

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 1535*

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

Sponsors: Senators Nesbitt, Allran, Cowell, Dannelly, Forrester, Lucas, Malone, Purcell; Albertson, Atwater, Bland, Boseman, Hartsell, Jenkins, Shaw, and Snow.

Referred to: Appropriations/Base Budget.

May 18, 2006

A BILL TO BE ENTITLED

1 AN ACT TO APPROPRIATE FUNDS TO INCREASE INDEPENDENT AND
2 SUPPORTIVE LIVING APARTMENTS FOR PERSONS WITH MENTAL
3 ILLNESS, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE
4 ADDICTIONS, TO REVISE THE PSYCHIATRIC HOSPITAL FINANCING ACT,
5 TO CREATE INCENTIVES FOR PSYCHIATRISTS TO WORK IN
6 UNDERSERVED COMMUNITIES, AND TO APPROPRIATE FUNDS TO THE
7 MENTAL HEALTH TRUST FUND AS RECOMMENDED BY THE JOINT
8 LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH,
9 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES.
10

11 The General Assembly of North Carolina enacts:

12 **PART I. HOUSING**

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

23 **SECTION 2.** There is appropriated from the General Fund to the North
24 Carolina Housing Finance Agency (HFA) the sum of eleven million two hundred fifty
25 thousand dollars (\$11,250,000) for the 2006-2007 fiscal year to be placed in the North
26 Carolina Housing Trust Fund. The funds shall be used to finance the construction of at
27 least 400 independent and supportive living apartments for individuals with mental

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

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

15 **PART II. MENTAL HEALTH TRUST FUND**

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

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

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

30 **PART III. PSYCHIATRIC HOSPITAL DEBT SERVICE**

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

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

43 **SECTION 7.** There is appropriated from the General Fund to the Reserve
44 for Debt Service the sum of six million two hundred six thousand six hundred eighty

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

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

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

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