



**Legislative
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**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 1, 2019)

| | | | |
|-------------------------|-------------------------------------|------------------------|---|
| Drafting Number: | LLS 19-0227 | Date: | March 22, 2019 |
| Prime Sponsors: | Rep. Kennedy; Singer Sen. Priola | Bill Status: | House Appropriations |
| | | Fiscal Analyst: | Erin Reynolds 303-866-4146 Erin.Reynolds@state.co.us |

Bill Topic: SUBSTANCE USE DISORDERS RECOVERY

Summary of Fiscal Impact:

| | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

This bill expands a state housing voucher program to individuals with substance use disorders who are transitioning back into the community; requires certification of recovery residences; and creates the Opioid Crisis Recovery Funds Advisory Committee. It will increase state expenditures from FY 2019-20 to FY 2023-24.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of \$4.3 million to the Department of Local Affairs.

Fiscal Note Status: This fiscal note reflects the introduced bill, as amended by the House Public Health Care and Human Services Committee.

**Table 1
State Fiscal Impacts Under HB 19-1009**

| | | FY 2019-20 | FY 2020-21 |
|---------------------|------------------------|--------------------|--------------------|
| Revenue | | | |
| Expenditures | General Fund | \$4,300,000 | \$4,300,000 |
| | Centrally Appropriated | \$12,899 | \$14,237 |
| | Total | \$4,312,899 | \$4,314,237 |
| | Total FTE | 0.9 FTE | 1.0 FTE |
| Transfers | | - | - |
| TABOR Refund | | - | - |

Summary of Legislation

This bill expands a state housing voucher program to individuals with substance use disorders who are transitioning back into the community; requires certification of recovery residences; and creates an advisory committee to advise the Department of Law on uses of any custodial funds received by the state as a result of opioid-related litigation.

Housing vouchers for individuals with a substance use disorder — DOLA. The bill requires the General Assembly to appropriate \$4.3 million annually from the General Fund for five years, FY 2019-20 to FY 2023-24, to expand the housing voucher program for individuals with substance use disorders who are transitioning from a correctional or behavioral health institution, county jail, or residential treatment program administered by the Division of Housing in the Department of Local Affairs (DOLA). The department must report on the number of projects funded, units in each project, and qualified individuals housed as a result of the new funding during the annual SMART Act hearing of the health committees of the General Assembly.

Certification of recovery residences. Effective January 1, 2020, recovery residences may not operate unless certified by the Colorado Association of Recovery Residences (CARR), chartered by the Oxford House, or in operation for over thirty years (prior to 1990). The bill also precludes anyone associated with a recovery residence's administration from accepting anything of value in exchange for admission, fees, or testing.

Opioid Crisis Recovery Funds Advisory Committee. The bill creates the Opioid Crisis Recovery Funds Advisory Committee to advise and collaborate with the Department of Law on uses of any custodial funds received by the state as a result of opioid-related litigation for which the use of the fund is not predetermined by the court. The committee consists of 26 members representing various stakeholders, who must be appointed within 90 days of receiving notice from the Attorney General of an opioid-related settlement or damage award to the state. The Attorney General must call at least one meeting of the committee, and any subsequent meetings as necessary, to seek input and recommendations from the committee on the proper expenditure of custodial funds. Committee members must maintain confidentiality during the process and disclose all potential conflicts of interest before participating.

State Expenditures

This bill will increase state General Fund expenditures by a total of \$4.3 million and 1.0 FTE per year beginning in FY 2019-20, as shown in Table 2 and discussed below.

**Table 2
 Expenditures Under HB 19-1009**

| Cost Component | FY 2019-20 | FY 2020-21 |
|--|--------------------|--------------------|
| Department of Local Affairs | | |
| Personal Services | \$51,675 | \$56,373 |
| Operating Expenses, Capital Outlay, and Cell Phone | \$6,361 | \$1,658 |
| Legal Services | \$852 | \$426 |
| Computer Programming and Administration | \$2,620 | \$1,560 |
| Travel | \$588 | \$735 |
| Housing Vouchers | \$4,237,904 | \$4,239,248 |
| Centrally Appropriated Costs* | \$12,899 | \$14,237 |
| Total | \$4,312,899 | \$4,314,237 |
| Total FTE | 0.9 FTE | 1.0 FTE |

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

Department of Local Affairs. Expenditures in DOLA will increase by \$4.3 million and 1.0 FTE per year from the General Fund. DOLA will add a Community and Economic Development III position to administer the expanded supportive housing program. Duties for the role include monitoring policies and regulations during tenant selection; maintaining voucher utilization and budget expenditures, as well as participants' status; providing technical assistance to statewide grantees and partners; evaluating contractor performance; and reporting. Standard operating expenses and capital outlay costs are included. The staff will also be issued a cell phone. Legal services, computer programming, and travel costs are based on similar voucher programs. First-year costs reflect the General Fund paydate shift.

Housing vouchers. In similar programs serving populations with high barriers to housing, DOLA issues housing vouchers for \$800 per unit per month, or \$9,600 per year, on average. In addition to housing vouchers, additional services are typically provided to voucher beneficiaries, such as landlord-tenant liaison services, eviction prevention, independent living skills training, and links to health care, vocational and educational services. DOLA's average cost of these additional services for DOLA is approximately \$3,600 per unit per year. As a result, the fiscal note assumes that DOLA will issue approximately 320 vouchers per year for five years. It will, however, take DOLA approximately 18 months to fully utilize these vouchers, as the department is typically able to secure an average of 20 supported housing leases per month, unless site-based opportunities are available (e.g., a partner organization with immediate housing available for this population).

Out-year costs. At the end of the program, DOLA will need to arrange for the transfer of beneficiaries to other state and federally funded voucher programs where possible, potentially over multiple years. This represents a significant workload increase for DOLA in FY 2023-2024. It is assumed that workload and potential future costs to transition clients to other programs 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 estimated to be \$12,899 in FY 2019-20 and \$14,237 in FY 2020-21.

Effective Date

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

State Appropriations

For FY 2019-20, the bill requires a \$4,300,000 appropriation from the General Fund and an allocation of 1.0 FTE to the Department of Local Affairs. Of this amount, \$852 is reappropriated to the Department of Law and \$2,620 to the Office of Information Technology.

State and Local Government Contacts

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