



Colorado  
Legislative  
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Staff

Bill 3

# FISCAL NOTE

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0315  
**Prime Sponsor(s):**

**Date:** October 26, 2015  
**Bill Status:** Legislative Oversight Committee  
Concerning the Treatment of Persons  
with Mental Illness in the Criminal and  
Juvenile Justice Systems Bill Request  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**BILL TOPIC:** LAW ENFORCEMENT MENTAL HEALTH COLLABORATION GRANTS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
<b>State Revenue</b>		
Cash Funds	Potential increase - gifts, grants, and donations.	
<b>State Expenditures</b>	<u>at least \$500,000</u>	<u>at least \$500,000</u>
General Fund	495,901	495,821
Centrally Appropriated Costs	4,099	4,179
<b>TABOR Impact</b>	Potential increase.	
<b>FTE Position Change</b>	at least 0.3 FTE	at least 0.3 FTE
<b>Appropriation Required:</b> at least \$500,000 - Department of Public Safety (FY 2016-17)		
<b>Future Year Impacts:</b> Ongoing state expenditure impact and potential state revenue impact.		

## Summary of Legislation

This bill, **requested by the Legislative Oversight Committee Concerning the Treatment of Persons with Mental Illness in the Criminal and Juvenile Justice Systems**, creates a grant program in the Department of Public Safety (DPS) to provide local law enforcement agencies with funding to hire mental health professionals. These additional mental health staff will provide immediate services and assistance to persons exhibiting signs of mental illness or substance abuse who are involved in an investigation by a law enforcement agency. Grant recipients are required to collect data on the program and provide this to the DPS. The DPS cannot spend more than 5 percent of program funds for administrative purposes.

## State Revenue

The bill potentially increases cash fund revenue to the DPS from gifts, grants, and donations beginning in FY 2016-17. At this time, no source of such revenue has been identified. Revenue received or transferred to the grant program cash fund are continuously appropriated to the DPS.

**TABOR Impact**

This bill potentially increases state revenue from gifts, grants, and donations, which may increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

**State Expenditures**

The costs to implement the grant program depend on the intended scope of the program. The fiscal note provides two cost scenarios in the DPS to implement the grant program:

- **Scenario 1 - \$500,000 and 0.3 FTE** per year beginning in FY 2016-17 for a viable grant program with limited scope; and
- **Scenario 2 - \$2.2 million and 1.5 FTE** per year beginning in FY 2016-17 for a grant program with a wider statewide impact.

The exact funding level for the grant program may be set at the discretion of the General Assembly. Depending on the intended level of grant funding, program administration costs should be adjusted accordingly. Assuming no sources of gifts, grants, or donations are identified, grant program costs must be paid using General Fund. The costs of both a limited grant program and a broader statewide program are shown in Table 1 and discussed below.

<b>Table 1. Expenditures Under LLS 16-0315</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>Scenario 1 - Limited Grant Program</b>	<b>\$500,000</b>	<b>\$500,000</b>
Personal Services	\$19,714	\$19,714
FTE	0.3 FTE	0.3 FTE
Operating Expenses	285	285
Grants to Local Law Enforcement Agencies	475,902	475,822
Centrally Appropriated Costs*	4,099	4,179
<b>Scenario 2 - Statewide Grant Program</b>	<b>\$2,216,858</b>	<b>\$2,210,161</b>
Personal Services	\$88,742	\$88,742
FTE	1.5 FTE	1.5 FTE
Operating Expenses and Capital Outlay	8,480	1,425
Grants to Local Law Enforcement Agencies	2,100,000	2,100,000
Centrally Appropriated Costs*	19,636	19,994

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

**Assumptions.** For both funding scenarios the fiscal note assumes the following:

- an appropriation of General Fund is required for the program to begin operating in FY 2016-17; and
- the grant program begins operating on July 1, 2016.

**Grant administration.** To implement a limited grant program, \$19,999 and 0.3 FTE per year beginning in FY 2016-17 is required for administration. To support a broader statewide grant program, \$97,222 and 1.5 FTE is required in the first year and \$90,167 and 1.5 FTE in future years.

Grant administration costs, which include personal services, operating expenses, and capital outlay costs, are shown in Table 1 on the previous page. To the extent the General Assembly provides a different level of funding than the scenarios contemplated in this fiscal note, the required staffing and grant administration costs will need to scale accordingly. These administrative costs cannot exceed 5 percent of total program funding.

**Grants to local law enforcement agencies.** In the limited program scenario, approximately \$475,000 per year is required for grants to local law enforcement agencies. For the broader program, the fiscal note estimates that \$2.1 million per year will be required. The exact number and amount of grants will vary depending on the amount appropriated and the priorities of the grant program and local agencies. The potential number of grants under each funding scenario are discussed below.

**Limited grant program.** For a limited grant program, the fiscal note anticipates between 6 and 10 grants ranging between \$50,000 and \$75,000 per year. Under this scenario, most grants will primarily cover the cost of hiring a single mental health professional and some grants could include funding for planning and training.

**Statewide grant program.** For a broader grant program, the fiscal note estimates that between 15 and 25 grants, ranging between \$75,000 and \$250,000 per year, will be disbursed. This funding will allow larger jurisdictions to hire multiple mental health professionals and for grant awards to address planning and training costs.

**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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Table 2. Centrally Appropriated Costs Under LLS 16-0315</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>Scenario 1 - Limited Grant Program</b>	<b>\$4,099</b>	<b>\$4,179</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,412	\$2,412
Supplemental Employee Retirement Payments	1,687	1,767
<b>Scenario 2 - Statewide Grant Program</b>	<b>\$19,636</b>	<b>\$19,994</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$12,042	\$12,042
Supplemental Employee Retirement Payments	7,594	7,952

**Local Government Impact**

The bill potentially increases revenue to local law enforcement agencies to pay for mental health professionals on their staffs. Participation in the grant program is voluntary and the decision on which local agencies receive funding is at the discretion of the DPS. Participating local law enforcement agencies will have a minimal increase in workload to apply for grant funding and to collect and report data to the DPS if a grant is received.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State Appropriations**

At a minimum, the bill requires an appropriation of at least \$500,000 General Fund to the Law Enforcement and Mental Health Collaboration Grant Program Fund in the DPS in FY 2016-17. Moneys in the fund are continuously appropriated to the DPS. The DPS also requires an allocation of at least 0.3 FTE.

**Departmental Difference**

The DPS estimates that the cost of the bill is \$2.1 million and 2.0 FTE per year beginning in FY 2016-17. The fiscal note concurs that this level of funding would allow for implementation of an effective grant program. However, fiscal note policy is to provide an estimate of the least cost alternative for implementing legislation. Thus, the fiscal note estimates minimum costs of the grant program at \$500,000 and 0.3 FTE, which would allow for a limited, but functional, grant program. As discussed in the State Expenditures section, the fiscal note includes an estimate similar to the DPS estimate as an option for the General Assembly to consider, with certain technical adjustments and slightly reduced staff in order to conform to the bill's 5 percent limit on administrative costs.

**State and Local Government Contacts**

Public Safety      Municipalities      Counties      Sheriffs