

---

# AGENDA ITEM 3

Action

January 28, 2016 Commission Meeting

## Legislative Proposal for 2016: Administrative Savings Fund

---

**Summary:** The Commission is asked to authorize the Executive Director to develop and advocate for a legislative proposal to capture unspent state administrative Mental Health Services Act funds.

**Background:** The Mental Health Services Act allows the Legislature, through the budget process, to designate up to 5 percent of MHSF funds for state administrative purposes. All other funds in the Mental Health Services Fund (MHSF) are distributed to the counties.

Each year, through the state budget process, the MHSF state administrative funds are allocated to state agencies for the purposes outlined in the budget bill. In general, state agencies must encumber those funds during that initial fiscal year, and must spend those funds within three years of the start of that fiscal year. Barring further legislative action, any funds that are not encumbered during the fiscal year or spent during the subsequent two fiscal years remain in the MHSF and are allocated to the counties.

Staff recommends the creation of a mechanism to capture unspent MHSF state administrative funds. The intent of the proposal is to:

1. Create an incentive for state agencies to save MHSF administrative funds where feasible.
2. Improve transparency with regard to how MHSF administrative funds are spent by state agencies.
3. Capture unspent MHSF administrative funds and make them available for allocation through the state budget process.

**Presenter:** Toby Ewing, Executive Director

**Enclosures/Handouts:** None

**Recommended Action:** Direct Commission staff to work with the Legislature to establish a fund to capture unspent state administrative funds.

**Proposed Motion:** The Commission directs the Executive Director to work with the Legislature to develop a legislative proposal to capture unspent Mental Health Services Act funds that are allocated for state administration.