



Legislative
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FINAL FISCAL NOTE

Drafting Number:	LLS 19-0227	Date:	July 9, 2019
Prime Sponsors:	Rep. Kennedy; Singer Sen. Priola; Pettersen	Bill Status:	Signed into Law
		Fiscal Analyst:	Erin Reynolds 303-866-4146 Erin.Reynolds@state.co.us

Bill Topic: SUBSTANCE USE DISORDERS RECOVERY

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill expands a state housing voucher program to individuals with substance use disorders who are transitioning back into the community; requires certification of recovery residences; and creates the Opioid Crisis Recovery Funds Advisory Committee. It will increase state expenditures from FY 2019-20 to FY 2023-24.

Appropriation Summary: For FY 2019-20, the bill requires and includes an appropriation of \$1,050,000 to multiple agencies.

Fiscal Note Status: This fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 19-1009**

		FY 2019-20	FY 2020-21
Revenue			
Expenditures	General Fund	\$223,500	\$50,000
	Marijuana Tax Cash Fund	\$826,500	\$1,000,000
	Centrally Appropriated	\$13,727	\$14,651
	Total	\$1,063,727	\$1,064,651
	Total FTE	0.9 FTE	1.0 FTE
Transfers			
		-	-
TABOR Refund			
		-	-

Summary of Legislation

This bill expands a state housing voucher program in the Department of Local Affairs (DOLA) to individuals with substance use disorders who are transitioning back into the community; requires certification of recovery residences and creates a grant program in the Department of Human Services (DHS) to defray recovery residences' certification costs; and creates an advisory committee to advise the Department of Law on uses of any custodial funds received by the state as a result of opioid-related litigation.

Housing vouchers for individuals with a substance use disorder — DOLA. The bill requires the General Assembly to appropriate \$1.0 million from for five years, FY 2019-20 to FY 2023-24, to expand the housing voucher program administered by the Division of Housing in DOLA. The program is expanded to include individuals with substance use disorders who are transitioning from a correctional or behavioral health institution, county jail, or residential treatment program. DOLA must report on the program to the Health Committees of the General Assembly during the annual SMART Act hearing process.

Certification of recovery residences and grant program — DHS. Effective January 1, 2020, recovery residences may not operate unless the facility is certified by an entity approved by the Office of Behavioral Health (OBH) in DHS; is chartered by the Oxford House or its successor organization; has been in operation for over 30 years; or is a community-based organization that provides reentry programs for adults on parole. The bill precludes anyone associated with the administration of a recovery residence from accepting anything of monetary or material value in exchange for admission, fees, or testing. The bill creates a grant program in the OBH to provide grants to recovery residences for the purposes of defraying the costs to gain the required certification.

Opioid Crisis Recovery Funds Advisory Committee. The bill creates the Opioid Crisis Recovery Funds Advisory Committee to advise and collaborate with the Department of Law on uses of any custodial funds received by the state as a result of opioid-related litigation for which the use of the fund is not predetermined by the court. The committee consists of 26 members representing various stakeholders, who must be appointed within 90 days of receiving notice from the Attorney General of an opioid-related settlement or damage award to the state. The Attorney General must call at least one meeting of the committee, and any subsequent meetings as necessary, to seek input and recommendations from the committee on the proper expenditure of custodial funds. Committee members must maintain confidentiality during the process and disclose all potential conflicts of interest before participating. The bill does not specify any reimbursement mechanisms for committee members.

State Expenditures

This bill will increase state expenditures by a total of \$1.1 million and 1.0 FTE per year beginning in FY 2019-20, as shown in Table 2 and discussed below. Expenditures for DOLA are paid from the Marijuana Tax Cash Fund (MTCF) and, in FY 2019-20, the General Fund. Expenditures for the DHS are paid from the General Fund.

Table 2
Expenditures Under HB 19-1009

Cost Component	FY 2019-20	FY 2020-21
Department of Local Affairs		
Personal Services	\$51,675	\$56,373
Operating Expenses, Capital Outlay, and Cell Phone	\$6,361	\$1,658
Computer Programming and Administration	\$2,560	\$1,540
Travel	\$624	\$780
Housing Vouchers	\$938,780	\$939,649
Centrally Appropriated Costs*	\$13,727	\$14,651
FTE – Personal Services	0.9 FTE	1.0 FTE
DOLA (Subtotal)	\$1,013,727	\$1,014,651
Department of Human Services		
Recovery Residence Certification Grants	\$50,000	\$50,000
DHS (Subtotal)	\$50,000	\$50,000
Total	\$1,063,727	\$1,064,651
Total FTE	0.9 FTE	1.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. Expenditures in DOLA will increase by \$1.0 million and 1.0 FTE per year, prorated for the General Fund paydate shift in FY 2019-20. DOLA will add a Community and Economic Development III position to administer the expanded supportive housing program. Duties for the role include monitoring policies and regulations during tenant selection; maintaining voucher utilization and budget expenditures, as well as participants' status; providing technical assistance to statewide grantees and partners; evaluating contractor performance; and reporting. Standard operating expenses and capital outlay costs are included. The staff will also be issued a cell phone. Computer programming and travel costs are based on similar voucher programs.

- *Housing vouchers.* In similar programs serving populations with high barriers to housing, DOLA issues housing vouchers for \$800 per unit per month, or \$9,600 per year, on average. In addition to housing vouchers, additional services are typically provided to voucher beneficiaries, such as landlord-tenant liaison services, eviction prevention, independent living skills training, and links to health care, vocational and educational services, which cost DOLA approximately \$3,600 per unit per year on average. As a result, it is assumed that DOLA will issue approximately 71 vouchers per year for five years. It will, however, take DOLA approximately 18 months to fully utilize these vouchers, as the department is typically able to secure an average of 20 supported housing leases per month, unless site-based opportunities are available (e.g., a partner organization with immediate housing available for this population).

- *Outyear costs.* At the end of the program, DOLA will need to arrange for the transfer of beneficiaries to other state and federally funded voucher programs where possible, potentially over multiple years. This represents a significant workload increase for DOLA in FY 2023-24. It is assumed that workload and potential future costs to transition clients to other programs will be addressed through the annual budget process.

Department of Human Services. Beginning in FY 20120, the OBH will have an expenditure increase of \$50,000 per year and a related workload increase to administer grants to recovery residences. There are approximately 50 recovery residences in the state that would be eligible for grant funding to defray their certification costs; therefore, it is assumed that 50 grants will be issued at \$1,000 per grant.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance, supplemental employee retirement payments, and legal services, are estimated to be \$13,727 in FY 2019-20 and \$14,651 in FY 2020-21.

Effective Date

The bill was signed into law by the Governor and took effect on May 23, 2019.

State Appropriations

For FY 2019-20, the bill requires and includes the following appropriations:

- \$1,000,000 to the Department of Local Affairs, consisting of \$173,500 from the General Fund and \$826,500 from the Marijuana Tax Cash Fund, and an allocation of 1.0 FTE; of this amount, \$2,620 General Fund is reappropriated to the Office of Information Technology; and
- \$50,000 from the General Fund to the Office of Behavioral Health in the Department of Human Services.

State and Local Government Contacts

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