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Final Fiscal Note

Drafting Number: LLS 22-0148 Date: June 14, 2022
Prime Sponsors: Sen. Lee Bill Status: Postponed Indefinitely
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Bill Topic: PROGRAMS TO DEVELOP HOUSING SUPPORT SERVICES

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

This bill established and expanded programs in the Division of Housing in the Department of Local Affairs to build local capacity to provide supportive housing services to individuals with mental or behavioral health issues, and who are homeless or are at risk of homelessness. The bill was postponed indefinitely, so the impacts identified in the final fiscal note do not take effect.

Appropriation Summary: For FY 2022-23, the bill requires appropriations totaling \$5,636,101 to multiple agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill which is recommended by the Legislative Oversight Committee Concerning the Treatment of Persons with Mental Health Disorders in the Criminal and Juvenile Justice Systems. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under SB 22-231

Table with 3 columns: Category, Budget Year FY 2022-23, Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

1 This estimate includes funding of \$5 million in FY 2022-23 and \$10 million in FY 2023-24 for housing-related grants in DOLA. The amount of grant funding for these programs is at the discretion of the General Assembly and a different amount may be appropriated. The General Assembly may also choose to use Marijuana Tax Cash Fund money, rather than General Fund, for this purpose.

Summary of Legislation

This bill creates new grant programs and expands existing duties in the Division of Housing (division) in the Department of Local Affairs (DOLA) to build local capacity to provide supportive housing services to individuals with behavioral, mental health, or substance abuse issues who are homeless or at risk of becoming homeless. The Office of Behavioral Health in the Department of Human Services (CDHS) is required to consult and coordinate with DOLA to provide statewide training and implement grant programs.

Statewide training and technical assistance. The division is required to expand statewide technical assistance, training, and education to homeless services providers, law enforcement, first responders, municipal court programs, and other organizations addressing homelessness and mental health.

Supportive housing pre-development grant program. The bill creates a grant program to provide funding to entities that develop supportive housing interventions for persons with mental health issues. Grant recipients may use funds to add new staff capacity to develop, evaluate, and support intervention programs. Grants must be awarded on or before January 1, 2023, and on or before January 1 of the succeeding two years. The General Assembly must appropriate money from the General Fund or the Marijuana Tax Cash Fund for the grant program. The program is repealed September 1, 2027, following a sunset review conducted by the Department of Regulatory Agencies.

Supportive housing services and homelessness prevention grant program. The bill creates a grant program to provide grants to communities providing supportive housing programs intended to keep persons with behavioral or mental health issues or substance abuse issues housed. Grantees may use funding for services that may not currently be billed to the state medical assistance program. The Department of Health Care Policy and Financing (HCPF) is required to collaborate to identify additional providers and services that may be eligible for reimbursement under Medicaid and to request federal waivers allowing for such reimbursement. The General Assembly must appropriate money from the General Fund or the Marijuana Tax Cash Fund for the program. The program is repealed September 1, 2029, following a sunset review conducted by the Department of Regulatory Agencies.

Data integration and resource collection. The division must develop a plan to increase participation in regional homeless data systems, support accurate data reporting, and assess housing-related needs. The program must evaluate how to increase use of the Colorado Homeless Management Information System and the Coordinated Entry System, provide technical assistance, and develop an integrated user interface for data systems with input from key stakeholders.

State Expenditures

The bill increases state expenditures in DOLA, CDHS, and HCPF by \$5.8 million in FY 2022-23 and \$10.6 million in FY 2023-24. Expenses are assumed to be paid from the General Fund; however, the General Assembly may also choose to appropriate some or all funding for the bill from the Marijuana Tax Cash Fund. New expenditures are displayed in Table 2 and described below.

