

# Funding New Approaches to Public Safety

Alternatives to conventional law enforcement in responding to mental health crises

BY SHAYNE KAVANAGH AND GALEN MCDONALD

**L**ocal governments across the United States are considering how they might better respond to emergency mental health crises. Conventionally trained law enforcement officers (LEO) respond to most calls for service, but standard LEO training is often insufficient for calls that involve behavioral and mental health issues. For this reason, “alternative response”—a municipality’s capability for responding to these calls with a better-matched skill set—is garnering interest among many local governments.

One of the critical questions about alternative response is how to fund it. To begin finding an answer, we interviewed jurisdictions of varying sizes and locations and at different points in their journey of implementing alternative response and investigated publicly available records for a number of other governments. This article describes what we found.

## INTERVIEW PARTICIPANTS



- ➡ City and County of Denver, Colorado
- ➡ City of Eugene, Oregon
- ➡ County of Fairfax, Virginia
- ➡ City of Providence, Rhode Island
- ➡ City of Redmond, Washington
- ➡ City of Rochester, New York
- ➡ City of Rockford, Illinois
- ➡ City of Scottsdale, Arizona

## ABOUT “REIMAGINING PUBLIC SAFETY” AND GFOA

This article came out of GFOA’s work with Reimagining Public Safety (RPS), an initiative of the New York University School of Law’s Policing Project. Through research, design, and innovation, the Policing Project is helping governments understand how to respond to community needs when individuals call for help, primarily through 911. RPS works locally in the cities of Chicago, Illinois; Denver, Colorado; Tucson, Arizona; San Francisco, California; and Minneapolis, Minnesota, to reimagine policing from a one-size-fits-all answer to most community problems to a vision of first response that fosters real community health and safety. RPS engages with and learns from communities, conducting much-needed research on dispatch and response, and designing a community-informed, data-driven framework to create response systems that work.

Learn more about the Reimagining Public Safety initiative: [safetyreimagined.org](https://safetyreimagined.org) | [policingproject.org](https://policingproject.org)



Out of more than 5,000 calls for alternative response since their civilian-staffed response program was initiated, the City of Denver hasn't once had to send police backup to a scene where civilian-led alternative response was sent first.

### What does alternative primary response look like?

A popular alternative primary response program is co-response, in which a trained clinician rides along as part of a regular patrol shift with a specially trained LEO (such as training in mental health crisis intervention). The patrol car with the clinician is directed to mental health crisis calls whenever possible.

Another approach is a 100 percent non-LEO-staffed program that responds to less dangerous calls, where scene safety isn't a concern. This approach is not necessarily a replacement for co-response with an LEO. The City of Denver, Colorado, for example, has both types of programs. Out of more than 5,000 calls for alternative response, Denver hasn't once had to send an LEO to a scene where civilian-led alternative response was sent first. In about 17 percent of calls, an LEO arrived on the scene first and then asked for an alternative responder to take over.

Obviously, dispatch capabilities are very important here, especially for a civilian-led program. Different staffing models and improved dispatch capabilities require a funding strategy, which we'll explore next.

### How is alternative response funded?

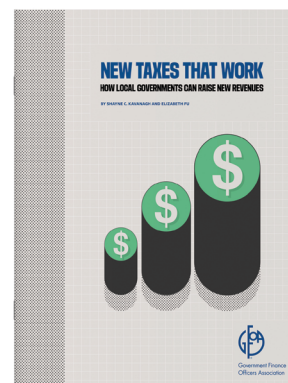
There is no single funding model for alternative response, but we found some general themes.

**Local taxes are often the primary funding source.** The local governments we interviewed rely largely on local tax dollars to fund alternative response. Often, this is the local government's general fund, as in the City of Scottsdale, Arizona. The City of Providence, Rhode Island, uses its general fund for partial funding. Denver and the City of Rockford, Illinois, are both funded by another common source, a dedicated local tax—in this case, a special sales tax dedicated to public safety (but not dedicated solely to alternative response). The City of Redmond, Washington, is planning a special property tax levy to fund its alternative response. Up until recently, the City of Eugene, Oregon, funded its entire program from the general fund, but more recently, part of its program is funded through a dedicated payroll tax, with the rest coming from the general fund budget.

