

**ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS (ADECA)  
NOTICE OF FUNDING OPPORTUNITY (NOFO)  
ALABAMA RURAL HEALTH TRANSFORMATION PROGRAM  
MENTAL HEALTH INITIATIVE**

**I. Program Overview**

**Purpose**

The Centers for Medicare and Medicaid Services (CMS) Rural Health Transformation (RHT) Program was authorized by Public Law 119-21 on July 4, 2025. The RHT Program is a \$50 billion federal initiative planned to establish funding to strengthen rural hospitals and modernize the healthcare ecosystem for all 50 states. The RHT Program is designed to transform the rural healthcare ecosystem along five strategic axes: supporting rural health innovations, improving provider sustainability, developing the local healthcare workforce, expanding care delivery models, and testing technology-based solutions.

The Alabama Rural Health Transformation Program (ARHTP) is Alabama’s broader statewide framework for advancing the goals of the Rural Health Transformation (RHT) Program through coordinated, state-designed strategies, initiatives, and investments intended to improve rural healthcare access, strengthen quality and delivery systems, support innovation, and promote long-term sustainability and accountability in rural communities. ARHTP is focused on transformational, practical approaches that strengthen provider networks, improve access to appropriate services closer to home, and support more resilient models of rural healthcare delivery across Alabama.

The Alabama Department of Economic and Community Affairs (ADECA), on behalf of the ARHTP, invites eligible applicants to apply for funding under the Mental Health Initiative. This initiative is designed to address significant gaps in mental health awareness, access, and service delivery across rural Alabama, where barriers such as provider availability, workforce shortages, low awareness, and gaps in service access continue to negatively impact health, educational, and economic outcomes. The initiative responds to critical needs among youth and underserved populations, including the high prevalence of untreated mental health conditions among adolescents. By targeting both systemic and access-related barriers, the program prioritizes expanding the availability of coordinated, comprehensive behavioral health services in rural communities through scalable and sustainable models. This NOFO establishes the application requirements, review framework, and award parameters for competitive funding under the ARHTP Mental Health Initiative.

Consistent with the State’s ARHTP framework, the Mental Health Initiative advances a dual-strategy approach focused on expanding school-based tele-mental health services and supporting the conversion of Community Mental Health Centers (CMHCs) into Certified Community Behavioral Health Clinics (CCBHCs). School-based tele-mental health programs are intended to increase early identification, awareness, and treatment access for educators, students, and their families by embedding services directly within the educational environment. At the same time, CCBHC conversion efforts aim to strengthen the behavioral health infrastructure by ensuring providers can offer a full continuum of services, including crisis response, outpatient care, care coordination, and support services regardless of a patient’s ability to pay.

Funding will support the planning, development, and implementation of both program components, with an emphasis on sustainability and long-term scalability. For schools, support will help overcome initial cost barriers and establish reimbursement-driven service models. For CMHCs, investments will enable organizations that lack financial capacity to transition to the CCBHC model and expand comprehensive care delivery. Collectively, these efforts are designed to improve access, enhance care coordination, and

build a more resilient rural behavioral health system that can be expanded statewide over time.

Projects funded under this NOFO must serve rural Alabama, align with at least one of the defined Mental Health Initiative strategy categories listed below, and clearly demonstrate how the proposed project advances one or more of the initiative goals identified in this section. Applicants do not need to be physically located in a rural area to apply, but each proposal must clearly demonstrate that the project is specifically designed to provide a direct impact to rural Alabama communities, providers, or patients.

### **Defined Strategy Categories**

- 1) **School-Based Clinics:** Projects that expand access to behavioral healthcare in rural school settings by implementing school-based mental health programs that support staffing, direct service delivery, care coordination, and operational infrastructure through partnerships between providers and schools, including tele-mental health and sustainable reimbursement-supported models.
- 2) **Conversion to CCBHCs:** Projects that improve access to comprehensive behavioral health services in rural communities by supporting CMHCs in achieving CCBHC status through funding for staffing, service delivery enhancements, care coordination, and operational changes required to meet certification standards and sustain coordinated, person-centered care.

