

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Officials
FROM: Wesley R. Bennett, Commissioner
RE: Legislation Affecting Community Mental Health Center Funding
DATE: July 31, 2019

This is a reissue of the memorandum previously released on June 21, 2019. This new version clarifies the description of the factors used in the calculations represented in Section I. This memorandum supersedes the June 21, 2019 version.

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

On May 5, 2019, Governor Holcomb signed into law House Enrolled Act 1427-2019 (“HEA 1427”). This Act includes various revisions to the laws regarding local government matters, however this memorandum will only address the changes related to CMHC funding. The changes described in this memorandum are effective January 1, 2019 (retroactive).

I. County Funding Formula – All Counties except Marion County

Beginning with the 2020 appropriations, Section 82 of HEA 1427 amends the provisions addressing county funding for CMHCs, found in IC 12-29-2-2. Under previous legislation from the 2018 Session, a county’s appropriation for the operation of CMHCs in a year was equal to the appropriation for the previous year multiplied by the percentage change in the county unit’s general fund property tax levy, after subtracting the circuit breaker credits. With the new formula, the appropriation will equal the prior year’s appropriation multiplied by a prorated assessed value growth quotient, which is based on the tax cap loss percentage in the county’s controlled funds.

A. Formula for All Counties – except Marion County

As changed by HEA 1427, for all counties except Marion County, one of the following formulas is used to calculate funding for CMHCs in 2020:

- (1) The county’s 2019 maximum appropriation amount for the operation of CMHCs, if the Adjusted Certified Levy Difference is less than or equal to zero (0). The Adjusted Certified Levy Difference is determined by:

2019 Certified Levy for Funds Subject to Civil Max Levy
 - 2019 Circuit Breaker Credits for Funds Subject to Civil Max Levy
2019 Adjusted Certified Levy

2018 Certified Levy for Funds Subject to Civil Max Levy
 - 2018 Circuit Breaker Credits for Funds Subject to Civil Max Levy
2018 Adjusted Certified Levy

2019 Adjusted Certified Levy
 - 2018 Adjusted Certified Levy
Adjusted Certified Levy Difference

(2) If the Adjusted Certified Levy Difference is greater than zero (0), the 2020 funding amount is calculated as follows:

2019 Maximum Appropriation Amount (x) the greater of:
 one (1); or
 the CMHC Adjustment Factor

The CMHC Adjustment Factor is determined by:

$$\frac{\text{2019 Adjusted Certified Levy}}{\text{2019 Certified Levy for Funds Subject to Civil Max Levy}} = \text{Certified Levy Factor}$$

$$\frac{[(2019 \text{ Assessed Value Growth Quotient}) - 1]}{\text{AVGQ Adjusted Levy Amount}} \times \text{Certified Levy Factor}$$

$$\frac{\text{AVGQ Adjusted Levy Amount}}{\text{AVGQ Adjusted Levy Amount} + 1}$$

CMHC Adjustment Factor

B. Calculation Example for All Counties – except Marion County

	Delta County	
	Certified Levy for Funds Subject to Civil Max Levy	Circuit Breaker Credits for Funds Subject to Civil Max Levy
2018	\$75,332,173	\$6,911,155
2019	\$76,315,170	\$6,371,089

(2019)	\$76,315,170	(2018)	\$75,332,173
	- <u>\$6,371,089</u>		- <u>\$6,911,155</u>
	\$69,944,081		\$68,421,018

\$69,944,081
 - \$68,421,018
 1,523,063

(Adjusted Certified Levy Difference)

Since the Adjusted Certified Levy Difference is greater than zero (0), continue with CMHC Adjustment Factor calculation:

$$\frac{\$69,944,081}{\$76,315,170} = 0.9165 \text{ (Certified Levy Factor)}$$

$[(1.036^1) - 1]$	0.0330
$\times \frac{0.9165}{(AVGQ \text{ Adj. Levy Amount})}$	$\frac{1}{(CMHC \text{ Adjustment Factor})}$
0.0330	1.0330

Since the CMHC Adjustment Factor is greater than one (1), the 2020 CMHC funding for Delta County would be the 2019 Maximum Appropriation Amount multiplied by 1.0330.

If the example for Delta County included a 2018 Adjusted Certified Levy amount that was greater than the 2019 Adjusted Certified Levy amount, the CMHC appropriation for 2020 would have no adjustment from the 2019 amount.

II. Marion County Funding Formula (IC 12-29-2-2(c))

HEA 1427 did not make any changes to the CMHC funding formula for Marion County. 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).

Questions

If you have any questions about this transition, please contact your [Budget Field Representative](#).

¹ 1.036 is not the official Assessed Value Growth Quotient and is instead meant to act as a placeholder.