GFOA's research report, "New Taxes that Work" provides guidance on how to best approach raising a new local tax.

Here are some useful findings from that report, along with examples of how those findings apply to the governments we interviewed:

- **Associate the tax with a concrete service.** In Denver, voters approved a 0.25 percent increase in sales and use taxes in 2018 specifically to fund behavioral health services for Denver residents. At least 10 percent of the revenue generated by the tax on retail sales comes back to Denver for funding alternatives to jail, including Denver's co-responder program.
- **Engage citizens to help define the need for new revenues and build a network of supporters for new revenue.** Denver does both through the Caring for Denver Foundation, a nonprofit that helps administer the special tax revenue. Its board members are drawn from branches of Denver government and from community organizations. Caring for Denver uses tax dollars to make grants that support behavioral health services.
- **Demonstrate that the tax produces value for the public.** In Rockford, the special tax is collected by the county and distributed to the city as a "grant" that's made available to local agencies (like the city), which must apply and make their case for co-response as a worthwhile use of funds. Similarly, in Denver, the city also must apply to receive revenue from the special tax. The funding of alternative response is not automatic but predicated on the city government making the case that the services provide adequate value.



➔ Read the full report at [gfoa.org/materials/new-taxes-that-work](https://gfoa.org/materials/new-taxes-that-work)



### Governments are making limited use of American Rescue Plan Act (ARPA) funds.

Although our interviewees had access to ARPA funds, few of them seem to be using the money for alternative response.<sup>1</sup> But some are. Providence budgeted approximately \$700,000 of its FY 2023 general fund money for city staff and contractors in its alternative response program, and it identified an additional \$1.75 million in ARPA funding to expand the program.

Limited use of ARPA funds may be a sensible decision—ARPA funding is a non-recurring revenue, whereas alternative response is intended to be an ongoing program. So, ARPA is only useful as a temporary funding source. To keep alternative response going, governments will need a sustainable funding strategy reaching into the future. That is why, consistent with GFOA guidance on the use of ARPA funds, local governments seem to be using ARPA funding for non-recurring expenditures to protect their long-term financial health. (See the guidance at [gfoa.org/american-rescue-plan-spending-guiding-principles](https://gfoa.org/american-rescue-plan-spending-guiding-principles)).

That said, there are reports of some local governments using ARPA funding to support alternative response, including the cities of Houston, Texas, and Detroit, Michigan. Publicly available records are not clear about the extent to which these cities are spending ARPA funds on recurring or non-recurring expenditures, however, nor do they describe the precise nature of the program being funded.<sup>2</sup>

**Medicaid reimbursement does not play a consistent role in funding alternative response.** Medicaid could, in theory, support co-response. Among the governments GFOA spoke with, the use of Medicaid was uneven. Denver appeared to be the government making the most use of Medicaid reimbursement. Denver covers approximately half the costs of its co-response program with Medicaid, and the program has benefited from a Medicaid “carve out”<sup>3</sup> because it diverts clients from more expensive medical interventions. The 100 percent civilian-led program had a similar experience—about half the costs were billable to Medicaid after the program finished the pilot stage and was more widely implemented. As for the other cities we spoke with, only Rockford enjoyed any

Medicaid reimbursement, exclusively for their fire department’s role in responding to people in crisis.

Although Medicaid can be an important source of alternative response funding, there are a couple of cautions.

To make Medicaid work, program partners must be able to do the billing. Colorado has expanded Medicaid coverage and has certain Medicaid policies in place that may play a role in Denver’s ability to get Medicaid coverage for these programs. In addition, the nonprofit that Denver partners with to provide clinicians has the institutional capability to bill Medicaid. But if local governments don’t have the administrative capacity to go through the steps necessary to get Medicaid reimbursement, they might miss an opportunity for support through Medicaid.

