



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

BILL 1: DEFLECTION SUPPORTS JUSTICE-INVOLVED YOUTH

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Fiscal note status: The fiscal note reflects the bill draft requested by the Legislative Oversight Committee Concerning the Treatment of Persons with Behavioral Health Disorders in the Criminal and Juvenile Justice Systems.

Summary Information

Overview. The bill makes several changes to the Youth Offender System in the Department of Corrections and juvenile competency hearings in the courts. It also allows juveniles to receive presentence confinement credits and creates the Deflection and Community Investment Grant Program in the Department of Public Health and Environment.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- Local Government

Appropriations. For FY 2025-26, the bill requires an appropriation of at least \$3.9 million to multiple state agencies.

**Table 1
State Fiscal Impacts**

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	at least \$4,012,683	at least \$4,063,898
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	at least 7.1 FTE	at least 7.6 FTE

¹ Fund sources for these impacts are shown in the table below.

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	at least \$3,863,755	at least \$3,904,784
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	at least \$148,928	at least \$159,114
Total Expenditures	at least \$4,012,683	at least \$4,063,898
Total FTE	at least 7.1 FTE	at least 7.6 FTE

Summary of Legislation

The bill makes various changes regarding justice-involved youths, including to the Youth Offender System, the juvenile competency process, presentence credits, and creates a new grant program. These provisions are outlined in more detail below.

Youth Offender System

The bill makes several changes to the Youth Offender System (YOS) in the Department of Corrections (DOC). First, the bill changes the legislative declaration for the system, including adding the intent to house juveniles based on gender identity, and for offenders with disabilities to receive equitable treatment. In addition, the bill requires the YOS to provide rehabilitative treatment that makes lasting behavioral changes, individual daily regimens, and individual therapy, family therapy, or substance use disorder treatment when requested. The YOS must also facilitate an evaluation of an offender's physical, intellectual, developmental, and mental and behavioral health needs by a licensed mental health clinician. The evaluation report must be used to create a treatment plan and a client manager must be assigned to the offender who must meet regularly with the offender to monitor progress through community placement. The DOC must reevaluate the offender monthly while they are incarcerated. The DOC is required to track and report on certain new data points about the YOS.

Juvenile Competency Process

The bill makes several changes to the process for determining juvenile competency and whether a youth is incompetent to proceed to trial. First, the bill clarifies that in cases when a juvenile is prosecuted in an adult court rather than juvenile court, the court should follow the proceedings outlined in the juvenile justice system and cases are subject to concurrent jurisdiction between adult and juvenile courts. If a juvenile is found incompetent to proceed for a class 2 misdemeanor, petty offense, drug misdemeanor, or traffic offense, the court must dismiss the delinquency petition and charges against the juvenile.

In addition, the court may order any member of the juvenile’s professional team to consult with various parties for an appropriate case management plan and makes updates on what needs to be included and not included in the plan. If a juvenile or parent do not engage in the services entered into the plan, the court may update the plan to refer the juvenile to a local collaborative management program or open a dependency and neglect investigation or proceedings.

Presentence Confinement Credit

The bill allows a juvenile who was confined for an alleged delinquent act before being adjudicated and sentenced to have that time credited towards the juvenile’s term of confinement, if applicable.

Deflection and Community Investment Grant Program

The bill creates the Deflection and Community Investment Grant Program in the Colorado Department of Public Health and Environment (CDPHE). The program provides competitive grants for three years to implement a mixed-delivery system of trauma-informed health and development deflection programs for youth. The bill requires the division to develop an application process, contract with a third party to provide technical assistance, and support data collection. The bill outlines how a grantee is eligible, and requires grant awards to be distributed by June 30, 2026. The bill also requires the CDPHE to contract with a research university to conduct an evaluation. Finally, the bill requires an annual appropriation of \$3.3 million to the grant program for FY 2025-26, FY 2026-27, and FY 2027-28 and outlines how the money may be spent. The program is repealed on January 1, 2031.

State Revenue

From FY 2025-26 through FY 2030-31, state revenue may increase from gifts, grants, and donations. No source for gifts, grants, and donations has been identified at this time; therefore, it is assumed that any revenue will be minimal. Gifts, grants, and donations are not subject to the TABOR revenue limit.

State Expenditures

The bill increases state General Fund expenditures by at least \$4.0 million in FY 2025-26 and \$4.1 million in FY 2026-27. These costs will be incurred in the DOC and the CDPHE as shown in Table 2 and described in the sections below. Potential impacts to other agencies, including the Department of Human Services and Judicial Department, are also outlined below.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2025-26	Out Year FY 2026-27
Department of Corrections	at least \$636,605	at least \$698,878
Department of Public Health and Environment	\$3,376,078	\$3,365,020
Total Costs	at least \$4,012,683	at least \$4,063,898

Department of Corrections

The bill will increase expenditures in the DOC by at least \$640,000 in FY 2025-26 and \$700,000 in FY 2026-27 to hire additional staff. In addition to these costs, the bill may require additional capital expenses to renovate the current YOS facility. These costs are detailed below.

Staff

Starting in FY 2025-26, the DOC will require an additional 6.0 FTE to implement the specific requirements outlined in the bill. This includes 3.0 FTE psychologists to perform in-depth mental evaluations on all juveniles in phase 1, as well as conduct monthly reevaluations; 1.0 FTE family therapist to provide family therapy to offenders who request this service; and 2.0 FTE case managers to follow a juvenile's treatment plan through phase 3. It is assumed that the DOC can use waitlists to manage requests for services within available staffing.

