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Final Fiscal Note

Drafting Number: LLS 22-0802 **Date:** June 21, 2022
Prime Sponsors: Rep. Gonzales-Gutierrez; **Bill Status:** Senate Appropriations
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Bill Topic: **BEHAVIORAL HEALTH-CARE CONTINUUM GAP GRANT PROGRAM**

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 type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates grant programs in the Behavioral Health Administration to be awarded to community investment; children, youth, and family services; and the substance use workforce. It will increase state expenditures through FY 2025-26.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$90.0 million to the Department of Human Services.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 22-1281

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-		
Expenditures¹	General Fund	-	-	\$322,320	\$161,159
	Cash Funds	\$90,000,000	-	-	-
	Central Approp.	\$83,835	\$76,171	\$68,507	\$34,253
	Total	\$90,083,835	\$76,171	\$390,827	\$195,412
	Total FTE	5.0 FTE	4.5 FTE	4.0 FTE	2.0 FTE
Transfers		-	-	-	-
Other Budget		-	-	-	-

¹ FY 2022-23 funding will be spent over two fiscal years, as detailed in Table 2 in the State Expenditures section. Money in the Behavioral and Mental Health Cash Fund comes from federal ARPA funds.

Summary of Legislation

The bill creates the Community Behavioral Health-Care Continuum Gap Grant Program to be administered by the Behavioral Health Administration (BHA) and appropriates \$75 million from the Behavioral and Mental Health Cash Fund to the grant program. Of the money appropriated, the BHA must award \$35 million for community investment grants and \$40 million for children, youth, and family services grants. Grants may be awarded to nonprofit and community-based organizations as well as local governments that identify a source of contributing funds or non-financial contributions. The BHA must begin accepting grants applications no later than December 31, 2022.

The bill also establishes in the BHA the Substance Use Workforce Stability Grant Program to be awarded to support direct care staff who spend 50 percent or more of their time working with clients. Support may include temporary salary increases, recruitment and retention bonuses, and other strategies that support staff. The program is appropriated \$15 million from the Behavioral and Mental Health Cash Fund.

The BHA must develop a behavioral health-care services assessment tool that grant applicants can use to identify regional gaps in services on the behavioral health-care service continuum. In awarding grants, the BHA must give preference to applicants providing a service that addresses a gap in services identified with the assessment tool.

Grant recipients are required to spend or obligate grant funding by December 31, 2024, and spend all funding by December 31, 2026. Grant recipients may use no more than 10 percent of grant funding for administrative costs. Each grant recipient must report to the BHA information about the use of the grant award. The Department of Human Services (CDHS) must report on the grant program during its SMART Act hearing. The bill is repealed January 31, 2027.

Background

The Behavioral Health Transformational Task Force recommended that the General Assembly address gaps in the continuum of care through grants to local governments and community-based organizations using federal American Rescue Plan Act (ARPA) funds (Recommendation E). The report is online here:

https://leg.colorado.gov/sites/default/files/images/bhttf_recommendations_report_final.pdf

State Expenditures

The bill increases state expenditures in the Department of Human Services by \$90.0 million from FY 2022-23 through FY 2023-24 from the Behavioral and Mental Health Cash Fund. After which, the CDHS requires \$390,827 in FY 2024-25 and \$195,412 in FY 2025-26, which is assumed to come from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1281

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Department of Human Services				
Personal Services	\$376,151	\$346,535	\$316,920	\$158,459
Operating Expenses	\$6,750	\$6,075	\$5,400	\$2,700
Capital Outlay Costs	\$31,000	-	-	-
Community Investment Grants	\$12,385,028	\$12,402,053	-	-
Children, Youth, Family Services Grants	\$17,339,039	\$17,362,874	-	-
Substance Use Workforce Grants	\$14,862,032	\$14,882,463	-	-
Centrally Appropriated Costs ¹	\$83,835	\$76,171	\$68,507	\$34,253
Total	\$45,083,835	\$45,076,171	\$390,827	\$195,412
Total FTE	5.0 FTE	4.5 FTE	4.0 FTE	2.0 FTE

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

Department of Human Services. Over three fiscal years, the DHS requires 1.0 FTE Contract Administrator, 2.0 FTE Program Management, and 1.0 Data Manager to oversee grant award selection, contracts, and compliance; oversee contracts in each grant program; and provide reporting. In addition, the DHS requires 18 months of a Grants Specialist to support applicants with writing and budgeting in FY 2022-23 and FY 2023-24. In FY 2025-26, FTE is reduced to 2.0 FTE for program wrap-up and reporting.

- **Grants.** Grant amounts assume grants will be awarded in equal amounts over FY 2022-23 and FY 2023-24. The actual timing of issuing grants may differ depending on applications received and BHA funding decisions.

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.

Local Government

Local governments that apply for and receive grants will have a corresponding increase in revenue and expenditures.

Effective Date

The bill was signed into law by the Governor and took effect on May 18, 2022.

State Appropriations

For FY 2022-23, the bill requires and includes an appropriation of \$90,000,000 from the Behavioral and Mental Health Cash Fund to the Behavioral Health Administration in the Department of Human Services, and 5.0 FTE. Funding is further appropriated for the same purpose through December 30, 2024.

State and Local Government Contacts

Health Care Policy and Financing

Human Services

Information Technology