### **Initiative Goals**

- 1) Increase the number of CMHCs converted to CCBHCs to expand access to coordinated, comprehensive behavioral health services across rural Alabama.
- 2) Expand the number of patients receiving mental health and substance use disorder treatment services through CCBHC providers, including access to crisis services, outpatient care, and care coordination regardless of ability to pay.
- 3) Increase access to primary care screening, monitoring, and integrated behavioral health services delivered through CCBHC-aligned care models to improve overall patient outcomes.
- 4) Improve service reach, care coordination, and service delivery capacity across rural providers, schools, and partner organizations through investments in staffing, operational infrastructure, and collaborative care models supported by the initiative.
- 5) Strengthen the sustainability of rural behavioral health services by enabling reimbursement-supported models, including Medicaid and third-party billing, and building long-term provider capacity to maintain services beyond the grant period.

**Note:** Eligibility requirements, allowable costs and application instructions, are summarized in the sections that follow in this NOFO.

## **II. Eligibility and Funding Structure**

### **Eligible Applicants**

Eligible applicants under this NOFO are limited to: (1) healthcare providers or other organizations partnering with K–12 schools and Local Education Agencies (LEAs) to deliver behavioral health services through school-based clinics; and (2) CMHCs proposing projects to support conversion to CCBHCs. All applicants must be capable of carrying out the proposed project and complying with all applicable grant requirements. To receive a subaward, applicants must have a valid Unique Entity Identifier (UEI) and maintain an active SAM.gov registration throughout the life of the award.

Eligibility may vary depending on the strategy category and proposed activity. For school-based clinic projects, eligible applicants are limited to healthcare providers or other organizations partnering with K–12 schools and LEAs to deliver behavioral health services in school settings. For CCBHC conversion

projects, eligible applicants are limited to CMHCs proposing activities necessary to support conversion to CCBHCs. Applicants should ensure that the entity submitting the application is appropriate for the strategy category and has the capacity, partnerships, and operational role necessary to carry out the proposed project.

Applicants may submit more than one application under this NOFO if each application is for a separate and clearly defined project. Each application must independently satisfy eligibility, scope, budget, and documentation requirements.

### **Funding Purpose**

Funding under this NOFO is intended to support two strategy categories. First, funding may support the creation and/or expansion of school-based mental health services to increase access to behavioral healthcare for students in rural areas. Allowable costs may include staffing, service delivery, care coordination, and operational support necessary to provide mental health services in school settings. Second, funding may support the conversion of CMHCs to CCBHCs to improve access to comprehensive behavioral health services in rural areas. Allowable costs may include staffing, service delivery enhancements, care coordination, and operational changes necessary to meet CCBHC certification requirements.

All funding under this opportunity is expected to be distributed through a competitive subaward process. Selected applicants will be treated as subrecipients and will be required to comply with all applicable federal, state, and programmatic requirements associated with the award.

### **Allowable and Unallowable Costs**

Allowable costs include only those costs that are directly related to the approved project and consistent with the approved application, budget, and scope of work. Depending on the proposed project, allowable costs may include staffing necessary to support school-based mental health service delivery or CCBHC conversion activities; direct service delivery costs; care coordination and operational support; training and technical assistance; workflow development and implementation support; technology, systems, and limited equipment necessary to support service delivery or required operational changes; contracted services directly related to project implementation; and other direct project costs necessary to carry out the approved scope of work. For school-based clinic projects, allowable costs may include staffing, service delivery, care coordination, and operational support necessary to provide mental health services in school settings. For CCBHC conversion projects, allowable costs may include staffing, service delivery enhancements, care coordination, and operational changes necessary to meet CCBHC certification requirements.

Unallowable costs include costs that are not compliant with Title 2 CFR 200, CMS RHT Program requirements, or the terms and conditions under ADECA's Cooperative Agreement RHTCMS332060, and costs that are not directly related to the approved project, outside the approved scope of work, or incurred outside the approved period of performance. Administrative costs and indirect costs are not allowable under this NOFO and may not be included in the proposed budget or charged to the award.

### **Funding Availability**

ADECA anticipates making approximately \$7,550,000 available under this NOFO, consistent with the approved Mental Health Initiative budget. ADECA intends to make awards under all strategy categories described in Section I. The number, size, and distribution of awards within each strategy category will depend on application quality, applicant readiness, geographic distribution, and other factors identified in this NOFO.

All awards under this NOFO are subject to ADECA's receipt of funds under the RHT Program. ADECA anticipates that additional funding opportunities may be available in future program years; however, an award under this NOFO for the initial funding period does not guarantee the award of funds in future years. ADECA will provide additional information regarding the structure and requirements of any future funding opportunities at a later time. Applicants should limit the scope and amount of funding requested under this NOFO to activities and expenditures that can be completed or incurred during the period of performance.

