



# Department of Local Government Finance

## Legislation Affecting Community Mental Health Center Funding

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Department of Local Government Finance

Budget Director

August 26, 2019



# Overview

Beginning with the 2020 appropriations, Section 82 of HEA 1427 amends the provisions addressing county funding for CMHCs, found in IC 12-29-2-2. Under the new formula, the appropriation will be multiplied by a prorated assessed value growth quotient.

This represents the second change in CMHCs funding in the last two years.



# Agenda

- Budget Definitions
- HEA 1427 - 2019 Section 82 Overview
- HEA 1427 - 2019 Section 82 Calculation Summary
- DLGF Tools
- Questions and Answer Session



# Budget Definitions



# Budget Definitions

- **Budget Order** – A document compiled by the Department that contains the following year's:
  - Certified Budget
  - Certified Net assessed value
  - Certified Property tax levy
  - Certified Property tax rate
- The budget order is to be certified by the Department by December 31.



# Budget Definitions

- **Budget** – Permission to spend funds that the unit has or will receive throughout the year.
  - Commonly referred to as an “appropriation.”
  - This amount is advertised and adopted by the unit and then certified by the Department.
  - Money in a fund may not be spent unless there is an appropriation.



# Budget Definitions

- **Net Assessed Value (NAV)** – The total taxable value of property that is within the unit’s boundaries.
  - The county assessor prepares the gross AV and then the county auditor applies exemptions, deductions, and abatements to determine the NAV.
  - The NAV is certified by the county auditor by August 1.
  - The NAV is used with the property tax levy to calculate a tax rate.



# Budget Definitions

- **Levy** – The certified amount of property taxes to be received.
- The county treasurer collects property taxes in May and November, then the county auditor distributes the property tax revenue to units in June and December.
- Certain factors can cause the unit to receive less than the certified levy such as collection issues and "Circuit Breaker" losses due to statutory tax caps.



# Budget Definitions

- **Rate** – The rate necessary to apply to the certified net assessed value to generate the certified levy.
  - The combined tax rates of all units in a geographic area (taxing district) appear on tax bills.
  - The tax rate is expressed in terms of “dollars per \$100 of assessed value.”

Year: 2019

County 32 Hendricks

Unit: 0000 HENDRICKS COUNTY

	<u>Fund</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
0061	RAINY DAY	\$500,000	\$9,280,731,948	\$0	\$0.0000
Budget approved for displayed amount.					
0101	GENERAL	\$37,053,752	\$9,280,731,948	\$17,215,758	\$0.1855
Budget reduced due to advertising constraints.					
Unit received an adjustment due to IC 6-1.1-17-16(1). Penalty applied.					
0124	2015 REASSESS	\$639,407	\$9,280,731,948	\$742,459	\$0.0080
Budget approved for displayed amount.					
Rate reduced due to advertising constraints.					
0181	DEBT PAYMENT	\$357,202	\$9,280,731,948	\$324,826	\$0.0035

Total Certified Levy: 28,667,463

Total Certified Rate: \$0.3090



# Budget Definitions

- **Maximum Levy** – The maximum amount of property taxes that a unit can raise in any given year in its “civil” funds.
  - The maximum levy is a key control envisioned in statute and enforced by the Department during budget certification.
  - Maximum levies grow annually by the AVGQ as outlined by IC 6-1.1-18.5-3.



# Budget Definitions

- Assessed Value Growth Quotient (AVGQ)
  - A statewide figure calculated as a 6 year rolling average of growth in personal non-farm income (IC 6-1.1-18.5-2).
  - Used in calculating the increase to the maximum levy from the previous year.
    - 2018 AVGQ = 4.0%
    - 2019 AVGQ = 3.4%
    - 2020 AVGQ = 3.5% (Current Year)

## Calculation of Estimated Maximum Levy for Budget Year 2019

County: 32      Hendricks  
 Unit: 0000      HENDRICKS COUNTY  
 Maximum Levy Type: UT    Civil

2018 Maximum Levy	20,360,816
PLUS: 2018 Permanent Appeal Amount and New Max Levies	0
PLUS: Other Adjustments to 2018 Maximum Levy (1)	0
2018 Maximum Levy for Growth Quotient	<u>20,360,816</u>
TIMES: Assessed Value Growth Quotient (2)	1.0340
Initial 2019 Maximum Levy	<u>21,053,084</u>
PLUS: Potential 2019 Appeals as Reported by Unit	0
Estimated 2019 Maximum Levy Prior to Allowable Adjustments	<u>21,053,084</u>
PLUS: Estimated 2019 Cumulative Capital Development Adjustment (3)	2,860,560
PLUS: Estimated 2019 Mental Health Adjustment (4)	946,018
PLUS: Estimated 2019 Developmental Disabilities Adjustment (4)	13,775
PLUS: Other adjustments reported by the taxing unit	0
<b>Estimated 2019 Maximum Levy</b>	<b><u>24,873,436</u></b>