If the geographic area targeted for alternative response has a high proportion of people who use Medicaid, the percentage of reimbursement may be higher than it would be if the alternative response program covers other parts of the city. For example, Denver experienced a much higher rate of Medicaid reimbursement for the pilot of its 100 percent civilian-led program because of the geographic area where the pilot took place.

The federal government is encouraging greater use of Medicaid to support mobile crisis intervention units staffed with mental health professionals. The American Rescue Plan included \$1.2 billion to support this service.

### What are the lessons we can learn?

Our interviews produced several potential lessons for local government to draw upon.

#### Be mindful of the long-term financial sustainability of the co-response model.

Temporary funds, like ARPA and certain kinds of grants, can be helpful for getting a program started, but a long-term funding strategy is also needed. Temporary revenues are useful for limited-time costs like new equipment and vehicles but are not a good option for supporting a program over the long-term.

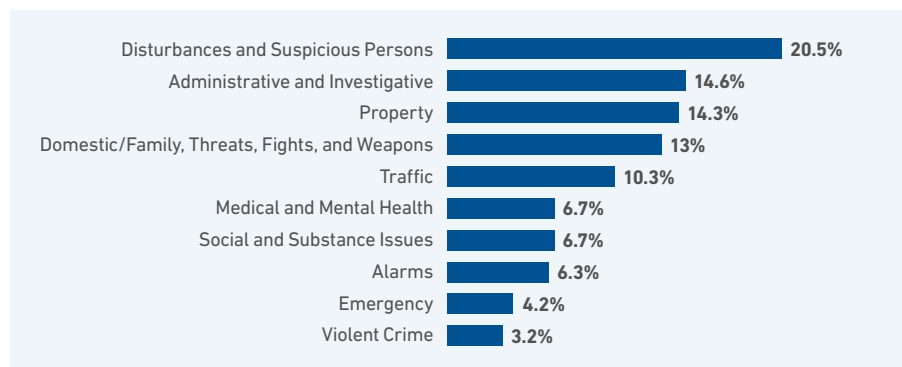
**Consider a dedicated tax.** Some of the local governments we spoke with have a dedicated local tax. The aforementioned GFOA report “New Taxes that Work” describes the features of successful new taxes.

**Consider the design of the program itself.** For example, Fairfax County initially considered various co-response models that included additional public safety staff. The county ultimately selected the police/clinician model to fill the biggest gap in their crisis response system, with long-term cost as a consideration in their decision-making.

**Consider contracting.** There may be advantages for contracting out for significant parts of the alternative response model, making it easier to adjust the level of service up or down. The salary and benefit cost of public employees often becomes, effectively, fixed costs in local

### 911 CALLS | BY THE NUMBERS

Below, the reasons for 911 calls by percentage in a large American city (population 500,000–1,000,000) from 1/1/2018–8/1/2022. The Reimagining Public Safety initiative is helping governments understand how to best respond to 911 calls, particularly when a conventional law enforcement response isn’t required, or could potentially make the situation worse.



Source: Reimagining Public Safety, [safetyreimagined.org](https://safetyreimagined.org)



