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Revised Fiscal Note

(replaces fiscal note dated April 05, 202)

Drafting Number: LLS 21-0644 Date: April 26, 2021
Prime Sponsors: Sen. Kolker; Simpson Bill Status: Senate Finance
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Bill Topic: 988 SUICIDE PREVENTION LIFELINE NETWORK

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

The bill creates the 988 Crisis Hotline Center which will be operated by a non-profit organization. The bill increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires appropriations of \$5.7 million to multiple state agencies.

Fiscal Note Status: This fiscal note reflects the introduced bill, as amended by the Senate Health and Human Services Committee. It has been revised to reflect the amendments and new information.

Table 1
State Fiscal Impacts Under SB 21-154

Table with 4 columns: Category, Sub-category, Budget Year FY 2021-22, and Out Year FY 2022-23. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

Summary of Legislation

The bill creates the 988 Crisis Hotline Center and requires the Office of Behavioral Health (OBH) in the Department of Human Services (DHS) to fund a nonprofit to provide intervention services and crisis care coordination for individuals calling 988 by July 1, 2022. The nonprofit must:

- have an active agreement with the national 988 hotline;
- meet national suicide lifeline requirement guidelines;
- deploy mobile response units and co-responder programs; and
- coordinate access to walk-in centers; and provide follow up services.

The bill creates the 988 Surcharge Cash Fund. The fund will contain money from a surcharge imposed on phone service users and a charge on prepaid wireless phones and does not supplant any current appropriations to the OBH. The 988 phone service surcharge must be set by the Public Utilities Commission (PUC) by October 1, 2021, and cannot exceed \$0.50 per month. The surcharge takes effect January 1, 2022. The bill sets the charge on prepaid wireless phones at 1.4 percent of the transaction of purchasing prepaid wireless service until December 31, 2021, and then a rate established by PUC after January 1, 2022.

The OBH must also collaborate with the National Suicide Prevention Lifeline and Veterans Crisis Line for consistent public messaging. Beginning January 1, 2023, the OBH must report on the usage of the 988 hotline and the services provided to the federal Substance Abuse and Mental Health Services Administration, and information on expenditures from the cash fund to the Federal Communications Commission (FCC). Finally, the DHS will include reporting on the 988 Crisis Hotline Center in its SMART Act hearings.

Background

On July 16, 2020, the FCC adopted rules to establish a three-digit phone number (988) for Americans in crisis to connect with suicide prevention and mental health resources. The rules require phone service providers by July 16, 2022, to direct 988 calls to the existing National Suicide Prevention Lifeline (1-800-273-8255).

Colorado currently operates the Colorado Crisis Services Hotline (1-844-493-8255), which is a 24-hour crisis telephone line. While distinct from the National Suicide Prevention Lifeline, the OBH does provide resources to respond to cases reported to the National Suicide Prevention Lifeline. In addition, both the National Suicide Prevention Lifeline and Colorado Crisis Services are answered by the same call center. Currently, the OHB has a budget of \$5.3 million from both General Fund and federal funds for these calls.

Assumptions

Based on methodology provided by the federal 988 vendor, the 988 number will receive approximately 500,000 calls in FY 2022-23.

State Revenue

The bill will increase revenue by \$7.2 million in FY 2021-22 and \$12.1 million in FY 2022-23 to the 988 Surcharge Cash Fund from the surcharge imposed on phone service users and the charge on prepaid wireless phones. This revenue is subject to TABOR.

Fee impact on 988 Surcharge and Prepaid Wireless Phone Charge. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the PUC based on cash fund balance, estimated program costs, and the estimated number of phones subject to the fee. It should be noted that the fee can only be changed on January 1. The table below identifies the fee impact of this bill.

**Table 2
Fee Impact on SB 21-154**

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Months	Total Fee Impact
FY 2021-22	988 Surcharge	\$0.14	5,800,000	6	\$4,872,000
	988 Prepaid Wireless Charge (October-December, 2021)	\$0.56	712,250	3	\$1,196,580
	988 Prepaid Wireless Charge (January- June 2022)	\$0.27	712,250	6	\$1,153,845
FY 2021-22 Total					\$7,222,425
FY 2022-23	988 Surcharge	\$0.14	5,800,000	12	\$9,744,000
	988 Prepaid Wireless Charge	\$0.27	712,250	12	\$2,307,690
FY 2022-23 Total					\$12,051,690

988 Surcharge. Beginning January 1, 2022, the bill will increase revenue to the 988 Surcharge Cash Fund. The fiscal note assumes that the surcharge will apply to around 5.8 million telephone users per month. For purposes of the fiscal note, the fee is shown at a level to remain constant and to cover the total costs from the current FY 2021-22 through FY 2023-24.

