

State Notes

TOPICS OF LEGISLATIVE INTEREST

January/February 2009



Detroit Police Crime Lab Closure: Impact on State Police Forensic Science Division Backlog **By Bruce R. Baker, Fiscal Analyst**

As a result of a series of events that began in the spring of 2008, the Department of State Police Forensic Science Division, has assumed the forensic laboratory needs of the City of Detroit, since early in fiscal year (FY) 2008-09. This responsibility previously was performed by the Detroit Police Department Crime Laboratory, now officially shut down. It has added a projected 20.0% increase in lab cases for the State system to process. What amounts to a major shift in State policy--handling the forensic needs of Detroit--has placed a significant strain on the resources of the State. This shift in responsibility has challenged the already-stressed State Police Crime Lab to take on this additional responsibility in the shortest time possible, while continuing to provide timely, quality laboratory service that meets standards of integrity and professionalism required by law enforcement and the criminal justice system.

Michigan State Police Forensic Science Division

The State Police Crime Lab has a long history. After the establishment of what was to become the Michigan State Police within Public Act (P.A.) 53 of 1917, a Bureau of Identification was created in 1925 and local police began to be required to forward fingerprints of arrested felons to the bureau. In 1932, construction of the present State Police administration building was completed in East Lansing (where it will be at least until January 2010, when Department headquarters will move to a new downtown Lansing location). This permitted a consolidation of Department services under one roof and made it possible for the Bureau of Identification to expand and become a full-service scientific crime laboratory. Growth later required the establishment of the Department's first satellite laboratories in Warren and Plymouth. Other regional facilities were added and a new 85,000-square-foot state-of-the art Lansing laboratory was built, opening in 2001. The State lab system is accredited by what is considered the most demanding and respected accreditation body for crime labs, the American Society of Crime Laboratory Directors (ASCLD).

Today, the Forensic Science Division consists of 216 employees (70 enlisted officers, 142 civilian State employees, and four contractual workers) who work at seven laboratories located in Bridgeport (opened in 1974, State-owned facility), Grand Rapids (opened in 1983, State-owned), Grayling (1982, leased), Lansing (2001, State-owned), Marquette (1987, leased), Northville (1976, State-owned), and Sterling Heights (1988, leased), as well as other locations for polygraph services. Together, they provide services to over 600 police agencies without charge, in a number of disciplines, including DNA/biology, drug analysis, firearms, latent prints, trace evidence, questioned documents, toxicology, blood alcohol, polygraph, bomb squad, and data entry into the Combined DNA Index System (CODIS), which is an nationwide DNA data base administered by the FBI. (The analysis and testing of deoxyribonucleic acid (DNA) are performed only at the Grand Rapids, Lansing, and Northville labs.)

The State lab system employs 158 people deemed "analytical staff" at various regional labs. Table 1 shows each regional State Police lab and the analytical staff assigned to it broken down by the type of discipline.



Table 1

State Forensic Lab Analytical Staff by Discipline and Location								
	Grand						Sterling Heights	Sub-total
	Bridgeport	Rapids	Grayling	Lansing	Marquette	Northville		
Drug Analysis	3	7	3	5	1	6	5	30
Trace Evidence	4	3	2	3		2	4	18
Polygraph (7) ^{a)}								7
Toxicology/Blood Alcohol				15				15
CODIS				10				10
DNA/Biology		10		14		11		35
Firearms	3	3	2	2	1	2	4	17
Latent Prints	4	5	4	4	2	3	4	26
Total	14	28	11	53	4	24	17	158

Total Analytical Staff: 158

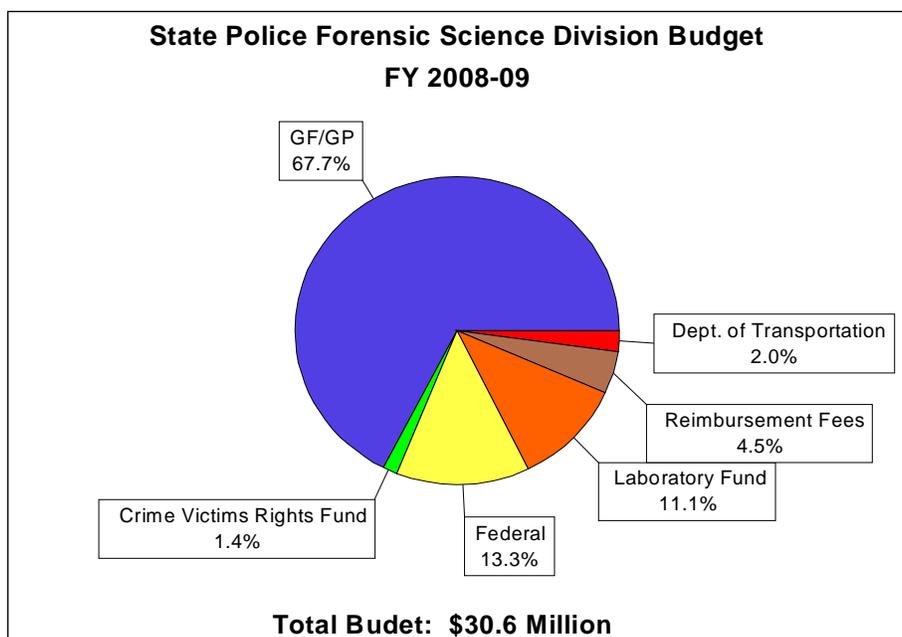
^{a)} Polygraph analysis is offered at various sites as needed

