



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee
From: Emily Pope, (303) 866-4961
Date: January 23, 2025
Subject: Requested BHA ARPA program reductions

The Governor's January 15 letter includes reductions totaling \$4.1 million for programs originally supported by federal stimulus funds from the American Rescue Plan Act of 2021 (ARPA). No additional information is provided in the letter or requests, but a spreadsheet was sent to JBC Staff that provides reductions across three agencies. This memo addresses three requested reductions under the Behavioral Health Administration (BHA).

BHA ARPA Reduction Request						
Bill	Program	Original Appropriation*	GF Swap	Unencumbered**	Requested ARPA Reduction	Requested GF Reduction
22-1281	Continuum Gap Grant	\$75,000,000	\$32,200,000	\$10,614,410	\$2,928	\$239,586
22-1281	Substance Use Workforce	15,000,000	6,100,000	2,753,937	0	1,951,839
22-196	Criminal Justice Grant	49,748,648	24,063,797	5,592,491	0	1,000,000
Total		\$139,748,648	\$62,363,797	\$18,960,838	\$2,928	\$3,191,426

*This amount was not reduced and remains available for expenditure until December 2026.

**Unencumbered General Fund and ARPA funds as of September 2024.

Staff recommends that the requested reductions be included in legislation to adjust ARPA programs that has already been approved by the Committee if it is the Committee's intent to identify General Fund savings when possible.

Analysis

The BHA currently has spending authority through December 2026 for each of the identified programs. Any amount that is not expended by December 2026 reverts to the General Fund.

Reducing the appropriations effectively limits potential spending for the programs, and makes one-time General Fund available as early as FY 2024-25 rather than waiting for unspent funds to revert. The reductions may be related to anticipated reversions, or offered for budget balancing.

H.B. 22-1281 Continuum Gap Grant

The bill included \$75.0 million cash funds that originated from ARPA funds for a Behavioral Health Continuum Gap Grant. Of that amount, \$40.0 million has been utilized to support Children, Youth and Family Behavioral Health Services grants.

The funds were originally available for expenditure through December 2024, but spending authority for the entire appropriation was extended through December 2026 by H.B. 24-1465. The appropriation was not reduced. House Bill 24-1466 swapped \$32.2 million ARPA funds with General Fund.

Executive Branch reports indicate that \$10.6 million remained unencumbered as of September 2024. House Bill 24-1176 appropriated an additional \$4.0 million cash funds that originated as General Fund to the continuum gap grant program on a one-time basis in FY 2024-25.

Utilization. The BHA indicates that funding has supported services to address acute or complex behavioral health needs. Uses include expanding the types of services available, and improving geographic accessibility across the state. Examples include wraparound care, substance use treatment, and capital projects. The BHA estimates that 10,212 unique individuals have been served by 32 new or expanded programs funded by the grants as of June 2024.

Reduction. The program has until December 2026 to spend the existing appropriation before funds revert. However, the Executive Branch anticipates that the funding will be under-utilized due to projects costing less than originally budgeted, as well as reductions and changes to project plans that reduced funding needs. The BHA proposes a reduction as a budget balancing measure, and indicates that the reduction reflects less than 1.0 percent of the program budget.

H.B. 22-1281 Substance Use Workforce Stability Grant

The bill included \$15.0 million that originated as ARPA funds for a Substance Use Workforce Grant. Funds were originally available for expenditure through December 2024, but spending authority was extended through December 2026 by H.B. 24-1465. The appropriation was not reduced. House Bill 24-1466 swapped \$6.1 million ARPA funds with General Fund. Executive Branch reports indicate that \$2.8 million remained unencumbered as of September 2024.

Utilization. The BHA indicates that funding has supported direct care staff. This may include temporary salary increases, recruitment and retention bonuses, and other incentives. The BHA estimates that 365 providers were supported, and 100 percent of staff who benefited remained in their role for at least 6 months.

Reduction. The program has until December 2026 to spend the existing appropriation before funds revert. The BHA indicates that an analysis at the end of September determined that \$1.9 million would be unspent at the conclusion of the program in 2026 based on current utilization. Behavioral health ARPA workforce investments were also made through S.B. 21-137 and S.B. 22-181. The Executive Branch therefore requests a reduction of \$1.9 million as a one-time budget balancing measure. The reduction would allow the General Assembly to capture one-time General Fund more quickly than waiting for the funds to revert in 2026.

Senate Bill 22-196 Criminal Justice Grant

The bill included a total appropriation of \$61.4 million that originated from ARPA. This amount included \$49.7 million to the BHA for the Early Intervention, Deflection, and Redirection from the Criminal Justice System Grant Program.

The funds were originally available for expenditure through December 2024, but spending authority was extended through December 2026 by H.B. 24-1465. The appropriation was not reduced. House Bill 24-1466 swapped \$21.4 million of the original appropriation with General Fund. Executive Branch reports indicate that \$5.6 million remained unencumbered as of September 2024.

Utilization. The grant provides funding to local governments, tribes, providers, community organizations, and non-profits. Funding supports programs that prevent people with behavioral health needs from becoming criminal justice involved, or redirecting people in the criminal justice system with behavioral health needs to appropriate services. The BHA indicates that 6,386 individuals have been served across 29 initiatives as of June 2024.

Reduction. The BHA indicates that the reduction is the result of adjusted work plans, renegotiated budgets, or canceled projects that resulted in awardees not spending the full amount that was initially encumbered. The BHA intends to re-procure some under-expenditures, but the Executive Branch is bringing forward a reduction for budget balancing.

Recommendation

Staff recommends that the proposed reductions be included in legislation that adjusts ARPA programs that has already been approved by the Committee. The recommendation is based on the assumption that the Committee is interested in identifying General Fund savings wherever possible. Staff does not anticipate that the reductions will have significant programmatic impacts.

However, the appropriations were already identified by the General Assembly as one-time spending priorities. Reducing the appropriation indicates that funding priorities have changed. The Executive Branch may still choose to limit spending associated with the bills regardless of General Assembly action, as appropriations identify a spending ceiling rather than a floor.

Staff is concerned that the funding could still be utilized for the original purpose, and making the reductions is a policy decision. The reductions associated with H.B. 22-1281 appear to be more accurately described as reversions, while the S.B. 22-196 seems to be offered as a budget balancing option rather than a reversion.