

**2007 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** HB 3067 **STATUS:** A-Engrossed  
**SUBJECT:** Community mental health and addiction services funding distribution formula modification  
**GOVERNMENT UNIT AFFECTED:** Department of Human Services and local government  
**PREPARED BY:** John F. Borden  
**REVIEWED BY:** John C. Britton  
**DATE:** April 25, 2007

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	<u><b>2007-2009</b></u>	<u><b>2009-2011</b></u>
<b>EXPENDITURES:</b> See Comments		

**EFFECTIVE DATE:** On passage

**GOVERNOR'S BUDGET:** This bill is anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**COMMENTS:** This measure directs the Department of Human Services (DHS) to use the most current population data available (from the Oregon University Center population research center) for allocating community and mental health and addiction services dollars to counties.

DHS reports that the Department has used population data as one of several components in allocating community and mental health and addiction services dollars to counties. DHS' primary means of allocating funding is based on individual county mental illness prevalence data, but augmented with funding to address specific treatment needs in some counties. As DHS funding has declined, and the state's population has risen, especially outside the urban areas of the state, the existing allocation has become problematic.

The Department plans to introduce the use of a population-based formula as one of several components for allocating outpatient alcohol and drug treatment services during the 2007-09 biennium and will use in that allocation the most recent population statistics as would be required by this measure. The Department states that this will occur regardless of the passage of this measure, but would be accomplished over a five year period.

DHS does not have a fiscal impact associated with this measure. A fiscal impact could result for local county mental health and addiction services agencies, either as an increase or decrease in funding, as DHS seeks to redistribute current funding levels among counties (also see note #1 below).

The Legislative Fiscal Office notes the following:

- 1) This measure does not redress the current community and mental health and addiction services distribution inequities that exist between counties. The Department and counties have agreed that over the course of the next five years the current allocation will gradually be modified to include

population data. This will likely result in redirecting per capital moneys from some counties to others that have experienced significant population growth in the last decade. This redistribution will occur in absence of new or additional state funding for these services;

- 2) DHS states that any new (undedicated) funding for alcohol and drug outpatient services to counties would be allocated using the most current population-based data as a component but would be allocated only to those counties below the statewide average per-capital distribution. This would be done in order to raise those counties per-capital distribution to the statewide average without reducing the allocation for other counties; and
- 3) The 2007-09 Governor's recommended budget includes a policy package ("Equitable Alcohol and Drug Treatment" policy package #103-39 for \$4.0 million) that provided additional resources to DHS to implement the use of a population-based formula without needing to reduce allocations to any county. As of the date of this fiscal impact, this package is currently not included in the Co-Chairs of the Ways and Means budget.