TO: County Councilmembers, County Auditors, and County Treasurers

FROM: Wesley R. Bennett, Commissioner

RE: Legislation Affecting Community Mental Health Center Funding, HEA 1141-2018

DATE: May 17, 2018

This memorandum discusses the revisions made to the law regarding funding for community mental health center (“CMHC”) funding. Please note that this memorandum is for informational purposes only and is not a substitute for reading the law.

On March 14, 2018, Governor Eric Holcomb signed into law House Enrolled Act 1141-2018 (“HEA 1141”). This Act makes changes to the law regarding CMHCs, however this memorandum will only address the changes to CMHC funding. The changes described in this memorandum are effective January 1, 2019.

I. County Funding Formula, IC 12-29-2-2

Section 5 of HEA 1141 amends the provisions addressing county funding for CMHCs, found in IC 12-29-2-2. Previously, CMHC funding was based on the previous year’s maximum appropriation amount adjusted by the assessed value growth quotient, limited to the amount of funding needed to fulfill a CMHC’s financial obligations for serving part or all of a county’s population.

A. All Counties except Marion County, IC 12-29-2-2(b)

As changed by HEA 1141, for all counties except Marion County, the following formula is used:

1. The county’s maximum appropriation amount for CMHC operations in the previous calendar year; multiplied by
2. The greater of
   o 1; or
   o the result of
     ▪ the amount of the county’s general fund property tax levy for the previous calendar year less property tax credits imposed under IC 6-1.1-20.6; divided by
     ▪ the amount of the county’s general fund property tax levy for the calendar year less property tax credits imposed under IC 6-1.1-20.6.
For example, to determine a county’s CMHC appropriation amount for 2019, the county must multiply its maximum 2018 appropriation for CMHCs by the greater of 1 or the county’s general fund levy for 2018 (less property tax credits under IC 6-1.1-20.6) divided by the county’s general fund levy for 2017 (less property tax credits under IC 6-1.1-20.6).

Put simply, if the county’s 2017 general fund levy is greater than its 2018 general fund levy after accounting for property tax cap credits, the CMHC appropriation for 2019 will have no adjustment from the 2018 amount. Likewise, if the county’s 2018 general fund levy is greater than its 2017 general fund levy after accounting for property tax cap credits, the CMHC appropriation for 2019 will have an adjustment equal to the growth in the amount from 2017 to 2018.

**B. Marion County, IC 12-29-2-2(c)**

For Marion County, the following formula is used for calendar years 2019 through 2021 only:

1. For 2019, the actual 2018 CMHC appropriation plus 33% of the difference between what would have been appropriated in 2019 if the county used the formula under IC 12-29-2-2(b) and the actual 2018 CMHC appropriation.
2. For 2020, the actual 2019 CMHC appropriation plus 66% of the difference between what would have been appropriated in 2020 if the county used the formula under IC 12-29-2-2(b) and the actual 2019 CMHC appropriation.
3. For 2021, the amount that would have been appropriated in 2021 if the county used the formula under IC 12-29-2-2(b).

In other words, Marion County shall apply a three-year phase-in to the adjustments that it would make were it to calculate the CMHC appropriations under IC 12-29-2-2(b).

For all counties, the Department shall verify the maximum appropriation for CMHC funding as part of the county’s budget certification.

**C. Uses of CMHC Funding, IC 12-29-2-2(d)**

The funding provided to a CMHC shall be used solely for the following:

1. The operations of CMHCs serving the county.
2. Contributing to the nonfederal share of medical assistance payments to CMHCs serving the county.

**II. Allocation of CMHC Funds, IC 12-29-2-4**

Section 7 of HEA 1141 amends the allocation of a county’s CMHC funding allotted to each center serving the county. The allocation is the proportion of (1) the county’s population residing in the primary service area of each center, to (2) the total population of the county. Each center included in this allocation must be certified by the division of mental health and addiction to service the county.
III. County Payment to CMHCs, IC 12-29-2-20

Section 11 of HEA 1141 changes the manner in which the county pays the CMHC its funding. Unless otherwise agreed to by the county and the CMHC, the county treasurer shall pay to the CMHC board treasurer at least as frequently as the following:

1. One-half (1/2) of the funds disbursed to the CMHC on the second Monday in July.
2. One-half (1/2) of the funds disbursed to the CMHC on the second Monday in December.

The funds from the county are not to take place of grants from agencies supported within the county solely by county tax money.

IV. Repeal of Certain Requirements

HEA 1141 repeals or removes the following previously-held provisions:

- The following funding and distribution provisions in IC 12-29-2-2:
  o The maximum appropriation in a levy freeze county equals the county’s maximum levy for the CMHC.
  o The county (or the health and hospital corporation of Marion County) pays the appropriated amount to the division of mental health and addiction, which shall ensure that the distribution is applied only for matching federal funds for the CMHCs designated to receive funding.
  o Distribution of funds on a semiannual basis by June 1 and December 1 of each year.
- IC 12-29-2-3. (Adjustment of the maximum appropriation to exclude non-property tax revenue to the CMHC.)
- IC 12-29-2-5(b). (The county may appropriate an additional tax rate if its proportional share of the CMHC’s operating budget is more than the taxes raised by the county.)
- IC 12-29-2-5(c). (The county shall only appropriate the maximum appropriation amount if its proportional share of the CMHC’s operating budget is less than the taxes raised by the county.)
- IC 12-29-2-20. (The county auditor’s certification to the division of mental health and addiction and the CMHC board of directors of the amount disbursed to the CMHC.)

Questions

Questions regarding the information contained in this memorandum may be directed to your Department budget field representative. Contact information may be found at https://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf.