

# MILWAUKEE COUNTY MENTAL HEALTH BOARD FINANCE COMMITTEE

## PUBLIC FINANCING OVERVIEW

# PROCESS

What authority does the Milwaukee County Mental Health Board (MCMHB) have over its Budget under Act 203?

# MCMHB'S GENERAL MANDATE

MCMHB shall:

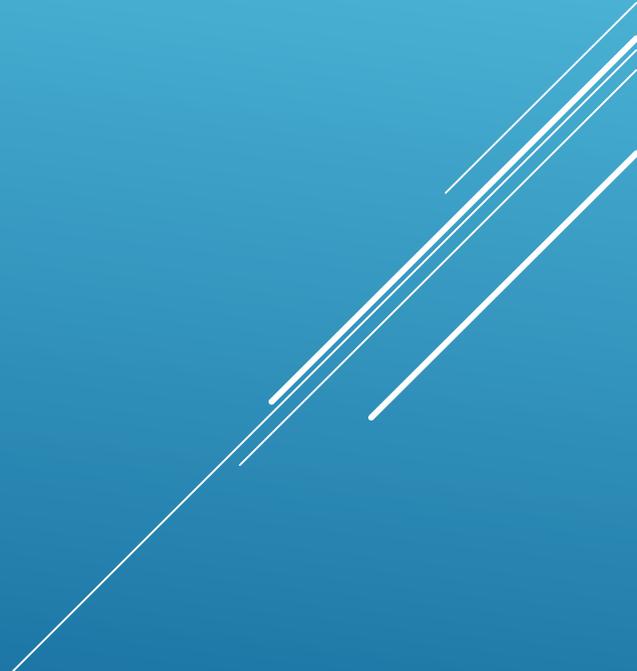
- ▶ Oversee the provision of mental health programs and services in Milwaukee County;
  - ▶ Budget and allocate monies for those programs and services;
  - ▶ Attempt to achieve cost savings.
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# MCMHB'S SPECIFIC MANDATE

- ▶ MCMHB shall *propose* a budget to the CEX that shall include the total amount of:
  - ❖ mental health budget (patient revenues, and all other sources, such as grants, private contributions, gifts, bequests, etc.);
  - ❖ community aids amount;
  - ❖ tax levy amount.
- ▶ MCMHB may not *propose* a tax levy amount that is less than \$53,000,000 or more than \$65,000,000.

# CEX NOT REQUIRED TO FOLLOW MCMHB TAX LEVY AMOUNT RECOMMENDATION

CEX in proposed budget *may* include a *different* tax levy amount than that proposed by the MCMHB.

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BUT

But not a tax levy  
amount less or  
more than the  
\$53,000,000/\$65,  
000,000  
floor/ceiling.



# UNLESS

- ▶ MCMHB transfers jurisdiction over a County function, service, or program to itself related to mental health or highly integrated with mental health services, not under its jurisdiction by statute (so not under org unit 6300 or 8700) by an affirmative vote of majority of MCMHB and Milwaukee County Board.

Or

- ▶ Majority of the MCMHB and Milwaukee County Board approve, and CEX agrees, that the tax levy amount may be less than \$53,000,000 or more than \$65,000,000 for a fiscal year.

## IF SO

- ▶ If the MCMHB so transfers such a function, service, or program, the tax levy amount for mental health is increased by amount equal to amount from tax levy expended by county on that function, service, or program in fiscal year preceding fiscal year in which transferred.
- ▶ \$65 million ceiling may be exceeded by this amount in any year that MCMHB has jurisdiction over transferred function, service, program.

# COUNTY BOARD'S ROLE RE MENTAL HEALTH BUDGET

County Board shall *incorporate* into mental health budget:

- ❖ Tax levy amount proposed by CEX (after CEX takes into consideration tax levy amount proposed by MCMHB);
- ❖ Amount of community aids allocation;
- ❖ All other amounts proposed by MCMHB that are *not* tax levy funds or community aids funds (i.e, patient revenues, and other sources, such as grants, private contributions, gifts, and bequests).

# COMMUNITY AIDS ALLOCATION

Amount from county's community aids allocation is the amount received by Milwaukee County Board under s. 46.40 that maintains or increases the expenditures for mental health functions, programs, and services paid from county's community aids allocation in previous fiscal year to extent of the availability of community aids funds from the state.

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# BUILDING RESERVE FUND

## Capital Reserve

- ▶ MCMHB shall ensure the maintenance, as a segregated cash reserve, of an annual charge of 2% of the original cost of new construction or purchase or of the appraised value of buildings of existing mental health hospital structures and equipment.
- ▶ If the hospital or any of its equipment is replaced, any net cost of replacement in excess of the original cost is subject to an annual charge of 2%.
- ▶ MCMHB may require appropriation from reserve sums for the enlargement, modernization, or replacement of a mental health “infirmary” and its equipment.

# OPERATIONAL RESERVE FUND

Milwaukee County Treasurer must hold any funds budgeted for mental health functions, programs, services, not encumbered/expended by end of fiscal year, in reserve fund.

- ▶ Reserve funds may be used at any time to cover mental health budget deficits.
- ▶ Reserve funds exceeding \$10 million may be used at any time for any Milwaukee County mental health function, program, service.
- ▶ Reserves may not be all cash and could consist of account receivables.

# MENTAL HEALTH BOARD CAPITAL FUNDING

- ▶ How much does the County budget for mental health projects?
  - ❖ 2015 Capital Outlay: \$603,750
  - ❖ 2015 Capital Improvement Budget : \$90 million
- ▶ Who can request Capital Fund?
  - ❖ Any Milwaukee County department may request capital funding through a fund transfer. Requests for projects made through a fund transfer must identify a source of funds to pay for the project, such as a surplus in another project.

# Q&A

Question: What is the MCMHB's role, if any, with determining a policy on reserves?

Answer: MCMHB should implement a process (including prioritization on use of funds) for BHD Administration to submit requests to use operational reserve funds in excess of \$10 million, i.e, BHD Administration follows MCMHB protocol and approval for those expenditures.

# Q&A

## Question:

How should the Mental Health Board respond to major unexpected brick and mortar expenses given limited reserves?

## Answer:

The Building Reserve Fund could be tapped as well as any funding exceeding \$10 million in the Operational Reserve Fund (via a to-be-established procedure by MCMHB for such a disbursement).

Request capital funding from the Milwaukee County Board.

# Q&A

## Question:

- ❖ How would any new building for the hospital be financed?

## Answer:

- ❖ MCMHB does not have direct bonding authority - cannot issue debt.
- ❖ The MCMHB could pay for capital projects from operating revenues or available reserves.
- ❖ The County Board could authorize bonding for mental health projects.
- ❖ CEX/Administration could lobby for legislation for MCMHB to issue bonds. (But no guaranteed future source from which to repay bonds other than annual operating levy).