



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

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

House Bill 5748 (Substitute H-2 as passed by the House)  
Sponsor: Representative David C. Maturen  
House Committee: Financial Services  
Senate Committee: Finance

Date Completed: 12-6-16

### **CONTENT**

**The bill would amend Part 58 (Children and Youth with Special Health Care Needs) of the Public Health Code to require the Children with Special Needs Fund to maintain a minimum balance of \$18.0 million, and prohibit any money from being spent from the Fund if its balance were less than \$18.0 million until the balance exceeded that amount.**

Section 5861 of the Code allows the Department of Health and Human Services (DHHS) to receive and hold title to real and personal property by gift, devise, bequest, and conveyance to be used for the purpose of carrying out Part 58. The property accepted must be held and used as a trust fund for the purposes for which it is received. The Department promptly must send the money, securities, or similar personal property to the Department of Treasury to be credited to the fund of the State designated by the donor or the DHHS. The income from securities must be sent promptly to the Department of Treasury to be credited to the fund designated and must be likewise disbursed.

The bill would require the Children with Special Needs Fund operating under Section 5861 to maintain a minimum balance of \$18.0 million. If the balance of the Fund were less than that, no money could be spent from the Fund until the balance exceeded \$18.0 million.

The bill also would require the State Treasurer to direct the investment of the Fund. The State Treasurer would have the same authority to invest assets of the Fund as granted to an investment fiduciary that was investing assets under the Public Employee Retirement System Investment Act. The State Treasurer would have to comply with the Divestment from Terror Act in making investments.

The bill would take effect 90 days after it was enacted.

MCL 333.5861 & 333.5863

### **BACKGROUND**

According to the Fund's website, the Children with Special Needs Fund provides support for children in Michigan with special health care needs not available through any other funding source. "The Fund helps with the purchase of equipment and services that promote optimal health, mobility, and development, enhancing the lives of children and their families."

Legislative Analyst: Drew Krogulecki

## **FISCAL IMPACT**

The bill would result in minimal administrative costs to the Department of Treasury and would have no direct impact on the Department of Health and Human Services. The Department of Treasury's methodology for calculating the cost for overseeing investment fiduciary responsibilities indicates an annual investment and administrative cost of \$10,000. This cost would be within current appropriations.

The Department of Health and Human Services would experience no direct impact as a result of the bill. Since the Children with Special Needs Fund is a payer-of-last-resort program, it supports families that are unable to get support from the State; therefore, increasing or decreasing the appropriations from this Fund would not directly affect State appropriations. However, the number of individuals who receive support could increase significantly as a result of increased return from investments. The number of individuals supported also could decrease significantly during an economic downturn or if the balance fell below \$18.0 million, at which point all individuals supported by the program could be dropped.

Fiscal Analyst: Cory Savino

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