



**Legislative Council Staff**

*Nonpartisan Services for Colorado's Legislature*

**Revised Fiscal Note**

(replaces fiscal note dated April 26, 2021 )

<b>Drafting Number:</b>	LLS 21-0644	<b>Date:</b>	May 5, 2021
<b>Prime Sponsors:</b>	Sen. Kolker; Simpson Rep. Cutter; Soper	<b>Bill Status:</b>	Senate Appropriations
		<b>Fiscal Analyst:</b>	Aaron Carpenter   303-866-4918 Aaron.Carpenter@state.co.us

**Bill Topic: 988 SUICIDE PREVENTION LIFELINE NETWORK**

<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates the 988 Crisis Hotline Enterprise to fund the 988 Crisis Hotline 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 \$5.8 million to multiple state agencies.

**Fiscal Note Status:** This fiscal note reflects the introduced bill, as amended by the Senate Health and Human Services and Finance committees.

**Table 1  
State Fiscal Impacts Under SB 21-154**

		<b>Budget Year FY 2021-22</b>	<b>Out Year FY 2022-23</b>
<b>Revenue</b>	Cash Funds	\$6,331,110	\$12,662,220
	<b>Total Revenue</b>	<b>\$6,331,110</b>	<b>\$12,662,220</b>
<b>Expenditures</b>	General Fund	\$74,566	-
	Cash Funds	\$5,687,692	\$11,792,873
	Centrally Appropriated	\$30,908	\$49,485
	<b>Total Expenditures</b>	<b>\$5,793,166</b>	<b>\$11,842,358</b>
	<b>Total FTE</b>	<b>1.9 FTE</b>	<b>3.0 FTE</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## **Summary of Legislation**

The bill creates the 988 Crisis Hotline Enterprise (the enterprise) in the Department of Human Services (DHS). The enterprise will be governed by a board of directors appointed by the governor. The enterprise must:

- impose a 988 surcharge and a prepaid wireless 988 charge;
- fund the 988 crisis hotline;
- work with third parties to provide crisis outreach, stabilization, and acute care;
- authorize and issue revenue bonds payable from the newly created 988 Crisis Hotline Cash Fund; and
- adopt, amend, or repeal policies to regulate its affairs.

**988 Crisis Hotline.** By July 1, 2022, the enterprise must fund a nonprofit to provide intervention services and crisis care coordination for individuals calling 988. 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 enterprise must also collaborate with the National Suicide Prevention Lifeline and Veterans Crisis Line for consistent public messaging. The enterprise must work with the state's 988 planning committee to determine how the 988 crisis hotline will interact with the existing crisis hotline in the DHS. Beginning January 1, 2023, the DHS must report on the usage of the 988 crisis 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

**988 Cash Fund and surcharges.** The bill creates the 988 Crisis Hotline Cash Fund. The fund will contain money from a surcharge imposed on phone service users and a charge on prepaid wireless phones. The 988 phone service surcharge must be set by the enterprise in collaboration with the Public Utilities Commission (PUC) by October 1, 2021, and calculated based on the cost of the services received by telephone service users. The surcharge takes effect January 1, 2022. In addition, the enterprise in collaboration with the PUC must set a Prepaid Wireless 988 Charge by October 1, 2021, on each retail transaction for a prepaid wireless phone. The charge takes effect January 1, 2022, and cannot exceed \$0.30 per transaction. The amount of the charge must be calculated to meet the needs of the enterprise. The enterprise and the PUC will update the fee annually.

## **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 Office of Behavioral Health (OBH) in the DHS 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 OBH 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 \$6.3 million in FY 2021-22 and \$12.7 million in FY 2022-23 to the 988 Crisis Hotline Cash Fund from the surcharge imposed on phone service users and the charge on prepaid wireless phones.

**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**

<b>Fiscal Year</b>	<b>Type of Fee</b>	<b>Proposed Fee</b>	<b>Number Affected</b>	<b>Months</b>	<b>Total Fee Impact</b>
<b>FY 2021-22</b>	988 Surcharge	\$0.15	5,800,000	6	\$5,220,000
	988 Prepaid Wireless Charge	\$0.26	712,250	6	\$1,111,110
	<b>FY 2021-22 Total</b>				<b>\$6,331,110</b>
<b>FY 2022-23</b>	988 Surcharge	\$0.15	5,800,000	12	\$10,440,000
	988 Prepaid Wireless Charge	\$0.26	712,250	12	\$2,222,220
	<b>FY 2022-23 Total</b>				<b>\$12,662,220</b>

**988 Surcharge.** Beginning January 1, 2022, the bill will increase revenue to the 988 Crisis Hotline 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.** Beginning January 1, 2022, the bill will increase 988 Crisis Hotline Cash Fund revenue from the prepaid wireless charge. The fiscal note assumes that the charge will apply to 712,250 transactions 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 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 Crisis Hotline Cash Fund as shown in Table 3 and described below.

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

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Human Services</b>		
Personal Services	\$131,602	\$215,350
Operating Expenses	\$2,565	\$4,050
Capital Outlay Costs	\$18,600	-
Mobile Response Units	-	\$2,070,320
988 Contract	\$5,234,925	\$9,201,553
988 Public Awareness	\$300,000	\$300,000
Centrally Appropriated Costs <sup>1</sup>	\$30,908	\$49,485
FTE – Personal Services	1.9 FTE	2.0 FTE
<b>DHS Subtotal</b>	<b>\$5,718,600</b>	<b>\$11,840,758</b>
<b>Department of Revenue</b>		
Computer Programming	\$45,000	-
Contractor	\$27,600	\$1,600
Forms Update	\$1,966	-
<b>DOR Subtotal</b>	<b>\$74,566</b>	<b>\$1,600</b>
<b>Total</b>	<b>\$5,793,166</b>	<b>\$11,842,358</b>
<b>Total FTE</b>	<b>1.9 FTE</b>	<b>3.0 FTE</b>

<sup>1</sup> 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 1.9 FTE in FY 2021-22 and \$11.8 million in FY 2022-23 and 3.0 FTE from the 988 Surcharge Cash Fund. These costs are detailed below.

*Staffing costs.* The DHS will require a total of 3.0 FTE. Of that amount, 2.0 FTE is required 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. Since the enterprise will be an

independent entity within the DHS, an additional 1.0 Contractor Administrator FTE is required to provide accounting services, monitor and administer contracts, and to oversee the business operations of the enterprise. 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, except that the contractor administrator will start March 1, 2021.

*988 hotline.* The bill will increase cash fund expenditures by \$5.2 million in FY 2021-22 and \$9.2 million in 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 programming 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 596 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 \$30,908 in FY 2021-22 and \$49,485 in FY 2022-23.

## 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:

- \$5,687,692 and 1.9 FTE from the 988 Crisis Hotline 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