Any funding amounts, subaward counts, or average award assumptions described by ADECA are planning estimates only and do not guarantee specific award amounts or numbers of awards. ADECA reserves the right to adjust individual award amounts, make partial awards, or decline to make an award to a particular applicant based on application quality, applicant readiness, geographic distribution, or other considerations identified in this NOFO.

### **Federal Award Information**

Funding under this NOFO is supported by federal funds provided under Cooperative Agreement RHTCMS332060. CMS is the federal awarding agency for the RHT Program, and ADECA is serving as the pass-through entity responsible for administering these funds under this NOFO. Awards made under this NOFO will be subject to applicable federal and state requirements, program guidance, and the terms and conditions of the applicable subaward agreement.

Awards made under this NOFO will be subject to all applicable federal and state laws, regulations, rules, and guidance, including but not limited to 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), the terms and conditions of the applicable federal award, including requirements and guidance issued by CMS for the RHT Program, applicable Alabama law and state procurement requirements, public disclosure of amount and percentage of federal grant funding required by the Steven's Amendment, and the terms and conditions of the subaward agreement issued by ADECA. Applicants will be responsible for ensuring that proposed activities, costs, procurement actions, contracts, and project administration practices comply with all applicable requirements.

### **Period of Performance**

The anticipated period of performance for awards made under this NOFO will begin at the time of award and end on July 31, 2027, unless otherwise specified by ADECA in the award documents or subsequent guidance. Applicants should propose projects that are feasible within this implementation period and should clearly identify any critical dependencies, procurement lead times, staffing needs, or coordination requirements that may affect readiness and completion.

### **Subaward Structure**

Entities selected for funding under this NOFO will receive subawards from ADECA and will be classified as subrecipients. A subrecipient is an entity that receives a subaward to carry out part of a federal program and that is responsible for programmatic decision-making and compliance requirements applicable to its portion of the award.

As subrecipients, awardees will be expected to:

- Carry out the approved scope of work in accordance with the subaward terms and applicable program requirements.
- Use funds only for allowable, properly documented, and award-related costs.
- Maintain appropriate financial management systems, internal controls, and records sufficient to support expenditures, performance, and compliance.

- Comply with applicable federal and state requirements, including procurement, reporting, monitoring, and audit requirements associated with the subaward.
- Provide timely financial, programmatic, and other information requested by ADECA to support oversight, reporting, and compliance activities.

Failure to comply with applicable subrecipient requirements may result in corrective action, disallowance of costs, recoupment of funds, or other remedies permitted under the subaward agreement.

### **Funding Disbursement**

Subrecipients will receive funds on a modified reimbursement basis. To support reimbursement, subrecipients must submit monthly payment requests through the ARHTP portal as Requests for Reimbursement (RFRs), and each request must be based on documented, allowable costs that have been incurred within the approved budget, scope of work, and period of performance under the subaward agreement.

Reimbursement requests must include supporting documentation appropriate to the expenditure type, which may include invoices, receipts, proof of payment, payroll records, contracts, purchase orders, procurement records, or other documentation to demonstrate that the requested costs are allowable, properly obligated where required, and attributable to the approved project. Supporting documentation requirements may vary depending on the nature of the expenditure. ADECA will review reimbursement requests for allowability, completeness, and compliance with applicable award requirements before disbursing funds. Certain expenditures, including procurement-related costs, may be subject to additional procurement procedures or documentation requirements before reimbursement may be requested. Selected applicants will receive additional reimbursement instructions through the ARHTP portal and, where applicable, will receive procurement guidance and training as part of award administration. Subrecipients must maintain records supporting all obligations, expenditures, and reimbursement requests and must provide such records to ADECA upon request.

### **III. Reporting Requirements**

ADECA will monitor subrecipient performance through review of financial and programmatic reports, performance information, reimbursement documentation, and other materials related to the approved project. ADECA will use the results of pre-award risk assessment, together with project-specific and performance-related considerations, to inform the level and type of monitoring, oversight, and follow-up applied to a particular subrecipient or project. Monitoring may include desk-based review, follow-up requests for additional information, and on-site monitoring activities to assess programmatic performance, financial management, compliance, and progress toward approved objectives. As part of ADECA's oversight responsibilities, subrecipients may also be required to participate in monthly status meetings, monitoring calls, or in-person or virtual presentations regarding project implementation, expenditures, performance, and other matters related to the award pursuant to the subaward's scope of work. Reporting requirements under this NOFO are intended to support ADECA's oversight responsibilities, subrecipient monitoring, and any reporting obligations associated with the RHT Program.

