: To improve Atascadero's ability to recruit and retain medical and mental health care employees, DSH should do the following:

- With Atascadero, develop and implement a process by June 2026 to measure the effectiveness of their recruiting strategies and track those strategies' costs.
- To ensure that Atascadero is competitive in the marketplace for health care professionals, conduct a salary survey by December 2026 that compares the salaries and benefits it offers its health care workers to those offered by local public health care facilities, private health care facilities, and staffing agencies. DSH should use this survey in its discussions with CalHR and Finance.
- By June 2026, pilot and consider permanently implementing one- to three-day recruiting events that allow candidates to apply, interview, and receive a conditional job offer before the event's conclusion.
- Evaluate by June 2026 whether offering affordable housing options would improve Atascadero's ability to recruit new state employees, and if so, explore options to develop or obtain additional affordable housing units for Atascadero's staff and seek a funding allocation from the Legislature to do so.

Response: Partially Agree

DSH will implement the following recommendations:

- By June 2026, develop and implement a process to measure the effectiveness of DSH-Atascadero's recruitment strategies including cost.
- By December 2026, DSH will conduct a salary survey.
- By June 2026, pilot and evaluate the effectiveness of 1-3 day recruiting events. DSH notes that it has already piloted and implemented same-day hiring events at other hospitals including DSH-Atascadero, however, DSH-Atascadero has not conducted this type of event specific to the classifications included in this audit. It is important to note, however, that based on the results of other same-day hiring events across the DSH-system, the success in both candidate interest and successful contingent offers is higher for entry level classifications such as analyst, food service technicians, and custodians with less candidate interest and fewer offers made to the classifications requiring professional licensure such as psychiatry and psychology.

⑦ However, DSH disagrees with the following recommendation and provides the following additional information:

- DSH disagrees with the recommendation of evaluating whether additional affordable housing units would improve recruitment as well as seeking funding to develop such housing units. DSH-Atascadero currently provides 17 studio apartment units and 8 single rooms with communal kitchen, and bathrooms for rent to its staff on a temporary basis. This benefit is included in active job advertisements to assist as a recruitment tool. The recommendation to assess whether additional housing units would improve recruitment is pre-mature as there is currently a project to develop affordable housing on the front part of the campus in accordance with Executive Order N-06-19. While this project is not led by DSH or exclusive to serving DSH-Atascadero staff, there may be the opportunity for staff to obtain access to the additional housing. In the broader context of DSH's development of major capital outlay infrastructure proposals, DSH has other infrastructure needs across DSH-Atascadero and the entire hospital system and must prioritize evaluating and submitting proposals associated with critical infrastructure projects, including those impacting patient housing units. These have included projects such as roof projects, water and wastewater treatment, anti-ligature risks, and electrical infrastructure.

Recommendation 2: By December 2026, DSH with Atascadero should comprehensively assess the technical, financial, legal, and operational impacts of implementing flexible shifts, including but not limited to, 8-, 10-, and 12-hour shift options for staff. Using the results of this assessment, they should develop concrete plans to address employee concerns related to scheduling flexibility to the extent feasible.

Response: Partially Agree

③ By December 2026, DSH will evaluate whether it is feasible to implement additional flexible shift options for its level of care nursing staff. DSH already offers significant schedule flexibility for all of its treatment team and primary care positions, as DSH offers alternative work week schedules which may include four 10 hour shifts and 9/8/80 schedules. Additionally, the treatment team classifications have the opportunity to telework one day a week. Offering 12 hour schedules for clinicians would significantly reduce the number of clinicians M-F and would significantly impact direct patient care. For level of care, while it already provides significant flexibility, DSH will evaluate to identify if it is feasible to offer additional flexible shifts. Currently DSH- Atascadero has 220 nursing staff on a 12-hour shift, three (3) on a 10-hour shift schedule and 33 nursing staff scheduled for 9/8/80 schedules. DSH has offered some additional shifts, but not all of them have been filled/bid on by staff, and DSH and California Association of Psychiatric Technicians (BU18) have discussed this issue. Furthermore, DSH-Napa has recently implemented an alternative shift schedule that DSH can evaluate after it

has been implemented for a period of time to determine if it may merit expansion to DSH-Atascadero. The department and DSH-Atascadero has demonstrated its commitment to flexible scheduling while balancing operational needs, but will evaluate to determine if there are further flexible shifts that can be offered for its nursing staff.

Recommendation 3: To ensure that its proposed budget accurately reflects its facilities' operational needs, DSH should, by June 2026, develop comprehensive policies and procedures for its annual budgeting process that include the requirement that staff use appropriate models to evaluate facility staffing needs and seek adjustments to position authority as necessary.

Response: Agree.

DSH will implement the recommendation. DSH will develop comprehensive policies and procedures, including a requirement and process to use the staffing standard approved by the Legislature in DSH's staffing study budget change proposals to annually evaluate its staffing to determine if there are any adjustments that may need to be considered.

