

FISCAL NOTE

This bill contains an appropriation of \$40,000,000 from the LEGISLATIVE STABILIZATION RESERVE ACCOUNT to the proposed 988 System Trust Fund. This appropriation is effective immediately.

This bill contains an appropriation of \$6,000,000 from the LEGISLATIVE STABILIZATION RESERVE ACCOUNT to the proposed 988 System Trust Fund Reserve Account. This appropriation is effective immediately.

Beginning in FY 2025, earnings from the proposed 988 System Trust Fund Account equal to five percent of the previous five-year average market value (assumed to be \$2,000,000 in FY 2025) are appropriated to the Department of Health for expenditure.

DETAIL OF APPROPRIATION

Agency #: 048 Agency Name: Department of Health
 Units: 2501 2502 Mental Health and Substance Abuse Services

EXPENDITURE BY SERIES AND YEAR	FY 2023	FY 2024	FY 2025
0100 Personnel/Benefit Costs	\$0	\$0	\$95,000
0600 Grant & Aid Payments	\$0	\$0	\$1,202,000
0900 Contractual Services Costs	\$0	\$0	\$703,000
 Total Expenditure Per Year:	 \$0	 \$0	 \$2,000,000
 Grand Total Expenditure:	 \$2,000,000		
Total Appropriated to Agency:	\$2,000,000		
Total Appropriated by Fund:			
INVESTMENT EARNINGS	\$2,000,000		

Description of appropriation:

Pursuant to the proposed spending policy, transfers from the State Treasurer's Office (STO) to the Department of Health would begin in FY 2025. Contractual Services Costs (i.e., 0900 Series) reflect call-center operations, and Grant & Aid Payments (i.e., 0600 Series) reflect the balance of the appropriation remaining for potential crisis services. The actual cost of such services is indeterminable at this time.

There is currently a biennial appropriation of \$400,000 used to offset the cost of call-center operations. If this recurring appropriation continues, annual 0900 Series costs reported in the table above could decrease by \$200,000.

	FY 2024	FY 2025	FY 2026
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase			
988 SYSTEM TRUST FUND	\$0	\$988,000	\$988,000
988 SYSTEM TRUST FUND RESERVE ACCOUNT	\$0	\$148,200	\$148,200

Source of revenue increase:

Investment income from the proposed 988 System Trust Fund Account and 988 System Trust Fund Reserve Account

Assumptions:

This bill creates the 988 System Trust Fund Account and the 988 System Trust Fund Reserve Account.

The STO assumes that the proposed 988 System Trust Fund Account and 988 System Trust Fund Reserve Account would be invested in the State Agency Pool, consistent with the requirement to be invested to obtain the highest return possible consistent with preservation of the trust account corpus.

The State Treasurer’s Office projects yields in FY 2024 through FY 2026 to be around 3.74% for permanent funds and 2.47% for State Agency Pool funds including the Legislative Stabilization Reserve Account. Yield is defined as the interest and dividend income from the investment. Over the long term, total return for permanent funds is expected to be 5.0%, while total return for State Agency Pool funds is expected to be 2.9%. This is in accordance with the State’s Investment Policy. Total return is defined as growth in the value of the investment, including both yield and realized & unrealized gains.

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