

December 2021



Financing Community Responder Programs



Justice Center
THE COUNCIL OF STATE GOVERNMENTS



 **Vital
Strategies**

Community responder programs position health professionals and staff trained in crisis response as first responders to behavioral health crises and social disturbances. These teams provide immediate assistance to people in crisis, facilitate connections to support services, conduct wellness checks, and more. As community responder programs expand throughout the country, finding creative ways to fund and financially sustain them will be critical to their long-term success.

While every jurisdiction's budgetary landscape is different, this brief offers common sources of funding that can be used to finance community responder programs. To budget for community responder programs, many jurisdictions have started leveraging multiple funding streams, which can help protect the program against lapses in service if one funding source ends. This brief does not advocate for one funding source over the other; rather, it details challenges and opportunities to consider for each.

Four Common Funding Sources

1. Investments from the Local General Fund

To cover program costs, jurisdictions may leverage dollars from their general fund, a flexible funding source that can be used to support general government functions. General funds are largely made up of tax revenue and fees for services like parking or utilities.¹ As these revenues increase, jurisdictions can direct new general fund dollars toward community responder programs. Alternatively, jurisdictions can consider reallocating general fund resources from other local agencies to support community responder programs.

Local policymakers are often able to free up general fund resources by identifying cost savings opportunities that don't impact service delivery. For instance, a government might be able to recoup costs by streamlining procurement processes or negotiating more favorable terms with external contractors. Some jurisdictions have also worked to cut costs by strategically reevaluating and adjusting the scope of services provided by specific municipal departments. Some local leaders, for example, are scaling back or eliminating specific policing functions, such as School Resource Officer programs, and instead redirecting funds toward other community priorities.² Doing so may enable policymakers to fund community responder programs without significantly increasing government expenditures, which can be important for jurisdictions facing revenue shortfalls.

However, funding the program with money from other agencies can undermine support for the community responder program among agencies whose budgets were cut and among residents who do not want to see other agencies' funding depleted. Policymakers should carefully examine the impact of investments across agencies to determine if some resources could be better spent on community responders to increase public safety and improve outcomes for the residents they serve.

Upfront and recurring costs for community responder programs

Jurisdictions will need to budget for the initial and ongoing costs associated with financing a community responder program. Below are some common examples to include in a budget.

Upfront costs may include:

- Staff or contractor time to develop the program model
- Investments in initial staff training
- Equipment such as vans, radios, computers, and uniforms
- Initial data collection, which can be used to inform the development of the program

Recurring costs may include:

- Vehicle maintenance and fuel
- Building rental payments associated with housing community responder team(s)
- First aid and other supplies, such as non-perishable food items and hygienic supplies
- Salary, benefits, and ongoing trainings and supports for community responders
- Ongoing data collection and program evaluation, which can help demonstrate the impact of community responders, and refine and strengthen service delivery models in the long-term
- Promotional costs to educate the public on the benefits of the program

2. Dedicated Tax Revenue Stream

Jurisdictions can also explore opportunities to create special tax revenue sources dedicated to funding public safety or behavioral health programming like community responders.³ Depending on state and local laws, some jurisdictions can establish a new tax, or enact an increase to an existing tax, with a legal requirement to direct all new revenue to a particular local need or initiative. Dedicated tax revenue can provide a reliable funding stream that is relatively insulated from budget cuts or political turnover.⁴

Acquiring funding from taxes may not be available to all local leaders, since the ability to impose taxes is often constricted by state laws.⁵ Additionally, in some jurisdictions, tax policy changes must be approved by voters through a referendum or ballot initiative process, which often requires a resource-intensive campaign to win public support.⁶ This funding source may also have political implications for local government officials given sensitivities around taxation.

3. Federal Funding

Federal grants offer jurisdictions an opportunity to obtain financial resources for community responders without straining the local budget. One way that jurisdictions can tap into federal funds is to bill Medicaid for reimbursable services such as [mobile crisis](#) outreach, which can be offered by many community responder programs. Because Medicaid is a state-federal partnership program, localities must work within the restrictions specified by their state Medicaid agency and the U.S. Department of Health and Human Services to use these funds.

Despite these restrictions, jurisdictions can access Medicaid funding to support community responder programs in multiple ways. For one, states considering this funding source can apply for a waiver of Medicaid program requirements, known as a Section 1115 waiver. This waiver provides jurisdictions with flexibility to direct Medicaid dollars toward innovative service delivery models like community responders. Additionally, the passage of the American Rescue Plan (ARP) in 2021 opened up more opportunities to use federal funding for community needs, authorizing \$350 billion in direct relief funding for state and local governments with few limitations.⁷ A number of jurisdictions across the country have directed these flexible funds to support community responder programs.⁸ The ARP also encouraged jurisdictions to leverage Medicaid dollars for community responder programs by offering enhanced federal reimbursement for these costs. While the Medicaid incentives provided by the ARP will expire after 5 years, states can still use standard Medicaid funding to support community responder programs in the long term.