Year: 2019

County 32 Hendricks

Unit: 0000 HENDRICKS COUNTY

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Total Certified Levy: 28,667,463

Total Certified Rate: \$0.3090



# Budget Definitions

- **Not all funds are within the maximum levy.**
  - Statute identifies specific funds that a unit can levy “outside” of its maximum levy.
  - All debt funds and some cumulative funds such as a “County Major Bridge .

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	<b>FUND</b>	<b>ASSESSED VALUE</b>	<b>RATE</b>	<b>LEVY</b>	<b>CNTRL</b>
0061	RAINY DAY	9,280,731,948	0.0000	0	UT
0101	GENERAL	9,280,731,948	0.1817	16,863,090	UT
0124	2015 REASSESS	9,280,731,948	0.0080	742,459	UT
0181	DEBT PAYMENT	9,280,731,948	0.0035	324,826	0
0182	BOND #2	9,280,731,948	0.0054	501,160	0
0183	BOND #3	9,280,731,948	0.0036	334,106	0
0281	LOAN & INT PYMT	9,280,731,948	0.0142	1,317,864	0
0702	HIGHWAY	9,280,731,948	0.0000	0	UT
0706	LR &S	9,280,731,948	0.0000	0	UT
0790	CUM BRIDGE	9,280,731,948	0.0333	3,090,484	UT
0792	CO. MAJOR BRIDG	9,280,731,948	0.0118	1,095,126	0
0801	HEALTH	9,280,731,948	0.0078	723,897	UT
0905	DRAIN IMPROV.	9,280,731,948	0.0026	241,299	UT
2391	CCD	9,280,731,948	0.0333	3,090,484	UT
			TOTAL	0.3052	28,324,795



# Budget Definitions

- **Circuit Breaker/Property Tax Cap** – Constitutional limit on property taxes to be paid, capped as a percent of the gross assessed value.

Type of Use	Property Tax Cap	Maximum Tax Bill for a \$100,000 Property
Homestead	1%	\$1,000
Rental or Farmland	2%	\$2,000
Commercial	3%	\$3,000

# 2019 Hendricks County Circuit Breaker Report

## County-wide Totals

Unit	Unit Type/Fund Name	Fund Code	Certified Levy	Levy Based on Abstract AV	Over 65 Circuit Breaker	1%/2%/3% Circuit Breaker	Total Circuit Breaker
<b>HENDRICKS COUNTY</b>	<b>County</b>		<b>\$28,677,463</b>	<b>\$28,669,160.59</b>	<b>\$17,102.23</b>	<b>\$2,378,482.17</b>	<b>\$2,395,584.40</b>
	RAINY DAY	0061	\$0	\$0.00	\$0.00	\$0.00	\$0.00
	GENERAL	0101	\$17,215,758	\$17,210,774.40	\$10,266.87	\$1,562,906.28	\$1,573,173.15
	2015 REASSESSMENT	0124	\$742,459	\$742,243.64	\$442.78	\$67,402.97	\$67,845.74
	DEBT PAYMENT	0181	\$324,826	\$324,731.59	\$193.71	\$0.00	\$193.71
	BOND #2	0182	\$501,160	\$501,014.46	\$298.87	\$0.00	\$298.87
	BOND #3	0183	\$334,106	\$334,009.64	\$199.25	\$0.00	\$199.25
	LOAN & INTEREST PAYMENT	0281	\$1,317,864	\$1,317,482.46	\$785.93	\$0.00	\$785.93
	HIGHWAY	0702	\$0	\$0.00	\$0.00	\$0.00	\$0.00
	LOCAL ROAD & STREET	0706	\$0	\$0.00	\$0.00	\$0.00	\$0.00
	CUMULATIVE BRIDGE	0790	\$3,090,484	\$3,089,589.15	\$1,843.06	\$280,564.85	\$282,407.90
	COUNTY MAJOR BRIDGE	0792	\$1,095,126	\$1,094,809.37	\$653.09	\$99,419.38	\$100,072.47
	HEALTH	0801	\$723,897	\$723,687.55	\$431.71	\$65,717.89	\$66,149.60
	DRAIN IMPROVEMENT	0905	\$241,299	\$241,229.18	\$143.90	\$21,905.96	\$22,049.87
CUMULATIVE CAPITAL DEVELOPMENT	2391	\$3,090,484	\$3,089,589.15	\$1,843.06	\$280,564.85	\$282,407.90	



