

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



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

Senate Bill 1013 (as introduced 2-16-00)
Sponsor: Senator Bev Hammerstrom
Committee: Families, Mental Health and Human Services

Date Completed: 2-16-00

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 any fiscal year 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; thus, passage of this bill would cost the State up to \$30 million per year.

Fiscal Analyst: S. Angelotti

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