## EXHIBIT 1 | OPPORTUNITIES FOR FINANCIAL ASSISTANCE FOR ALTERNATIVE RESPONSE FROM THE FEDERAL GOVERNMENT

OPPORTUNITY	TIMELINE AND FUNDING	FOCUS AND REQUIREMENTS
Accelerating Justice System Reform Grant Program (under the Safer America Plan)	<ul style="list-style-type: none"> <li>Funding is not confirmed</li> <li>Request: \$15 billion over 10 years</li> <li>Part of President Joe Biden's FY 23 budget request</li> </ul>	<p>Funds can be used to prevent violent crime and/or ease the burden on police officers so they don't have to respond to non-violent situations that don't require police intervention.</p> <p>Can be used to expand co-responder or alternate responder programs so calls that should be answered by mental health or substance use disorder providers or social workers – alone or in partnership with police – are not solely the responsibility of law enforcement.</p> <p>To qualify, jurisdictions must repeal mandatory minimums for non-violent crimes and change other laws that contribute to increased incarceration rates without making our communities safer.</p>
American Rescue Plan Act funds	<ul style="list-style-type: none"> <li>\$1.2 billion: Medicaid Mobile Crisis Intervention Services</li> <li>Funds appropriated each year over 5 years (look out for funding each year)</li> <li>Funding timeline in unclear</li> </ul>	<p>ARPA (Section 9813): "Amends Title XIX of the SSA to add a new section 1947. Section 1947 authorizes a state option to provide qualifying community-based mobile crisis intervention services for a period of up to five years, during the period starting April 1, 2022, and ending March 31, 2027."<sup>1</sup></p> <p>Community-based mobile crisis intervention services with 85% federal matching funds for the first 3 years<sup>1</sup></p>
U.S. Department of Justice Office of Justice Programs	<p>All currently closed:</p> <ul style="list-style-type: none"> <li>Edward Byrne Memorial Justice Assistance Grant</li> <li>Project Safe Neighborhoods (PSN)</li> <li>Byrne Criminal Justice Innovation Program (BCJI)</li> <li>Smart Prosecution – Innovative Prosecution Solutions</li> </ul>	<p>Edward Byrne Memorial Justice Assistance Grant Program: Includes funding support for mental health programs and related law enforcement and corrections programs such as behavioral programs and crisis intervention teams:<sup>1</sup></p> <ul style="list-style-type: none"> <li>Applications are solicited every spring/summer</li> <li>Awards of \$25,000 or more are for 4 years</li> <li>Awards of less than \$25,000 are for 2 years</li> </ul>
Bipartisan Safer Communities Act: Expanding community-based behavioral health services	<p>Includes \$40 million for the U.S. Department of Health and Human Services to support the Certified Community Behavioral Health Clinic Medicaid Demonstration Program; includes support for new planning grants to states</p>	<p>CCBHCs provide comprehensive, coordinated, person-and family-centered services and 24/7 crisis intervention services.</p> <p>The Bipartisan Safer Communities Act has expanded to all states the opportunity to participate in the CCBHC model demonstration and made it permanent.</p> <p>Could supplement funding for crisis intervention</p>

government. By contracting, staffing costs could more readily remain variable costs. For example, the City of Eugene, Oregon, has a five-year contract with its provider and can change scope, service hours, and so on at the end of a term. The city recently negotiated for an additional five hours of daily coverage, for a total of 36 coverage hours available in a day (for example, during high-demand periods there are two teams available, instead of just one). Also, outside organizations may have special skills or competencies that a government doesn't.

**Consider telehealth tools, authorized by Medicaid, to provide care in behavioral health emergencies.** States like South Carolina, South Dakota, Montana, and Oklahoma supply the police or emergency medical technicians with tablets that allow them to connect patients directly with behavioral health clinicians.

#### Consider Medicaid billing capability.

A local government's administrative capacity may be a barrier to taking advantage of opportunities to secure reimbursement from Medicaid. Denver partnered with a nonprofit to provide clinician staffing for its alternative response; the nonprofit already had Medicaid billing capacity. Federal policy to encourage alternative response could result in expanded opportunities for Medicaid reimbursement. In fact, the ARPA has established new funding through Medicaid for community mobile crisis intervention services. See Exhibit 1 for more information on this and other opportunities for federal support.

**Consider grant opportunities.** The City of Rochester, New York, makes extensive use of grants to fund its alternative response program, including external

grants from the U.S. Department of Justice, New York Office of Victims Services and Department of Criminal Justice Services, and Monroe County (with local taxes covering the rest). The city has been able to revamp longstanding grant budgets and secure modest increases in grant support to create new positions for alternative response.

As national and state governments look for ways to encourage alternative response, more grant funding may become available. That said, governments must keep in mind the difference between one-time grants and ongoing grants. Some of the local governments we spoke with were accessing ongoing grant programs that provide the prospect of longer-term funding (these include Rochester and Rockford). Some grant opportunities may provide a one-time infusion of money, and these would be appropriate for startup costs like vehicles

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and equipment, but not appropriate for ongoing costs like staff salaries—unless a plan is in place to cover those costs with other sources of funds in subsequent years. There may also be a variety of federal grant opportunities in the next few years, as summarized in Exhibit 1.

**Consider regional approaches.** Regional approaches may have the potential to reduce the cost of alternative response to participating jurisdictions. The City of Eugene's alternative response program shares a contract with the neighboring City of Springfield, Oregon. Each city funds its own participation in the program and handles calls for service on its own, but the program relies on the same local nonprofit (White Bird Clinic) to provide the core service.

The advantage of a regional approach is that it makes it easier to access economies of scale, spreading the fixed costs of public service across a larger tax base. Sources of economies of scale might include:

- To the extent that the potential workload for alternative responders in one community is not enough to justify coverage, multiple communities could share the responders.
- Administrative support services like payroll, accounting, legal, and so on.
- After the immediate crisis is over, the person who was in crisis is often in need of specialized mental health attention. Multiple communities could collaborate to start or fund a mental health clinic for this kind of treatment.
- Regional approaches to 911 systems have benefited many governments because of capital costs and the specialized labor required. Regionalized dispatch might also be able to build specialized capabilities more easily for alternative response.



#### Hear More About Regionalism and Alternative Response on the Public Money Pod

The December 19, 2022, episode of the Public Money Pod features Beth Goldberg from the City of Kirkland, Washington, explaining how five communities in greater Seattle collaborated to fund and launch an alternative response service. The Public Money Pod can be found on all major podcasting platforms. It is produced by the Center for Municipal Finance at the Harris School of Public Policy and is sponsored by GFOA.

There may be limits, however, on how much can be achieved with economies of scale. The greatest cost of municipal services (including alternative response) is labor. After a certain size of program, the cost of labor will scale up with the workload. In fact, research on economies of scale for other kinds of municipal services have found that the potential for economies of scale is largely realized at populations as low as 20,000 to 40,000.<sup>4</sup>

#### Conclusions

As local governments look to new ways to provide services to meet the changing needs of their communities, they will also need new funding models. Alternative response for mental health crises is an example of a service change that many local governments are exploring. This article has presented findings that can be helpful both for (1) designing a viable long-term funding strategy for alternative response; and

(2) identifying principles for funding strategies for service innovations other than alternative response. ■

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<sup>1</sup> Among the other local governments GFOA consulted, very little use is being made of ARPA funds. Denver, Rockford, Scottsdale, and Redmond are not using ARPA funds at all. Fairfax County had anticipated using ARPA to help fund its pilots but decided to rely mostly on its own funding sources because the schedule for implementing/expanding co-response did not match the schedule of ARPA funding availability.

<sup>2</sup> We consulted academic researchers who are examining publicly available ARPA data and they confirmed that the records don't differentiate between recurring and non-recurring expenditures, and that the categorizations of spending are often not well defined.

<sup>3</sup> A carve-out is a Medicaid-managed care financing model where some portion of Medicaid benefits are separately managed and/or financed.

<sup>4</sup> Read more about the research on economies of scale in local government services in: Shayne Kavanagh, Clarence Wardell III, and Jennifer Park, "Does Consolidating Local Governments Work? Part 1 in a Four-Part Series About Improving Local Government Coordination and Reducing Waste from Local Government Fragmentation," GFOA research report, December 2020.