Subrecipients will be required to submit quarterly progress reports and a final report in a format and on a schedule prescribed by ADECA. In addition, subrecipients may be required to respond to follow-up questions or provide supplemental information requested by ADECA to support oversight, compliance review, performance monitoring, or other program administration needs.

### **Quarterly Progress Reports**

Quarterly progress reports must provide sufficient information for ADECA to assess project

implementation status, use of funds, and progress toward approved objectives. Subrecipients will be expected to track and report performance information relevant to the approved project, including project-specific outputs, implementation status, service delivery progress, and other indicators demonstrating progress toward the approved objectives and the Mental Health Initiative goals. Performance reporting must be tied to the scope of work and approved measures, and sufficiently detailed, as deemed by ADECA, to assess whether the project is being implemented as proposed and achieving meaningful progress. Quarterly reports must be submitted according to the reporting schedule below for the first 4 quarters with similar cadence in future periods.

| <b>Report Type</b>        | <b>Reporting Period</b>  | <b>Due Date</b> |
|---------------------------|--------------------------|-----------------|
| Quarter 1 Progress Report | First reporting quarter  | 01/10/2027      |
| Quarter 2 Progress Report | Second reporting quarter | 04/10/2027      |
| Quarter 3 Progress Report | Third reporting quarter  | 07/10/2027      |
| Quarter 4 Progress Report | Fourth reporting quarter | 10/10/2027      |

At a minimum, quarterly reports will include, as applicable:

- Expenditures to date by approved budget category.
- Progress against the approved scope of work, workplan milestones, and implementation timeline, including any delays, risks, or challenges affecting project execution.
- All performance information, output measures, or outcome indicators relevant to the approved project and the initiative goals it is intended to advance.
- Updates regarding staffing issues, procurement delays, partner participation issues, or other developments that may affect performance, sustainability, or compliance.

### **Final Report**

At the conclusion of the period of performance, each subrecipient will be required to submit a final report and any related closeout materials necessary for ADECA to complete subaward closeout. Final reporting and closeout requirements will include but are not limited to, as applicable:

- A summary of activities completed under the approved project, including the status of major deliverables and implementation milestones.
- A cumulative summary of expenditures and use of funds.
- All performance and outcome information associated with the project.
- A discussion of implementation challenges, lessons learned, and sustainability considerations, as applicable.
- Information regarding equipment, inventory, or other funded assets acquired under the subaward.
- Any required certifications, attestations, reconciliations, or supporting documentation related to final financial reconciliation, use of funds, completion of the approved project, equipment or asset reporting, and compliance with applicable award requirements.
- Information needed to resolve any outstanding monitoring, compliance, audit, or other administrative matters related to the subaward.

ADECA will provide final report and closeout instructions, including applicable submission requirements and deadlines, as part of award administration. Subrecipients may also be required to submit closeout materials in advance of the overall program end date in order to allow adequate time for review, reconciliation, and final fund administration.

### **Report Format and Timeliness**

All reports and requested supporting information must be submitted in the format prescribed by ADECA and must be accurate, complete, and timely. Subrecipients must maintain documentation sufficient to support reported expenditures, activities, performance information, and other matters addressed in required reports.

#### **Failure to Report**

Failure to submit required reports or supporting information in an accurate, complete, and timely manner may result in delayed reimbursements, corrective action, additional monitoring, or other remedies permitted under the subaward agreement.

### **IV. Application Information**

#### **Application Submission**

Applications must be submitted through the ARHTTP portal, which will become available on or about June 3, 2026, and can be accessed through the ARHTTP website. The portal will contain instructions as to how applicants should complete the application process. During the application period, applicants are encouraged to review the program website for FAQs, updates, announcements, and other guidance related to this NOFO and the application process.

#### **Application Preparation and Technical Assistance**

ADECA may provide additional technical assistance to support applicants' understanding of this NOFO and general application expectations. Technical assistance may include website-posted guidance, FAQs, responses to submitted questions, or other forms of applicant support identified by ADECA. The program website will also include a form for reporting technical issues related to application access or use of the application system. Any clarifications or additional guidance provided during the application period will be shared through the program website so that all applicants have access to the same information. Neither technical assistance nor compliance with instructions received in connection with technical assistance guarantee funding or modify the terms of this NOFO.

