

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Human Services Subcommittee

From: Kim To, Legislative Fiscal Office

Date: June 15, 2021

Subject: HB 2316 – Relating to individuals with mental disorders.
Work Session Recommendations

HB 2316 establishes the Behavioral Health Housing Incentive Fund and continuously appropriates moneys in the Fund to the Oregon Health Authority (OHA) to provide funding for the development of community-based housing, including licensed residential treatment facilities, for individuals with mental illness and individuals with substance use disorders; and crisis intervention services, rental subsidies and other housing-related services to help keep individuals with mental illness and individuals with substance use disorders safe and healthy in their communities.

The measure repeals, on June 30, 2022, statute establishing the Housing for Mental Health Fund. Any unobligated funds remaining in the Housing for Mental Health Fund on June 30, 2022 are to be transferred to the Behavioral Health Housing Incentive Fund.

HB 5030 (2015) established the Housing for Mental Health Fund and authorized the issuance of \$20 million in lottery bond proceeds for HCSD to provide financial assistance to aid in the development, acquisition, renovation or improvement of affordable housing for Oregonians who have mental illnesses or addiction disorders. To date, all of the bond proceeds have been committed to projects and most of the funds have been expended. The estimated account balance by June 2022 is projected to be \$400,000 in uncommitted interest earnings. With passage of this bill, HCSD anticipates transferring this balance to the Oregon Health Authority before June 30, 2022.

At this time, the bill is not expected to have a fiscal impact to OHA related to administering the Fund. However, prior to the utilization of interest earnings or unspent bond proceeds, OHA must request Other Fund expenditure limitation. Expenditure limitation in OHA's budget may also need to be adjusted depending on the amount of other revenue in the Fund and anticipated biennial expenditures from it.

The Legislative Fiscal Office (LFO) notes that interest earnings on the lottery bond proceeds are considered bond proceeds and may only be used for the same legally allowable purposes, including costs that fall within the original authorization or for debt service on the bond series. Uses of funding within the Behavioral Health Housing Incentive Fund are broader than the original lottery bond approval. Absent additional legislative action to modify the original bond authorization, interest earnings may only be used for outstanding debt service or to provide financial assistance to aid in the development, acquisition, renovation or improvement of affordable housing for Oregonians who have mental illnesses or addiction disorders. OHA will need to track these proceeds separately from other funds that may be deposited in the Fund.

The measure previously had a hearing in the House Committee on Behavioral Health Care on 2/8/2021 and 3/29/2021, and was reported out with a do pass recommendation.

Recommended Changes

The -A2 clarifies that moneys in the Housing for Mental Health Fund are continuously appropriated to the Housing and Community Services Department for the Fund’s original purpose until all funds are transferred on June 30, 2022 to the Behavioral Health Housing Incentive Fund. The -A2 does not change the fiscal determination. LFO recommends adoption of the -A2 amendment.

Final Subcommittee Action

LFO recommends that HB 2316, as amended by the -A2 amendment, be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____