

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Revised

Senate Bill 686 (Senator Cade, et al.)

Budget and Taxation

Referred to Appropriations

Community Services Trust Fund

This amended bill establishes a continuing, nonlapsing Community Services Trust Fund in the Office of the Treasurer to hold monies resulting from the long-term lease or sale of property of a Developmental Disabilities Administration (DDA) or Mental Hygiene Administration (MHA) facility. The Comptroller is required to transfer into the Waiting List Equity Fund and the Mental Hygiene Community-Based Services Fund the investment earnings of the Community Services Trust Fund, in accordance with an appropriation in the annual State budget.

It repeals the September 30, 1998 termination date of the Waiting List Equity Fund and the Mental Hygiene Community-Based Services Fund (Chapter 401 of the Acts of 1994). The bill also stipulates that the Governor must include in the State budget a general fund appropriation from the Waiting List Equity Fund and the Community-Based Services Fund for the purpose of serving individuals on the waiting lists for services from DDA and MHA.

The bill takes effect June 1, 1996 and applies to property and equipment that is sold or leased after April 1, 1996.

Fiscal Summary

State Effect: Special fund revenues accruing to the Community Services Trust Fund could increase by an indeterminate but significant amount as a result of the closure of any DDA or MHA facilities. General fund revenues that should have accrued to the Waiting List Equity Fund and the Community-Based Services Fund would decrease by an equal amount. General fund expenditures to serve individuals on the DDA waiting list and individuals who have not yet been provided with community mental health services could increase by an indeterminate but significant amount, depending on investment earnings from the Community Services Trust Fund.

Local Effect: None.

Fiscal Analysis

State Revenues: Special fund revenues could increase to the extent that a DDA or MHA facility is sold or is leased on a long-term basis. The amount of special fund increase depends on the sale or lease price and the investment return on the proceeds; the State is currently realizing a 5.44% return on its investments. Great Oaks Center, a DDA facility located in Silver Spring, is scheduled to close at the end of fiscal 1996. Accordingly, revenues accruing to the Community Services Trust Fund could increase by an indeterminate but significant amount as a result of the closure of Great Oaks.

For illustrative purposes, the Department of General Services' Office of Real Estate advises that independent appraisals for the Great Oaks property range from \$3.1 million to \$9.5 million. General fund revenues accruing to the Waiting List Equity Fund and the Community-Based Services Fund would decrease by an equal amount, since Chapter 401 specifies that the Governor should include the proceeds from the sale of a closed DDA or MHA facility as a general fund appropriation in the appropriate fund.

State Expenditures: The bill stipulates that the Governor must include in the State budget a general fund appropriation from the Waiting List Equity Fund and the Community-Based Services Fund to serve individuals on the waiting lists for services from DDA and MHA. As a result, general fund expenditures to serve individuals on the DDA waiting list and individuals who have not yet been provided with community mental health services could increase to the extent that investment earnings of the Community Services Trust Fund are realized and are transferred into the Waiting List Equity Fund and the Community-Based Services Fund.

For illustrative purposes, if Great Oaks is sold in fiscal 1997, general fund expenditures for DDA waiting list individuals could increase by a range of \$168,640 to \$516,800. Most of the additional general fund expenditures for community services for DDA waiting list individuals will be eligible for 42% to 50% reimbursement by federal Medicaid funds, to the extent that such funds are available in the future given pending Congressional restructuring of the Medicaid program.

MHA does not maintain a waiting list. Chapter 401, however, specifies that monies in the Mental Hygiene Community-Based Services Fund are to meet the needs of individuals leaving MHA facilities to enter community-based services and individuals who have not yet been provided with community services. As a result, it is assumed that additional MHA appropriations resulting from the bill's requirements would be used to provide mental health services to those currently unserved individuals.

Since the bill repeals the September 30, 1998 termination date of Chapter 401, special fund

expenditures from the Waiting List Equity Fund and the Mental Hygiene Community-Based Services Fund will be maintained in future years. However, the proposed fiscal 1997 budget does not include an allowance for either the Waiting List Equity Fund or the Mental Hygiene Community-Based Services Fund. The current fund balance for the Waiting List Equity Fund is \$579,231. The current fund balance for the Community-Based Services Fund is \$0.

Information Source(s): Department of Health and Mental Hygiene (Developmental Disabilities Administration, Mental Hygiene Administration), Department of General Services, Department of Fiscal Services

Fiscal Note History: First Reader - February 22, 1996

ncs

Revised - Senate Third Reader - March 20, 1996

Analysis by: Sue Friedlander

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710