Other Potential Costs – Capital Construction

Currently, the YOS facility consists of dormitory-style cells that are segregated by gender. This group setting limits certain types of accommodations or services. The bill amends the legislative declaration, rather than the statute, to state the intention for separate housing based on gender identity and for offenders with disabilities to receive equitable treatment and opportunity to be sentenced to YOS. To fully meet the intent outlined in the legislative declaration, costs will increase to renovate the YOS facility to allow for more private cells. In addition, to ensure that services are provided upon request, rather than using waitlists as assumed above, additional classroom space would be required. An exact timeline and cost estimate cannot be provided at the time of this writing, but preliminarily capital construction costs are estimated at up to \$50 million for dormitory upgrades and up to \$100 million for facility and classroom upgrades.

The fiscal note has not included these potential costs for two reasons. First, under current law, the DOC is permitted to solicit the court to sentence a juvenile to a different sentence, if they cannot be appropriated served through YOS facilities or programming. Second, the language added by the bill concern legislative intent is in the non-binding legislative declaration, rather than amending the statutory language outlining specific duties and requirements for a program or agency.

**Table 2A
State Expenditures
Department of Corrections**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$469,752	\$563,771
Operating Expenses	\$20,650	\$7,680
Capital Outlay Costs	\$40,020	\$0
Centrally Appropriated Costs	\$106,183	\$127,427
Total Costs	at least \$636,605	at least \$698,878
Total FTE	5.0 FTE	6.0 FTE

Department of Public Health and Environment

Expenditures in the CDPHE will increase by \$3.3 million per year through FY 2027-28 to administer the grant program created by the bill. This includes costs for staff, a third-party technical assistance contract, a third-party evaluator, and grants, as described below.

Staff

The CDPHE requires 2.1 FTE in FY 2025-26 and 1.6 FTE in FY 2026-27 and FY 2027-28 to provide administrative support to the grant program. This includes work to create and oversee contracts, coordinate the grant program, create applications and policies, provide financial oversight, and to complete all close-out requirements for grants. First-year costs assume a September 1 start date.

Technical Assistance Contract

Starting in FY 2025-26, the bill increases expenditures by an estimated \$100,000 to contract with a third-party to provide technical assistance. This amount is based on similar contracts entered into by the CDPHE.

Evaluation Contract

Starting in FY 2025-26, the bill increases expenditures by \$100,000 per year to contract with a university to conduct an evaluation of the grant program.

Grants

Expenditures will increase by \$2.8 million in FY 2025-26 and \$2.9 million in FY 2026-27 to provide grants to grantees. These amounts represent the remainder of funds after accounting for administrative and contracting costs.

**Table 2B
State Expenditures
Department of Public Health and Environment**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$177,564	\$125,896
Operating Expenses	\$2,688	\$2,048
Capital Outlay Costs	\$20,010	\$6,670
Technical Assistance Contract	\$100,000	\$100,000
Evaluation Contract	\$100,000	\$100,000
Grants	\$2,933,071	\$2,998,719
Centrally Appropriated Costs	\$42,745	\$31,687
Total Costs	\$3,376,078	\$3,365,020
Total FTE	2.1 FTE	1.6 FTE

Department of Human Services

The bill may impact the Department of Human Services in two ways.

First, to the extent the dismissal of charges or applying confinement credits decreases the amount of time a juvenile spends in the Division of Youth Services, expenditures to the CDHS will decrease. Based on the FY 2022-23 Length of Stay data for juveniles in detention, the majority of juveniles spend less than two weeks in detention; therefore, any savings from sentence credit is expected to be minimal.

Second, to the extent the bill leads to more juveniles being referred to community management placement or referred to the child welfare system, costs to the state could increase to reimburse counties for placement. It is unknown how many juveniles may be referred to these services that are not already being referred, therefore, any cost adjustments will be made through the annual budget process.

Judicial Department

To the extent that following the juvenile justice process for incompetency instead of the adult process allows for more parties being able to object or bring up competency proceedings, workload to the courts will increase. However, based on the low number of juveniles being prosecuted in adult courts, any increase is expected to be minimal.

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 the expenditure tables above.

Local Government

To the extent the dismissal of juvenile cases due to incompetency increases referrals to county departments of human services or collaborative management programs, costs to counties will increase. It is unknown how many dismissed cases will end up in these placements.

Technical Note

The bill currently states that administrative costs for the CDPHE cannot be more than 3 percent of total funding. However, the fiscal note estimates that administrative needs are higher: 6 percent of funding in FY 2025-26 and 4 percent of funding in FY 2026-27 and FY 2027-28.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2025-26, the bill requires General Fund appropriations totaling \$3,863,755, including:

- \$530,422 to the Department of Corrections and 5.0 FTE; and
- \$3,333,333 to the Department of Public Health and Environment and 2.1 FTE.

Departmental Difference

The Department of Corrections estimates that the bill will cost approximately \$150 million to hire an additional 26.0 FTE and to make renovations to the YOS facility for clinical, programming, and housing space. These estimates are based on the assumption that the department is required to create separate housing to accommodate gender identity and individuals with disabilities, and will need more space for programming to ensure juveniles immediately get the services they request without the use of waitlists. The fiscal note only includes a portion of these FTE costs for a family therapist, psychiatrists for monthly evaluations, and more case managers based on specific new staffing and service requirements outlined in the bill. The potential costs for programming and capital construction are discussed above, but not included in the fiscal note due to these requirements stemming from the legislative declaration rather than statute. If the intent of the bill is for the DOC to renovate the YOS space and to provide additional programming, the fiscal note will be revised to include this additional \$150 million cost.

State and Local Government Contacts

Behavioral Health Administration

Human Services

Corrections

Judicial

Counties

Public Health and Environment

Higher Education