



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0884.01: Establish a behavioral health trust fund

Primary Sponsor: SJ Howell Status: As Introduced

- Included in the Executive Budget
 Needs to be included in HB 2
 Significant Local Gov Impact
 Significant Long-Term Impacts
 Technical Concerns
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
State Special Revenue (02)	\$118,398	\$115,598	\$117,332	\$119,092
Revenues				
State Special Revenue (02)	\$2,359,500	\$2,112,500	\$1,989,000	\$1,950,000
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 884 creates a Montana behavioral trust fund board with a statutory appropriation, and transfers funds from the long range building program to an endowment for behavioral health and a behavioral health trust fund account.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (DPHHS/department)

1. New Section, Section 2 of HB 884 establishes a behavioral health endowment. A one-time \$65 million transfer from the capital development long-range building account to the Board of Investments will generate interest which is transferred quarterly to the trust fund established in Assumption 2.
2. New Section, Section 3 establishes the Montana Behavioral Health trust fund. A one time \$10 million transfer from the capital development long-range building account are statutorily appropriated to the department for purposes outlined in New Section, Section4, including grants for mental health, crisis diversion and stabilization, mental health or substance use counselors, capital projects to expand behavioral care sites, and administering the board and the grant program.
3. The current Board of Investments (BOI) estimate for the Short-Term Investment Pool (STIP) interest rate for FY 2026 is 3.63%. The department assumes interest for FY 2026 on the \$65 million invested in the endowment for behavioral health will be \$2,359,500 and will be transferred to the behavioral health trust fund. FY 2027 STIP projected interest rate is 3.25% resulting in \$2,112,500. FY 2028 STIP projected interest rate is 3.06% resulting in \$1,989,000. FY 2029 projected interest rate is 3% resulting in \$1,950,000.
4. The department assumes the board will meet a minimum of quarterly, and the cost of travel and related per diem would be approximately \$20,000 per year.
 - a. DPHHS assumes a 1.5% inflation factor for expenses in FY 2027, FY 2028 and FY 2029

5. The department estimates the need for a 1.00 FTE program specialist to carry out the duties of the board outlined in Section 4 and Section 6 of the bill. Salary and benefits for the new FTE within Behavioral Health and Developmental Disabilities Division are estimated to be \$92,814 in FY 2026, one-time only office set up costs are estimated to be \$2,800, and operating costs associated with the FTE are estimated at 3% of personal services.
6. This analysis assumes that DPHHS costs are eligible uses of the Montana Behavioral Health trust fund under Section 4 of HB 884.

Legislative Branch

7. HB 884 creates the Montana behavioral trust fund board which is made up of seven members.
8. Legislative leadership is to appoint four members, HB 884 does not specify that they are legislative members.
9. Board is allocated to the Department of Public Health and Human Services (DPHHS).
10. Members are entitled to travel reimbursement as provided in 2-18-501 through 2-18-503, MCA.
11. DPHHS is required to submit a quarterly report to the children, families, health, and human services interim committee (5-11-210, MCA). The reporting is part of normal committee duties and there is no fiscal impact to the Legislative Branch.
12. It is unknown how many bills are seeking to add to the duties of the Legislative Branch. The fiscal note of each bill is prepared based on the effect of each individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill would require additional analysis and may require additional resources for staffing and information technology support.

Statutory Appropriation

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	Yes	No
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.		X
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.		X

Fiscal Analysis Table

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	1.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$92,814	\$92,814	\$94,206	\$95,619
Operating Expenses	\$25,584	\$22,784	\$23,126	\$23,473
TOTAL Expenditures	\$118,398	\$115,598	\$117,332	\$119,092
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$118,398	\$115,598	\$117,332	\$119,092
TOTAL Funding of Expenditures	\$118,398	\$115,598	\$117,332	\$119,092
<u>Revenues</u>				
State Special Revenue (02)	\$2,359,500	\$2,112,500	\$1,989,000	\$1,950,000
TOTAL Revenues	\$2,359,500	\$2,112,500	\$1,989,000	\$1,950,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$2,241,102	\$1,996,902	\$1,871,668	\$1,830,908

Technical Concerns

Department of Public Health and Human Services

1. This analysis assumes that DPHHS costs are eligible uses of the Montana Behavioral Health trust fund under Section 4 of HB 884. If it is determined that those costs are ineligible uses of the trust fund, DPHHS would need general fund appropriations to implement HB 884.

NOT SIGNED BY SPONSOR

Sponsor's Initials Date



Budget Director's Initials Date



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Dedication of Revenue 2027 Biennium

17-1-507, MCA.

1. Are there persons or entities that benefit from this dedicated revenue that do not pay?

No

The initial funding for is capital development long-range building funding, resulting from reversions from multiple sources.

2. What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

No

Sections 3 and 4 of HB 884 cites specific eligible uses of the funding.

3. Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended?

No

This is a new use of the capital development long-range building funds.

4. Does the need for this state special revenue provision still exist?

No

5. Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending?

No

The legislature will be able to track the expenditures through unique accounting identifiers.

6. Does the dedicated revenue fulfill a continuing, legislatively recognized need?

Yes

Uses of the fund in Section 4 are in line with recognized legislative needs, including mental health, crisis care, crisis stabilization, jail diversion, and helping people transition out of homelessness.

7. How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? Also, if the program/activity were general funded, could you adequately account for the program/activity?

Yes

The Executive Branch would establish unique accounting identifiers (fund/subclass) in order to track appropriations and expenditures.