

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING AN INCREASE IN THE NUMBER OF RESIDENTIAL BEHAVIORAL HEALTH BEDS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Amabile and Sandridge  
Sens. Winter and Smallwood

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Date Prepared: April 15, 2022

**Appropriation Items of Note**

**Appropriation Already Added to Bill, Amendment in Packet**

**General Fund Impact**

**Significant Second and Third Year General Fund Increase**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/28/22.

<b>XXX</b>	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Public & Behavioral Health & Human Services Committee Report (03/29/22) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment
L.002	Bill Sponsor amendment - does not change fiscal impact

**Current Appropriations Clause in Bill**

The bill includes a clause that appropriates \$65.0 million cash funds to the Department of Human

## HB22-1303

## JBC Staff Analysis

Services for FY 2022-23. This appropriation is from the Behavioral and Mental Health Cash Fund, and the money originated as federal funds from the American Rescue Plan Act. However, that appropriation does not align with the required appropriation as identified in the fiscal note, nor does it provide authority for the Department to spend that appropriation through FY 2023-24, as assumed in the fiscal note.

### Description of Amendments in This Packet

**J.001** Staff has prepared amendment **J.001** (attached) to replace the existing appropriation clause with a provision making appropriations totaling \$41,900,316 (including \$91,938 General Fund) to three different departments, as shown in the following table. The cash funds appropriations to the Department of Human Services are from the Behavioral and Mental Health Cash Fund, originating as federal funds from the American Rescue Plan Act, and are made available to the Department through December 30, 2024. The table also shows the FTE assumptions for both FY 2022-23 and FY 2023-24.

H.B. 22-1303 NET CHANGE IN APPROPRIATIONS BY DEPARTMENT							
DEPARTMENT	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FY 22-23 FTE	FY 23-24 FTE
Human Services Operating	\$31,022,771	\$0	\$31,022,771	\$0	\$0	10.3	84.3
Human Services Capital Construction	10,683,678	0	10,683,678	0	0	0.0	0.0
Personnel	9,992	0	0	9,992	0	0.0	0.0
Health Care Policy and Financing	183,875	91,938	0	0	91,937	1.8	2.0
<b>TOTAL</b>	<b>\$41,900,316</b>	<b>\$91,938</b>	<b>\$41,706,449</b>	<b>\$9,992</b>	<b>\$91,937</b>	<b>12.1</b>	<b>86.3</b>

**L.002** Bill Sponsor amendment **L.002** (attached) adds statutory language to the bill clarifying that appropriations from the Behavioral and Mental Health Cash Fund to the Department of Human Services for FY 2022-23 are available to the Department until December 30, 2024. Amendment J.001 (above) assumes that the appropriations will be available through that date, and L.002 does not require further adjustments to the appropriations.

In order to align with the most recent fiscal note, the Committee should adopt amendment J.001 regardless of whether or not it adopts amendment L.002.

### Points to Consider

#### *General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations.

## HB22-1303

## JBC Staff Analysis

Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates an ongoing obligation and requires a General Fund appropriation of \$91,938 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.

### *Future General Fund Impact*

As noted above, the bill requires an appropriation of \$91,938 General Fund in FY 2022-23. However, the General Fund required to implement this bill is anticipated to increase beginning in FY 2023-24 due to the delivery of Medicaid-eligible services. The FY 2023-24 General Fund impact is identified in the fiscal note as \$11.5 million.

The FY 2024-25 General Fund impact is estimated to be \$30.9 million as costs supported by the Behavioral and Mental Health Cash Fund in FY 2022-23 and FY 2023-24 are forced to shift to the General Fund for ongoing support (see following table). In addition, while \$30.9 million is assumed to be the ongoing impact, the General Fund required to implement the bill in the future may increase if the per capita costs of the associated costs of Medicaid claims increases.

H.B. 22-1303 ANTICIPATED APPROPRIATIONS FY 2024-25 AND BEYOND						
DEPARTMENT	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Human Services	\$27,842,859	\$10,943,938	\$0	\$16,898,921	\$0	84.3
Personnel	4,996	0	0	4,996	0	0.0
Health Care Policy and Financing	39,891,692	19,945,846	0	0	19,945,846	2.0
<b>TOTAL</b>	<b>\$67,739,547</b>	<b>\$30,889,784</b>	<b>\$0</b>	<b>\$16,903,917</b>	<b>\$19,945,846</b>	<b>86.3</b>

The Committee should note that this analysis assumes that contract beds that amendment J.001 would support in FY 2022-23 and FY 2023-24 with appropriations from the Behavioral and Mental Health Cash Fund to the Department of Human Services would be funded through the Department of Health Care Policy and Financing in subsequent years, with the cost split between General Fund and federal funds. The estimated \$16.9 million in annual costs would then be reflected as reappropriated funds in the Department of Human Services (as shown in the table above). In addition:

- In alignment with the fiscal note, this analysis assumes that appropriations from the Behavioral and Mental Health Cash Fund will support the anticipated costs for FY 2022-23 and FY 2023-24.
- The General Assembly could consider increasing appropriations from the Behavioral and Mental Health Cash Fund to support estimated costs for the first half of FY 2024-25 (through December 30, 2024), which would reduce the General Fund impact in that year. However, the anticipated ongoing General Fund impact in subsequent years would align with the table above.