Source: Michigan State Police

Budget for the State Lab

The FY 2008-09 budget for the Forensic Science Division is \$30,638,800, funded by \$20,735,800 from State General Fund/General Purpose (GF/GP) funds, \$4,067,100 from the U.S. Department of Justice, \$3,402,600 from the State Forensic Laboratory Fund, \$1,384,400 from forensic science reimbursement fees, \$617,300 from the Michigan Department of Transportation, and \$431,600 from the Crime Victim's Rights Fund as shown in Figure 1.

Figure 1





Funds provided by the U.S. Department of Justice have been primarily used for the operation of the DNA unit, including occasional outsourcing of DNA processing in efforts to lower backlogs. State Forensic Laboratory Fund revenue, originally created under P.A. 35 of 1994, comes from a percentage of court-imposed assessments made against people convicted of certain violations; these assessments support the Justice System Fund. Forensic science reimbursement fees, established under P.A. 250 of 1990, also are available through the Justice System Fund assessment and are used specifically for State Police costs relating to CODIS. Department of Transportation funds have been provided for costs related to blood alcohol analysis of suspected drunk drivers. Crime Victim's Rights Fund revenue is provided to help defray costs involved with lab scientists' giving testimony at trials.

Other Police Laboratories in the State

Currently, the Oakland County Sheriff's Department and the police agencies of Battle Creek and Kalamazoo are the only local police agencies that perform forensic laboratory services. Previously, Grand Rapids had been performing drug analysis until those services were assumed in 2001 by the Grand Rapids-based State regional lab, which had been established in 1983. Oakland County's crime lab, with an annual caseload of approximately 3,000, provides services in the disciplines of firearms, latent prints, and drug analysis. The Battle Creek police lab, with an annual caseload of approximately 900, provides firearms and latent prints services, while Kalamazoo offers some latent prints analysis. In addition to local general fund support, the Battle Creek and Oakland County Sheriff's labs qualify for support from the State Forensic Laboratory Fund, with Battle Creek receiving \$12,200 and Oakland County \$41,000. No local laboratory performs DNA analysis; since the Detroit lab closed, only the State Police crime lab has that capability.

Detroit Police Crime Laboratory

The Detroit Police Crime Laboratory had been one of the oldest city crime labs in the nation, dating back to 1927. Until recently, Detroit continued to support a crime lab separate from the State system, presumably due to the unique size and nature of its caseloads, the convenience and practicality of having a lab in close proximity to the day-to-day operations of its own police department, and to train its own crime scene investigators and the ability to set its own priorities for the lab, in accordance with city policies. In recent years, the lab took in approximately 20,000 cases annually according to State Police estimates and offered the following forensic services: firearms, biology (DNA), latent prints, drug analysis, toxicology, and alcohol analysis. Laboratory staff included 32 uniformed officers and 36 civilian employees. Analytical employees included eight in the biology unit, eight in the firearms/bomb squad unit, 10 in drug analysis, and three in latent prints analysis, plus two technicians who entered firearm data into the Integrated Ballistics Identification System (IBIS) and 30 crime scene technicians. The FY 2008-09 budget for the lab was approximately \$8.0 million, with support coming from the city's general fund, Federal grant support, \$250,000 from the State Forensic Laboratory Fund, revenue from forensic science reimbursement fees, and for FY 2008-09, a \$200,000 grant from the State for the hiring of a quality control officer and a DNA biologist to operate a DNA extraction machine.

The State also had provided financial support to the Detroit crime lab in the past. Annual support of the city's lab was provided within a series of grants known as "Detroit Equity Grants" for several years until 1996. Support included the grants shown in [Table 2](#).



