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Revised Fiscal Note

(replaces fiscal note dated April 22, 2022)

Drafting Number: LLS 22-1000 **Date:** April 27, 2022
Prime Sponsors: Rep. Jodeh; Sullivan **Bill Status:** House Appropriations
 Sen. Coleman; Hansen **Fiscal Analyst:** Aaron Carpenter | 303-866-4918
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Bill Topic: DENVER-METRO REGIONAL NAVIGATION CAMPUS GRANT

Summary of Fiscal Impact:

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

The bill creates the Regional Navigation Campus Grant Program to provide a grant to build or acquire, and facilitate, a regional navigation campus in the Denver metropolitan area to respond to and prevent homelessness. The bill increases state expenditures from FY 2022-23 through FY 2023-24, and increases local revenue through FY 2023-24 and increases expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$44,557 to the Department of Human Services. In addition, the bill continuously appropriates funding to the Department of Local Affairs.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House Transportation and Local Government Committee.

Table 1
State Fiscal Impacts Under HB 22-1378

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-	-
Expenditures	Regional Navigation Campus CF ¹	\$50,000,000	-	-
	Centrally Appropriated	\$81,965	\$74,515	\$38,803
	Total Expenditures	\$50,081,965	\$74,515	\$38,803
	Total FTE	2.7 FTE	2.3 FTE	1.2 FTE
Transfers	Economic Recovery and Relief CF ²	(\$50,000,000)	-	-
	Regional Navigation Campus CF	\$50,000,000	-	-
	Net Transfer	\$0	-	-
Other Budget Impacts		-	-	-

¹ FY 2022-23 funding will be spent over three fiscal years, as detailed in Table 2 in the State Expenditures section.

² Money in the Economic Recovery and Relief Cash Fund consists of federal ARPA funds.

Summary of Legislation

The bill creates the Regional Navigation Campus Grant Program in the Department of Local Affairs (DOLA) to provide a grant to a metro area local government or governments, or a qualified nonprofit to build or acquire, and facilitate a regional navigation campus (campus) in the Denver Metropolitan Area to respond to and to prevent homelessness. The campus may provide:

- behavioral health, mental health, and substance use disorder services and treatment;
- medical care;
- transitional housing;
- permanent supportive housing;
- emergency shelter;
- recovery oriented services and care;
- vocational rehabilitation and employment skill training;
- assistance to enroll in public benefits; and
- other supportive services.

DOLA and the Department of Human Services (DHS) must establish application requirements including requiring applicants to submit a plan on how to sustain the campus after funding appropriated in the bill runs out and how they plan to build or acquire, and facilitate the campus. DOLA and the DHS must consult with one another when adopting policies, procedures, and guidelines and when selecting grantees. The bill provides certain criteria the departments must consider when selecting grantees. Grantees and DOLA must comply with state requirements on compliance, reporting, record-keeping, and program evaluations established in state law. The grantee must obligate spending by December 30, 2024, and expend the money by December 30, 2026.

Funding. In FY 2022-23, the bill transfers \$50 million from the Economic Recovery and Relief Cash Fund to the newly created Regional Navigation Campus Cash Fund. The bill appropriates money from the fund to the Department of Human Services in FY 2022-23 (see Technical Note), and continuously appropriates the money in the fund to DOLA. DOLA may expend up to 10 percent of the money appropriated or transferred for its direct and indirect costs in administering the grant. The cash fund is excluded from the limits on uncommitted reserves.

State Transfers

In FY 2022-23, the bill transfers \$50.0 million from the Economic Recovery and Relief Cash Fund to the Regional Navigation Campus Cash Fund.

State Expenditures

The bill increases state expenditures in DOLA and the DHS by \$25.4 million in FY 2022-23, \$24.7 million in FY 2023-24, and \$132,861 in FY 2024-25, paid from the Economic Recovery and Relief Cash Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under HB 22-1378**

Cost Components	FY 2022-23	FY 2023-24	FY 2024-25
Department of Local Affairs			
Personal Services	\$168,374	\$168,374	\$87,605
Operating Expenses	\$3,105	\$3,105	\$1,620
Capital Outlay Costs	\$12,400	-	-
Other Costs	\$7,567	\$9,666	\$4,833
Contractor	\$24,444,397	\$24,444,397	-
Master Plan and Evaluation Contract	\$600,000	-	-
Centrally Appropriated Costs ¹	\$74,515	\$74,515	\$38,803
FTE – Personal Services	2.3 FTE	2.3 FTE	1.2 FTE
DOLA Subtotal	\$25,310,358	\$24,700,057	\$132,861
Department of Human Services			
Personal Services	\$38,357	-	-
Operating Expenses	-	-	-
Capital Outlay Costs	\$6,200	-	-
Centrally Appropriated Costs ¹	\$7,450	-	-
FTE – Personal Services	0.4 FTE	-	-
DHS Subtotal	\$52,007	-	-
Total	\$25,362,365	\$24,700,057	\$132,861
Total FTE	2.7 FTE	2.3 FTE	1.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. From FY 2022-23 to FY 2024-25, the bill will increase expenditures in DOLA to hire staff to administer the grant program; provide grants to a grantee; and to contract to collect community input and to evaluate the grant program.

- **Staffing costs.** Starting in FY 2022-23, DOLA requires 2.3 FTE to develop policies, review applications, select a grantee, track spending for grant reporting, and to provide other administrative support such as accounting and human resource needs. Staff will begin on July 1, 2022, and expenditures include capital outlay and standard operating costs and other costs such as IT support, travel reimbursement, cell phone service fees, and computer licenses. The fiscal note assumes that the grantee will spend its grant by the December 30, 2024 deadline, ending the need for state oversight by that time. Staffing costs will be paid from the Regional Navigation Campus Cash Fund.

- **Community administrator contract.** Starting in FY 2022-23, expenditures in DOLA will increase to provide a grant to administer the campus. The fiscal note assumes that DOLA will provide the grant equally over two years, with \$24.5 million per year available to for the campus in FY 2022-23 and FY 2023-24. These amounts represent what is available from the \$50.0 million appropriated in the bill after accounting for administrative expenses.
- **Community input and evaluation contract.** Expenditures in DOLA will increase to enter into two contracts. The first is for a facilitator to help develop policies and solicit input from various stakeholders on best practices, licensing requirements, and other programmatic considerations. The second is for a contractor to evaluate the grant program. Both contracts are estimated at \$300,000 each. Costs will be paid from the Regional Navigation Campus Fund.

Department of Human Services. In FY 2022-23 only, the DHS will require 0.4 FTE to coordinate with DOLA to develop the grant policies and to review and select grantees. Standard operating and capital outlay costs are included with an assumed September 1, 2022, start date.

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 and supplemental employee retirement payments, are shown in Table 2.

Technical Note

The bill requires the General Assembly to appropriate money from the Economic Recovery and Relief Cash Fund to the DHS in FY 2021-22. However, the transfer of General Fund to the cash fund does not incur until FY 2022-23. The fiscal note assumes that the General Assembly will appropriate from the cash fund in FY 2022-23, rather than in FY 2021-22.

Local Government

Starting in FY 2022-23, to the extent a local government is the grantee, revenue and expenditures will increase for that local government. Starting in FY 2024-25, expenditures may increase to continue to support the campus if ongoing state or federal funding is not available.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$44,557 from the Regional Navigation Campus Cash Fund to the Department of Human Services and 0.4 FTE.

The Regional Navigation Campus Cash Fund is continuously appropriated to the Department of Local Affairs and therefore, does not need an appropriation.

State and Local Government Contacts

Human Services
Local Affairs

Information Technology
Municipalities