Prepaid Wireless Phone Charge. Starting in FY 2021-22, the bill will increase 988 Surcharge Cash Fund revenue from the prepaid wireless charge. The fiscal note assumes that the charge will be imposed beginning October 1, 2021, on 712,250 transactions a month, and that the average transaction for a prepaid wireless phone is \$40, resulting in a \$0.56 fee per transaction. The note estimates the fee will decrease for the next year, when set by the PUC. For purposes of the fiscal note, the fee is shown at a level to remain constant and to cover the total costs from January 1, 2022, through FY 2023-24. .

State Expenditures

The bill will increase expenditures by \$5.8 million in FY 2021-22 and \$11.8 million in FY 2022-23, from the General Fund and 988 Surcharge Cash Fund as shown in Table 3 and described below.

**Table 3
 Expenditures Under SB 21-154**

Cost Components	FY 2021-22	FY 2022-23
Office of Behavioral Health		
Personal Services	\$107,674	\$143,567
Operating Expenses	\$2,160	\$2,700
Capital Outlay Costs	\$12,400	-
Mobile Response Units	-	\$2,070,320
988 Contract	\$5,234,925	\$9,201,553
988 Public Awareness	\$300,000	\$300,000
Centrally Appropriated Costs ¹	\$25,743	\$32,990
FTE – Personal Services	1.6 FTE	2.0 FTE
OBH Subtotal	\$5,682,902	\$11,751,130
Department of Revenue		
Computer Programming	\$45,000	-
Contractor	\$27,600	\$1,600
Forms Update	\$1,966	-
DOR Subtotal	\$74,566	\$1,600
Total	\$5,757,468	\$11,752,730
Total FTE	1.6 FTE	2.0 FTE

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

Department of Human Services. The DHS will have an increase in expenditures of \$5.7 million and 1.6 FTE in FY 2021-22 and \$11.8 million in FY 2022-23 and 2.0 FTE from the 988 Surcharge Cash Fund. These costs are detailed below.

Staffing costs. The OBH will require 2.0 FTE to manage and oversee the program and the increase in calls, to collect and report data, and to coordinate public messaging with the national 988 hotline and Veterans Crisis Hotline. Costs for each FTE are shown in Table 3 and include personal services costs, operating expenses, and capital outlay costs. Costs in FY 2021-22 are prorated for an October 1, 2021, start date.

988 hotline. The bill will increase cash fund expenditures by \$5.2 million in FY 2021-22 and \$9.2 million FY 2022-23 to contract with a nonprofit to run the 988 hotline. In addition, the fiscal note assumes an increased staffing ratio is required in order to meet the required mandates of the national 988 vendor. For the increase in costs, the fiscal note subtracts the current Colorado Crisis Services contract of \$5.3 million per year from the estimated total cost.

Mobile response units. Expenditures in the DHS will increase to deploy mobile crisis units that will be available to respond to certain callers of the 988 hotline. The fiscal note assumes that four units will be required in order to provide 24 hour a day, 7-day a week coverage. Each unit is estimated to cost \$517,580 per year.

Public awareness campaign. Starting in FY 2021-22, costs will increase by \$300,000 a year to conduct a public awareness campaign for the new 988 program. Costs are based on the current campaign program for the Colorado Crisis Services Hotline.

Department of Revenue. The department will have an increase of \$74,566 in General Fund expenditures in FY 2021-22 and an increase of \$1,600 in FY 2022-23 from the 988 Surcharge Cash Fund as shown below.

Gen Tax programing and testing. To collect the prepaid wireless charge the DOR will program, test, and update database fields in the GenTax software system. Programming costs are estimated at 200 hours of contract programming at a rate of \$225 per hour. Costs for testing at the department are estimated at 566 hours of Tax Audit and Compliance contract testing at a rate of \$35 per hour and 204 hours of User Acceptance Testing at \$25.20 per hour.

Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at 50 hours for data management and reporting at \$32 per hour. Costs in FY 2021-22 require funding from the General Fund as these changes must be implemented before the prepaid wireless phone charge can be collected. Costs in future years will be paid from the 988 Surcharge Cash Fund.

Tax form updates. In FY 2021-22 only, the bill will require a one-time update in forms for the new 988 prepaid wireless phone charge, estimated at \$1,966. This amount will be reappropriated from the DOR to the Department of Personnel and Administration.

Public Utilities Commission. Starting in FY 2021-22, workload in the PUC will increase to set the 988 Surcharge and the Prepaid Wireless phone charge. The fiscal note assumes this workload can be accomplished within existing resources.

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 estimated to be \$25,743 in FY 2021-22 and \$32,990 in FY 2022-23.

TABOR refunds. The bill increases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

Local Government

To the extent the bill allows individuals to seek mental health care at the local level, costs and workload to those local systems will increase. In addition, expenditures to local law enforcement and other first responder personnel will decrease if individuals call 988 instead of 911 for a mental health crisis.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires the following appropriations:

- \$5,657,159 and 1.6 FTE from the 988 Surcharge Cash Fund to the Department of Human Services; and
- \$74,566 from the General Fund to the Department of Revenue, of which \$1,966 is reappropriated to the Department of Personnel and Administration.

State and Local Government Contacts

Human Services
Regulatory Agencies

Information Technology
Revenue