#### **Submission Deadline:** June 26, 2026, at 5:00 PM Central Time

Each application must be complete at the time of submission and must include all required information, attachments, certifications, and supporting documentation. Incomplete applications may be deemed non-responsive and may not be considered for funding.

#### **Award Timeline and Post-Selection Process**

Following the application submission deadline, ADECA will conduct eligibility and completeness review, substantive review, and award determinations. Applicants should plan for awards to be announced approximately 3–4 weeks after the submission deadline, subject to the volume of applications received, review needs, and any required approvals. After selection, applicants may be required to complete additional award administration steps before funds are available, such as responding to follow-up requests, submitting final documentation, completing any required risk assessment or pre-award review materials, and executing a subaward agreement with ADECA. Selected applicants will also receive further instructions regarding project start-up, reporting, reimbursement procedures, and other award administration requirements. This timeline is provided for planning purposes only and may be adjusted by ADECA.

#### **Required Documentation**

Applicants must submit all required documentation. Required documentation will include, as applicable:

- Current Certificate of Existence from the Alabama Secretary of State dated within 30 days of the application.

- Current SAM.gov registration information.
- Completed and signed IRS Form W-9.
- Alabama Vendor Disclosure Statement.
- Written policies and procedures related to conflicts of interest, financial management, internal controls, procurement, and written standards of conduct required by applicable federal requirements.
- Financial statements for the last three completed fiscal years. If audited financial statements are unavailable, the applicant must provide the most recent internally prepared, compiled, or reviewed annual financial statements and explain why audited statements are unavailable.
- Single Audit or program-specific audit reports for the last three complete fiscal years.
- Any audit findings, questioned costs, management letters, or corrective action plans related to the financial statements or audit materials submitted.
- Project plan completed using the template provided by ADECA.
- Completed grant budget workbook template and budget narrative, including any required supplemental schedules.
- Documentation supporting any matching funds or in-kind contributions identified in the application.
- Any initiative- or project-specific documentation required by ADECA, such as participation agreements, partner commitments, or other supporting materials necessary to evaluate the proposed project.

ADECA may require additional documentation, clarifications, or corrections as part of the application review process.

### **Application Review**

Applications received by the submission deadline will be reviewed for completeness, responsiveness, and eligibility. Applications determined to be incomplete, non-responsive, or ineligible may be removed from further consideration.

Applications that satisfy threshold review requirements will proceed to substantive review using the criteria summarized below.

| <b>Section</b>   | <b>Subsection</b>                                | <b>Points</b> |
|------------------|--|---------------|
| <b>Design</b>    | Need, Rurality, and Service Gaps                 | 15            |
|                  | Project Design and Strategy Alignment            | 20            |
|                  | Comparative Long-Term Viability                  | 10            |
|                  | Budget Narrative                                 | 5             |
|                  | <b>Total</b>                                     | <b>50</b>     |
| <b>Execution</b> | Implementation Plan and Readiness                | 30            |
|                  | Management Capacity and Organizational Readiness | 5             |
|                  | Outputs and Outcomes                             | 15            |
|                  | <b>Total</b>                                     | <b>50</b>     |
| <b>Total</b>     |  | <b>100</b>    |

As part of the application review and pre-award process, ADECA will conduct a risk assessment for applicants being considered for funding. The risk assessment will be based on factors such as the applicant's financial stability, prior experience managing federal or other public funds, audit history,

internal controls, procurement and financial management systems, history of performance, and other information relevant to the applicant's capacity to carry out the proposed project in compliance with applicable requirements.

In making award decisions, ADECA may also consider overall availability of funds and geographic distribution.

#### **V. Questions**

Applicants should check [www.alabamarhtp.com](http://www.alabamarhtp.com) regularly for program updates, announcements, and additional guidance. Any questions regarding the program or application process should be submitted to [info@alabamarhtp.com](mailto:info@alabamarhtp.com).

#### **VI. FAQs**

We encourage applicants to review the RHT Program FAQs before submitting applications. The FAQs provide further guidance and clarification on program requirements, eligibility, application expectations, and other common questions. Upon publication, applicants may access FAQs here: [Rural Health Transformation Program FAQs](#).

As we continue to receive stakeholder questions and feedback, ADECA will publish state-specific FAQs, expected to be released in June 2026.