Recommendation 4: To ensure transparency, increase accountability, and allow adequate oversight, DSH should immediately require its facilities to establish a system to track, tabulate, periodically report to DSH, and make publicly available the following information:

- Staffing levels by shift, including the individuals' classification and whether they are state employees or contract workers
- The number of shifts during which and the number of staff by which the facility fell short of its required shift-staffing minimums, as well as an explanation for why it missed the minimums.

Response: Partially Agree ⑧

DSH already requires its facilities, by policy, to report to the Director's Office, any events that are reportable to the California Department of Public Health. Reportable events would include when a hospital does not meet minimum staffing levels for a shift. However, DSH will develop a policy that explicitly describes the required minimum staffing levels and affirms the requirement that each hospital not only immediately report if they were unable to meet a shift, but to also track and periodically report data. This reporting requirement will include some level of information about the staffing levels, the number of shifts during which licensing minimums were not met, and the number of staff by which the facility fell short of its required shift-staffing licensing minimums, as well as an explanation for why it missed the minimums.

⑧ We are continuing to review this recommendation and evaluating the ability for our system to analyze staffing data in a way that it is consumable to inform quick management action and decision making. There was not sufficient time during the 5-day review period to effectively assess DSH's resources and data capabilities. DSH will work with its hospitals and Technology Services Division to identify its data and reporting capabilities to produce a report that is consistent with the intent to provide data to increase oversight, accountability and transparency. Both policy development and reporting assessment and development will require time and cannot be accomplished immediately, as recommended. DSH anticipates it can have this work completed by June 2026.

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE DEPARTMENT OF STATE HOSPITALS

To provide clarity and perspective, we are commenting on the response to our audit report from DSH. The numbers below correspond with the numbers we have placed in the margin of DSH's response.

Nowhere in our report do we conclude that Atascadero's overall staffing levels were comprised of 95 percent civil service staff, as DSH incorrectly claims in its response. (1)

DSH incorrectly indicates that our report concludes that Atascadero did not meet staffing minimums on three occurrences during our audit period. Rather, that was an assertion, which we include on page 47, from Atascadero's executive director. However, as we describe on that same page, Atascadero does not have a formal process to tabulate the number of times it missed staffing minimums; therefore, it was unable to demonstrate to us that it did not fall short of the staffing minimums on more than three occurrences. (2)

We acknowledge on page 22 that Atascadero offers flexible shift options for some staff, and some limited flexibility for its nursing positions. However, the fact remains that it does not offer such flexibility for all medical and mental health staff. Nonetheless, DSH agreed with our recommendation to evaluate whether it is feasible to offer additional flexible shifts for level-of-care staff, and to consider whether alternative shift schedules recently implemented at its Napa facility would merit expansion to Atascadero. We look forward to reviewing DSH's responses to our recommendation as part of our regular follow-up process. (3)

DSH's response obfuscates our finding and recommendation. As we state on page 43, DSH could not justify that its staffing level was sufficient or necessary because it does not review its staffing needs for all medical and mental health positions annually. We acknowledge that DSH developed a staffing model in 2019 that it used to support two legislatively-approved budget requests during our audit period. However, as we state on page 43, DSH's director explained that although the department could use this staffing model to evaluate all medical and mental health care staffing needs annually, it has not done so. Budgeting staff positions consistently and appropriately is critical to ensuring that the departments can request the Legislature to approve the appropriate number of necessary positions. As such, we stand by our recommendation. (4)

DSH incorrectly claims that our report overstates salary savings. As we indicate in our scope and methodology on page 79, we determined each facility's vacancy savings for medical and mental health care job classifications using information from the wages and salary budget supplements the departments included in their annual state budgets, and expenditure records from the SCO. Because the budget supplements generally include only salary and wages and do not include costs such as retirement contributions, employee health benefits, and worker's compensation, we excluded these additional costs when we calculated the amount the facilities spent. (5)

In Table 11 on page 45, and Table C.1 on pages 67–68, we indicate those costs we included and excluded from our calculations. Finally, as we state on page 46, DSH's budget staff asserted that DSH generally used vacancy savings to offset the costs associated with staff overtime and contract workers, as well as to pay for expenses such as equipment and special repairs.

⑥ For brevity and readability, we do not discuss the entirety of DSH's recruitment efforts in our report. However, we acknowledge on page 20 that Atascadero has made significant efforts to recruit medical and mental health care professionals through various means. We also note on page 21 that DSH's recruitment unit manager stated that it has successfully run a streamlined recruiting event for some facility support positions at Atascadero, and that DSH is open to expanding streamlined recruiting events to recruit for certain medical and mental health care positions.

⑦ It is unclear why DSH disagrees with our recommendation. As we state on page 22, Atascadero has housing available that it has at times offered to newly hired employees as a recruiting strategy. However, Atascadero has not explored this option to attract more candidates for the facility. If implemented, our recommendation would allow Atascadero to better understand if offering housing would improve its ability to recruit new employees before deciding on whether to seek additional funding. As such, we stand by our recommendation.

⑧ We look forward to reviewing DSH's efforts to implement this recommendation as part of our regular follow-up process.