The U.S. Department of Health and Human Services has a number of flexible funding sources that can also be used to support these programs. The [Substance Abuse Prevention and Treatment or the Community Mental Health Services Block Grants](#) are non-competitive federal formula grants distributed to all states. [State Opioid Response](#) grants are another funding source that have been used by states to develop substance use crisis response strategies that could include community responder programs.

Every year, the U.S. Department of Justice's (DOJ) Office of Justice Programs (OJP) also distributes roughly \$5 billion in grants, much of which is awarded to state and local governments. Below are three grants to consider applying to:

- **Byrne Justice Assistance Grant program:** A formula grant that provides highly flexible funds that can support a wide range of safety and justice activities.
- **Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP):** Competitive COSSAP grants can support first-responder models that divert people with substance use needs and co-occurring mental health disorders from the criminal justice system.⁹
- **Justice and Mental Health Collaboration Program (JMHCPC):** JMHCPC grants can be used to support a range of cross-system approaches for helping people with mental illnesses and co-occurring substance use disorders. It may not be a good fit for all community responder programs, however, as it requires a partnership with a criminal justice agency, which excludes programs that operate fully outside of the justice system. Under JMHCPC a new grant opportunity called Connect and Protect launched in FY2021.

While federal grants are a short-term funding source, they may be useful for launching a community responder program and collecting initial performance data to make the case for future investments of local resources. However, obtaining federal funds may be difficult for smaller, local governments that lack the resources to apply for and administer grants.

4. Private Grants

Much like federal aid, grants from private donors or philanthropies can provide an opportunity for local leaders to support a community responder program financially without cutting into the local budget. Philanthropic resources can cover a range of different costs associated with a community responder program, from development to implementation and evaluation. Private grants may also come with more flexibility and fewer constraints than federal funds, which often include intensive applications and in-depth reporting requirements.

Local leaders should be aware, however, that some philanthropies are limited in their ability to directly fund government entities. As a workaround, local governments may consider implementing community responder programs in partnership with nonprofit organizations that are able to accept philanthropic support.

Endnotes

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5. Christiana MacFarland and Spencer Wagner, "Local Budget Pressures are Real. So Why Don't Cities Just Raise Taxes?," *National League of Cities*, June 1 2020, accessed August 16, 2021, <https://www.nlc.org/article/2020/06/01/local-budget-pressures-are-real-so-why-dont-cities-just-raise-taxes/>.
6. Sherman, Deich, and Langford, *Creating Dedicated Local and State Revenue Sources for Youth Programs*.
7. For example, ARP allows states to submit state plan amendment, or 1915b/c waivers, as a way to access Medicaid funding for community responders without having to apply for a Section 1115 waiver. See U.S. Department of the Treasury, "Coronavirus State and Local Fiscal Recovery Funds," (Washington, DC: U.S. Department of the Treasury, 2021), <https://home.treasury.gov/system/files/136/SLFRP-Quick-Reference-Guide-FINAL-508a.pdf>.
8. Susan Rice, Gene Sperling, and Julie Rodriguez to State and Local Officials, memorandum, "How Local and State Government Can – and Should – Use the President's Gun Crime Reduction Strategy and Historic Rescue Plan Funding to Improve Public Safety," July 12, 2021, <https://s3.documentcloud.org/documents/20987692/071221-crime-memo.pdf>; Karen Pearlman, "El Cajon to spend \$600,000 to help police, through training and hiring social workers," *San Diego Union-Tribune*, June 13, 2021, accessed August 16, 2021, <https://www.sandiegouniontribune.com/communities/east-county/el-cajon/story/2021-06-13/el-cajon-to-spend-600-000-to-help-police-through-training-and-hiring-social-workers>; ARPA 2021 Acceptance & Allocation, RES-21-00487, City of Madison Common Council, (2021), [https://madison.legistar.com/ViewReport.ashx?M=R&N=Master&GID=205&ID=4980281&GUID=0819196E-90AA-4D6F-8BAC-6851E28A2F8A&Extra=WithText&Title=Legislation+Details+\(With+Text\)](https://madison.legistar.com/ViewReport.ashx?M=R&N=Master&GID=205&ID=4980281&GUID=0819196E-90AA-4D6F-8BAC-6851E28A2F8A&Extra=WithText&Title=Legislation+Details+(With+Text)).
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Visit [Expanding First Response](#), a toolkit that serves as a central hub for states and local communities looking to establish or strengthen community responder programs.

This project was funded by Vital Strategies. Vital Strategies is a global health organization that believes every person should be protected by a strong public health system. Vital Strategies is helping a number of high-burden states in the U.S. strengthen and scale up evidence-based, data-driven interventions to reduce risks of overdose and save lives. Points of view or opinions in this document are those of the author and do not necessarily represent the official position or policies of the Council of State Governments.

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Suggested Citation: Betsy Pearl, *Financing Community Responder Programs* (New York: The Council of State Governments Justice Center, 2021).

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