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Fiscal Note

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Prime Sponsors:

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Fiscal Analyst: Clayton Mayfield | 303-866-5851
clayton.mayfield@coleg.gov

Bill Topic: STRENGTHEN RESPONSE TO BEHAVIORAL HEALTH CRISES

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill expands the Behavioral Health Administration's crisis responses system to include substance use disorder withdrawal management and prohibits jails as an option for emergency commitments. The bill increases state expenditures and local government workload starting in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$35.1 million to the Behavioral Health Administration.

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. This fiscal note is preliminary and may be updated after additional research and analysis, specifically regarding capital construction costs under the bill.

Table 1
State Fiscal Impacts Under Bill 2

Table with 5 columns: Category, Sub-category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

Starting July 1, 2026, the bill expands the crisis response system administered by the Behavioral Health Administration (BHA) to include substance use disorder withdrawal management services and prohibits the use of jails for emergency commitments of persons under the influence of or incapacitated by substances. Additionally, the bill requires facility-based crisis service providers to be able to accept persons pursuant to an emergency commitment and requires the BHA to license crisis service providers.

Finally, the bill requires local law enforcement agencies that take persons into protective custody pursuant to an emergency commitment to annually report certain data about these persons to the BHA starting January 1, 2025. The BHA must use the data for planning service levels and must protect personal information.

State Expenditures

The bill increases state expenditures in the BHA by about \$35.1 million in FY 2024-25, \$1.6 million in FY 2025-26, and \$8.9 million in FY 2026-27 and beyond, paid from the General Fund.

**Table 2
 Expenditures Under Bill 2**

	FY 2024-25	FY 2025-26	FY 2026-27
Behavioral Health Administration			
Personal Services	\$53,877	\$107,913	\$128,544
Operating Expenses	\$896	\$1,664	\$1,920
Capital Outlay Costs	\$6,670	\$6,670	-
Crisis Stabilization Units – Capital Construction	\$35,000,000	-	-
Crisis Stabilization Units - Operating Costs	-	\$1,450,000	\$8,700,000
Centrally Appropriated Costs ¹	\$12,975	\$24,835	\$29,034
Total Cost	\$35,074,418	\$1,591,082	\$8,859,498
Total FTE	0.7 FTE	1.3 FTE	1.5 FTE

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

Behavioral Health Administration. The BHA requires staff and funding to incorporate substance use disorder withdrawal management services into the crisis response system.

- **Staff.** 1.5 FTE are required to oversee licensure of crisis service providers and manage the data on emergency commitments provided by law enforcement agencies as required by the bill. The data management FTE is prorated for a November 2024 start date, and the FTE for program licensure is prorated for a January 2026 start date. Amounts include standard operating and capital outlay costs.
- **Crisis Stabilization Units – Capital Construction.** Preliminarily, the BHA is estimated to require \$35 million to construct seven additional crisis stabilization units (CSUs). CSUs are treatment facilities where withdrawal management services can be provided as part of the BHA’s crisis response system. The bill prohibits jail as an option for emergency commitments due to substance use disorder, with approved treatment facilities or detention in an emergency medical facility as alternatives. The BHA operates six CSUs currently, all of which are at capacity and geographically concentrated along the Front Range. Therefore, seven additional CSUs are needed in locations across the state to allow law enforcement agencies to appropriately refer emergency commitments and for the BHA to provide withdrawal management services. Funding provided in FY 2024-25 allows for the construction of these additional CSUs by July 1, 2026.
- **Crisis Stabilization Units - Operating Costs.** The BHA will contract for operation of the additional CSUs. This fiscal note assumes that the new CSUs will each require four staff in order to provide 24-hour coverage. Based on this, the monthly cost to contract for seven CSUs is estimated at \$725,000, resulting in total operating costs of \$8.7 million per year. The cost for FY 2025-26 is based on operating costs for the two months immediately preceding an assumed opening date of July 1, 2026.
- **Involuntary commitments.** Under current law, emergency commitment stays at treatment facilities are limited to five days unless a petition for involuntary commitment is filed. By increasing the number of individuals referred to treatment facilities, the bill may increase the number of involuntary commitments. To the extent the bill increases the number of involuntary commitments to the BHA, costs in the BHA will increase to assume custody of the individuals. Because it is unknown how many more involuntary commitment petitions there will be, the fiscal note assumes costs will be addressed through the annual budget process.

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.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government

The bill increases local law enforcement workload to provide the data on emergency commitments required by the bill and to ensure emergency commitments are placed appropriately. The increase will vary by jurisdiction depending on the number of emergency commitments.

Effective Date

The bill takes effect July 1, 2026, except for Section 3 of the bill which takes effect January 1, 2025.

Technical Note

The bill specifies that withdrawal management services must be provided at walk-in centers (WICs) under the BHA crisis response system. However, WICs are for triage and referral, with limited or no capacity for treatment on site. Therefore, the fiscal note assumes that CSUs are the appropriate treatment facility within the crisis response system to provide withdrawal management services required by the bill.

In addition, the bill requires appropriations for capital construction and other start-up expenses beginning in FY 2024-25. However, the main portion of the bill driving these costs does not take effect until July 1, 2026 (FY 2026-27). It is assumed that the bill will take effect in August 2024, with a requirement for services to begin on July 1, 2026.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$35,061,443 to the Behavioral Health Administration, and 0.7 FTE. Of this amount, \$35,000,000 is for capital construction costs, which requires spending authority through FY 2026-27.

State and Local Government Contacts

Behavioral Health Administration

Human Services

Public Safety