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Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

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Senate Bill 1013 (Substitute S-1 as reported)  
Sponsor: Senator Bev Hammerstrom  
Committee: Families, Mental Health and Human Services

### **CONTENT**

The bill would amend the Mental Health Code to revise a provision that allows a community mental health (CMH) services program to carry forward certain funds to the next fiscal year.

The Code provides that a CMH services program may carry forward the "operating margin" up to 5% of the program's State share of the operating budget for the fiscal years ending September 30, 1999, and September 30, 2000. ("Operating margin" means the excess of State revenue over State expenditures for a single fiscal year, excluding capitated payments made under a managed care system.) In the case of a CMH authority, the carryforward is in addition to reserve accounts the authority has established. (The Code allows CMH services programs to set up reserve accounts using State funds in the same proportion that State funds relate to all revenue sources, to cover vested employee benefits and/or for depreciation of capital assets and for expected future expenses for an organizational retirement plan.)

Under the bill, the carry forward option would apply in the fiscal year ending September 30, 2001, and would not be limited to 5% of the State share of the operating budget.

MCL 330.1226

Legislative Analyst: P. Affholter

### **FISCAL IMPACT**

In FY 1998-99 CMH boards were able to carry forward about \$30 million due to the 5% carryforward provision. This funding otherwise would have lapsed to the State. Repeal of the sunset would not alter current policy. If it takes effect, however, the sunset will decrease State expenditures by up to \$30 million per year. In addition, the elimination of the 5% ceiling on the carryforward would prevent about \$15 million from lapsing to the State, so the net fiscal impact on the State would be a cost of \$45 million. Furthermore, the bill in its current form refers only to FY 2000-01. It would appear that this bill, if passed in its current form, would eliminate the carryforward provision in FY 1999-2000, which would result in a net gain to the State of \$30 million in and only in FY 1999-2000.

Date Completed: 2-22-00

Fiscal Analyst: S. Angelotti