**Table 2
Expenditures Under SB 22-231**

| Cost Components | FY 2022-23 | FY 2023-24 |
|---|--------------------|---------------------|
| Department of Local Affairs | | |
| Grants and Technical Assistance ¹ | \$5,000,000 | \$10,000,000 |
| Personal Services | \$99,601 | \$132,802 |
| Operating Expenses | \$2,160 | \$2,700 |
| Capital Outlay Costs | \$12,400 | - |
| Travel | \$5,398 | \$5,398 |
| Grant Module Setup and Software License | \$9,840 | \$900 |
| DOLA Consultants | \$291,200 | \$226,200 |
| Office of Information Technology | \$140,920 | - |
| Centrally Appropriated Costs ¹ | \$113,688 | \$90,102 |
| FTE – Personal Services | 1.6 FTE | 2.0 FTE |
| DOLA Subtotal | \$5,675,207 | \$10,458,102 |
| Department of Health Care Policy and Financing | | |
| Personal Services | \$22,475 | \$53,940 |
| Operating Expenses | \$675 | \$1,350 |
| Capital Outlay Costs | \$6,200 | - |
| Centrally Appropriated Costs ² | \$6,024 | \$14,857 |
| FTE – Personal Services | 0.4 FTE | 1.0 FTE |
| HCPF Subtotal | \$35,374 | \$70,147 |
| Department of Human Services | | |
| Personal Services | \$38,357 | \$92,059 |
| Operating Expenses | \$675 | \$1,350 |
| Capital Outlay Costs | \$6,200 | - |
| Centrally Appropriated Costs ² | \$7,454 | \$18,289 |
| FTE – Personal Services | 0.4 FTE | 1.0 FTE |
| DHS Subtotal | \$52,686 | \$111,698 |
| Total | \$5,763,267 | \$10,639,947 |
| Total FTE | 2.4 FTE | 4.0 FTE |

¹ The General Assembly, at its discretion, may appropriate a different amount for housing-related grants.

² Centrally appropriated costs are not included in the bill's appropriation.

Grant awards (DOLA). Grants and technical assistance from the new programs are the largest cost component. This fiscal note assumes annual grants totaling \$10.0 million, with a half-year impact in FY 2022-23 following the planning phase. The actual amount appropriated for grant awards must be determined by the General Assembly. Depending on the exact amount provided for grants, administrative expenses may also differ from this fiscal note estimate. These costs will be updated as needed as more information becomes available.

Grant administration (DOLA). DOLA requires additional 2.0 FTE program administrator staff beginning FY 2022-23 to provide statewide training and technical assistance, establish and administer two new grant programs, and develop a plan and integrated user interface for regional homeless data systems. Staff will have statewide travel and lodging expenses. First-year costs are prorated for the General Fund pay date shift and a presumed September 1, 2022, effective date.

- **Consultants.** DOLA will contract with consultants to assist with statewide training and for technology planning. Costs assume 2,080 hours of work at the hourly rate of \$140.
- **Office of Information Technology.** OIT will assist the department to evaluate the coordination and use of existing data systems and to develop an integrated user interface. OIT will contract with a business analyst and a process architect at \$118 per hour and \$153 per hour, respectively, for a total of 1,040 hours each.

Department of Health Care Policy and Financing. The bill requires HCPF to collaborate with DOLA to identify additional providers and services that may be eligible for reimbursement under Medicaid and to request federal waivers. HCPF requires 1.0 FTE to research eligible services and providers and coordinate with the federal government to request waivers. Prorated FTE costs begin for HCPF following the planning and implementation of the new grant programs, presumably January 1, 2023. Beginning with FY 2023-24, staffing needs are year-round and ongoing.

Department of Human Services. The Office of Behavioral Health in the DHS will require 1.0 FTE to provide consultation and coordination to DOLA in implementing statewide training and technical assistance, and to evaluate, award, and monitor grants. Prorated FTE costs begin for the DHS following the planning and implementation of the new grant programs, presumably January 1, 2023. Beginning in FY 2023-24, staffing needs are year-round and ongoing.

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 displayed in Table 2.

Local Government

The bill may increase workload of local governments that choose to apply for supportive housing grants from DOLA. Local governments selected to receive grants will receive additional revenue and have additional expenditures of grant funding related to supportive housing initiatives.

Effective Date

The bill was postponed indefinitely by the Senate Judiciary Committee on April 28, 2022.

State Appropriations

For FY 2022-23, the bill requires the following appropriations from the General Fund:

- \$5,561,519 to the Department of Local Affairs, and 1.6 FTE, of which \$140,920 is reappropriated to the Office of Information Technology;
- \$29,350 to the Department of Health Care Policy and Financing, and 0.4 FTE; and
- \$45,232 to the Department of Human Services, and 0.4 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology

Human Services
Local Affairs