

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**SENATE DRS55352-RCz-22\* (04/27)**

Short Title: MH/DD/SA Community Capacity/Financing Reform. (Public)

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Sponsors: Senators Nesbitt, Allran, Cowell, Dannelly, Forrester, Lucas, Malone, and Purcell.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO INCREASE INDEPENDENT AND SUPPORTIVE LIVING APARTMENTS FOR PERSONS WITH MENTAL ILLNESS, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE ADDICTIONS, TO REVISE THE PSYCHIATRIC HOSPITAL FINANCING ACT, TO CREATE INCENTIVES FOR PSYCHIATRISTS TO WORK IN UNDERSERVED COMMUNITIES, AND TO APPROPRIATE FUNDS TO THE MENTAL HEALTH TRUST FUND AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES.

The General Assembly of North Carolina enacts:

**PART I. HOUSING**

**SECTION 1.** There is appropriated from the General Fund to the Department of Health and Human Services the sum of twelve million fifty thousand eight hundred thirty dollars (\$12,050,830) for the 2006-2007 fiscal year to be placed in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. The Department shall work with the North Carolina Housing Finance Agency to use the funds to provide an operating cost subsidy for at least 400 independent and supportive living apartments for individuals with mental illness, developmental disabilities, and substance abuse addictions. The apartments shall be affordable to those with incomes at the Supplemental Security Income (SSI) level.

**SECTION 2.** There is appropriated from the General Fund to the North Carolina Housing Finance Agency (HFA) the sum of eleven million two hundred fifty thousand dollars (\$11,250,000) for the 2006-2007 fiscal year to be placed in the North Carolina Housing Trust Fund. The funds shall be used to finance the construction of at

1 least 400 independent and supportive living apartments for individuals with mental  
2 illness, developmental disabilities, and substance abuse addictions. The apartments  
3 shall be affordable to those with incomes at the Supplemental Security Income (SSI)  
4 level. If HFA is able to finance the apartments for less than the amount appropriated  
5 under this section, any remaining funds, as well as any interest earned on the amount  
6 appropriated, may be used to finance additional apartment, group homes, and  
7 transitional housing for individuals with mental illness, developmental disabilities, and  
8 substance abuse addictions.

9         **SECTION 3.** There is appropriated from the General Fund to the  
10 Department of Health and Human Services, Division of Mental Health, Developmental  
11 Disabilities, and Substance Abuse Services, the sum of seven hundred thirteen thousand  
12 dollars (\$713,000) for ongoing operations support and three hundred seventy thousand  
13 dollars (\$370,000) for start-up expenses for the 2006-2007 fiscal year to support 12  
14 group home beds and 93 apartments financed through the United States Department of  
15 Housing and Urban Development.

## 16 **PART II. MENTAL HEALTH TRUST FUND**

17         **SECTION 4.** There is appropriated from the General Fund to the Trust Fund  
18 for Mental Health, Developmental Disabilities, and Substance Abuse Services and  
19 Bridge Funding Needs the sum of twenty million dollars (\$20,000,000) for the  
20 2006-2007 fiscal year.

21         **SECTION 5.** Section 10.24.(b) of S.L. 2005-276 reads as rewritten:

22         **"SECTION 10.24.(b)** The Department shall use not less than fifty percent (50%) of  
23 moneys in the Trust Fund established pursuant to G.S. 143-15D for the ~~2005-2006~~  
24 2006-2007 fiscal year for nonrecurring start-up funds for community-based services,  
25 including funding for existing area program services to transition to the private sector or  
26 to another public service agency. Moneys in the Trust Fund may be used to expand  
27 recurring community-based services only if sufficient recurring funds can be identified  
28 within the Department from funds currently budgeted for mental health, developmental  
29 disabilities, and substance abuse services, area mental health programs or county  
30 programs, or local government."

## 31 **PART III. PSYCHIATRIC HOSPITAL DEBT SERVICE**

32         **SECTION 6.** G.S. 143-15.3D(c) reads as rewritten:

33         "(c) Notwithstanding G.S. 143-18, any nonrecurring savings in State  
34 appropriations realized from the closure of any State psychiatric hospitals that are in  
35 excess of the cost of operating and maintaining a new State psychiatric hospital shall not  
36 revert to the General Fund but shall be placed in the Trust Fund and shall be used for the  
37 purposes authorized in this section. Notwithstanding G.S. 143-18, recurring savings  
38 realized from the closure of any State psychiatric hospitals shall not revert to the  
39 General Fund but shall be ~~used for the payment of debt service on financing contract~~  
40 ~~indebtedness authorized pursuant to Article 9 of Chapter 142 of the General Statutes for~~  
41 ~~the construction of a new State psychiatric hospital. Any remainder not needed for this~~  
42 ~~debt service shall be credited to the Department of Health and Human Services to be~~  
43 used only for the purposes of subdivisions (b)(2) and (b)(3) of this section."

1           **SECTION 7.** There is appropriated from the General Fund to the Reserve  
2 for Debt Service the sum of six million two hundred six thousand six hundred eighty  
3 dollars (\$6,206,680) for the 2006-2007 fiscal year. The funds shall be used to pay the  
4 debt service incurred by the financing of the new psychiatric hospital to replace the  
5 Dorothea Dix and John Umstead State psychiatric hospitals. It is the intent of the  
6 General Assembly to use funds from the General Fund to pay the debt service on the  
7 new psychiatric hospital. The Department of Health and Human Services shall redirect  
8 any funds previously budgeted for debt service on the new psychiatric hospital to the  
9 purposes authorized under G.S. 143-15.3D(b)(2) and (b)(3).

10 **PART IV. RECRUITING AND RETAINING COMMUNITY PSYCHIATRISTS**

11           **SECTION 8.** There is appropriated from the General Fund to the Board of  
12 Governors of The University of North Carolina for the 2006-2007 fiscal year the sum of  
13 one million dollars (\$1,000,000) to be allocated to the UNC-CH Area Health Education  
14 Centers (AHEC) program. AHEC shall use the funds to develop and implement a  
15 program to recruit psychiatrists to rural and underserved areas to provide community  
16 services. The program may include student loan repayment.

17           **SECTION 9.** This act becomes effective July 1, 2006. The Fiscal Research  
18 Division shall track the allocation and utilization of these funds appropriated under this  
19 act.