

CHILDREN WITH SPECIAL NEEDS FUND: INVESTMENT OPTIONS AND MINIMUM BALANCE

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5748 (reported from committee as substitute H-2)
Sponsor: Rep. David C. Maturen
Committee: Financial Services
Complete to 11-8-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5748 would amend the Public Health Code regarding the Children With Special Needs Fund in the following ways:

The Fund would be required to maintain a minimum balance of \$18 million. If the balance is less than that amount, no money would be expended from the Fund until the balance exceeds \$18 million.

The State Treasurer is to direct the investment of the fund and have the same authority to invest assets of the fund as granted to an investment fiduciary investing assets under the Public Employees Retirement System Investment Act (MCL 38.1132, et al.). The Treasurer must also comply with the Divestment From Terror Act (MCL 129.291) in making investments.

MCL 333.5861 & 5863

FISCAL IMPACT:

The Children with Special Needs Fund assists families with children enrolled in, or eligible for, Children with Special Health Care Services (CSHCS) to purchase equipment to improve that child's health, mobility, and quality of life. The Fund has approximately \$20 million currently invested in government securities and commercial bonds, and each year the Fund sets an annual budget based on a portion of its investment earnings. Providing the State Treasurer the authority to invest these assets in the same way as assets invested under the Public Employee Retirement System Investment Act could allow greater investment returns, which would then permit those additional earnings to supplement current services. If these investments earn an additional 1%, the Children With Special Needs Fund would have additional earnings of approximately \$200,000. As with any financial investment strategy, investment options with greater investment return potential also have a greater potential for financial losses. Since this bill sets a minimum balance of \$18 million for this fund, an investment loss may not necessarily mean the Children With Special Needs Fund would assist fewer families.

POSITIONS:

Department of Health and Human Services testified in support of the bill. (9-21-16)

Department of Treasury supports the bill (9-21-16)

Michigan Council for Maternal and Child Health supports the bill. (9-21-16)

Legislative Analyst: E. Best
Fiscal Analyst: Kevin Koorstra

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.