# Budget Definitions

1. For many units, the certified levy may be higher than the maximum levy.
2. All funds can be classified as “inside” or “outside” the maximum levy.
3. Circuit breakers losses are calculated for all funds.
4. Circuit breaker losses can be classified as “inside” or “outside” the maximum levy.



# HEA 1427 - 2019 Section 82 Overview

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# HEA 1427 - 2019 Section 82 Overview

The county's maximum appropriation amount for the operation of community mental health centers using a two primary calculations:

Step 1: Calculate Adjusted Certified Levy (“Adjusted Levy”)

Step 2: Calculate CMHC Adjustment Factor (“Factor”)



## HEA 1427 - 2019 Section 82 Overview

Maximum appropriation amount for the operation of community mental health centers determined prior year amount multiplied by the greater of:

- (A) one (1.00%); or
- (B) the current year Factor

Minimum Growth Factor: 1.00%

Maximum Growth Factor: Current Year AVGO



## HEA 1427 - 2019 Section 82 Overview

The Department of local government finance shall verify the maximum appropriation calculation under this subsection as part of the certification of the county's budget under IC 6-1.1-17. **For taxes due and payable in 2020, the department of local government finance shall calculate the maximum appropriation under this subsection as if the taxes were due and payable in 2019.**

The 2019 recalculation will be used to determine the 2020 amount. It is not intended to change the 2019 amount budgeted by the county.



# HEA 1427 - 2019 Section 82 Calculation Summary

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# Calculation Summary

## 2019 Recalculation Step 1:

Determine whether the Adjusted Certified Levy Growth from 2017 to 2018 was greater than \$0.00.

In this example, the Adjusted Certified Levy increased by \$853,190.

2018 Certified Levy – Civil	\$ 27,583,356
2018 Total CB – Civil	<u>\$ 2,312,567</u>
2018 Adjusted Certified Levy	\$ 25,270,789
2017 Certified Levy – Civil	\$ 26,662,544
2017 Total CB – Civil	<u>\$ 2,244,945</u>
2017 Adjusted Certified Levy	\$ 24,417,599
2018 Adjusted Certified Levy	\$ 25,270,789
2017 Adjusted Certified Levy	<u>\$ 24,417,599</u>
	\$853,190



# Calculation

If Step 1 is less than zero:

The Growth Factor will be set to 1.00.

If Step 1 is greater than zero:

The growth factor will be calculated in Step 2.



# Calculation Summary

## 2019 Recalculation Step 2:

The 2019 CMHC Adjustment Factor is a prorated assessed value growth quotient.

The 2018 Adjusted Certified Levy is .9162 of the 2018 Certified Levy – Civil, so the factor to be applied is going to be .9162 of AVGQ.

2019 AVGQ	1.034
2019 AVGQ Adjustment	0.034
2018 Adjusted Certified Levy	\$25,270,789
2018 Total Certified Levy	<u>\$27,583,356</u>
Adj. Levy / Certified Civil Levy	0.9162
Adj. Levy / Certified Civil Levy	0.9162
2019 AVGQ Adjustment	<u>0.0340</u>
2019 CMHC Proportion Rate	0.0311
2019 CMHC Adjustment Factor	1.0311





# DLGF Tools



# DLGF Tools

DLGF Memo:

## Legislation Affecting Community Mental Health Center Funding

- <https://www.in.gov/dlgef/files/pdf/190731%20-%20Bennett%20Memo%20-%20Legislation%20Affecting%20Community%20Mental%20Health%20Center%20Funding.pdf>



# DLGF Tools

2020 Amounts:

## 2020 Maximum Mental Health and Developmental Disabilities Appropriations

- <https://www.in.gov/dlgf/files/190812%20-%202020%20Mental%20Health%20and%20Developmental%20Disabilities%20Maxes%20-%20all.pdf>



# DLGF Tools

Spreadsheet showing the 2019 re-calculations and the 2020 calculation

## 2020 Translation Tool

- <https://www.in.gov/dlgf/files/2020%20Mental%20Health%20Translation%20Tool.xlsx>



# Questions and Answer Session



# Contact Information

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