Table 2

State Grants to Detroit Crime Lab FY 1989-90 through FY 1994-95						
	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95
Grants	\$487,500	\$620,700	\$440,900	\$418,800	\$418,800	\$418,800

Source: Senate Fiscal Agency

Closure of the Detroit Police Crime Laboratory

Perhaps due to the challenge of providing sufficient resources for the increasing costs of technology, personnel, training, and maintenance within a city budget, the Detroit Police Laboratory recently found the quality and integrity of its work being questioned. Problems with the quality of the laboratory services provided by the Detroit Police lab, ultimately leading to its closure, became apparent in the spring of 2008, when an independent examiner retained by the Wayne County Prosecuting Attorney revealed that Detroit Police firearms examiners were wrong in concluding that 42 fired shell casings collected at a crime scene all came from a single weapon; instead, it was determined that those casings had come from at least two other weapons. This caused enough concern that the city asked the State Police lab immediately to take over responsibility for firearms cases for the city, and to audit the city lab's firearms unit. The State Police complied with the request and spent \$596,686 from existing resources to perform this very time-consuming audit. Of this amount, the City of Detroit is expected to pay \$152,900. In September 2008, the State Police released a preliminary audit that revealed, among other findings, an error rate of 10% in the 200 firearms cases it reevaluated. To put this in perspective, ASCLD, the accreditation body for the State lab, does not have an "acceptable" error rate. On September 25, 2008, the Detroit Mayor and Police Chief decided to shut down the entire Detroit lab, citing concern that the problems of the firearms unit were likely to indicate a systemic problem affecting other forensic disciplines as well.

Since the closure, the Office of the Mayor and the Chief of Police have been in close contact to see that all needed forensic work from the city is properly conducted. All forensic evidence related to crimes occurring in the City of Detroit is being sent to the site of the former city crime lab and immediately transferred to the Michigan State Police for analysis at one of the State's regional laboratories. The city lab's 33 uniformed police officers have been reassigned to other positions in the Detroit Police Department and some of the lab's 35 civilian employees also are being reassigned to other positions in city government, while those with professional training, such as biologists or chemists, will be given an opportunity to apply for a forensic science position within the State lab system.

Impact of Closure on the State Laboratory System

When the possibility that the Detroit Police Crime Lab might close was first realized, the State Police Forensic Science Division already was facing a growing backlog of cases that had been building for several years. Growth in the State lab caseload since 2000, as Tables 3 and 4 show, appears especially dramatic in the disciplines of firearms and DNA/biology.

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Table 3

State Police Forensic Division Firearms Caseload 2000-2007				
Calendar Year	Cases Submitted	Staff	Cases Per Staff	Backlog
2000	2,628	17.5	150	88
2001	2,763	18.0	154	304
2002	3,752	18.75	200	480
2003	3,199	16.0	200	730
2004	3,563	15.75	226	651
2005	3,651	15.5	236	755
2006	4,162	14.0	297	1243
2007	4,820	14.0	344	1180

Source: Michigan State Police

Table 4

State Police Forensic Division DNA/Biology Caseload 2000-2007					
Calendar Year	Cases Submitted	Staff	Cases Per Staff	Backlog	Cases Outsourced
2000	3,929	27.25	144	360	0
2001	5,144	25.5	202	924	0
2002	5,730	28.25	203	1264	0
2003	7,067	29.0	244	1030	0
2004	8,176	26.375	310	5541	4,267
2005	9,130	28.5	320	3645	2,436
2006	11,009	30.25	364	3362	2,258
2007	11,519	26.0	443	2387	0

Source: Michigan State Police

The division was experiencing an overall caseload that had grown from 80,000 in 2005 to 108,000 in 2007, when P.A. 380 of 2008 was signed into law, requiring all people arrested on felony charges to have DNA samples taken and analyzed. This added another 6,000 DNA cases to be processed each year, and by Department estimates, will require an additional total cost of \$1.0 million annually to assume. This sum includes \$422,800 to hire four scientists, \$121,330 to hire a latent print specialist, \$86,500 for one technician, \$240,000 for 6,000 DNA kits, and \$129,400 for equipment, maintenance, and supplies.

The closure of the Detroit lab in October 2008 means that an estimated 20,000 additional cases annually have become the responsibility of the State Police Forensic Science Division. The added workload began in part back in April 2008, when the State lab began to take over Detroit's firearm cases. This takeover provided a sample of the additional workload from the Detroit lab that was to come. From April 2008 through December 2008, the State lab system took in 1,709 firearms cases unrelated to Detroit. Firearms cases taken in by the State lab during the same period from the City of Detroit numbered 2,686--representing a 150% increase in cases for this period.

The State lab thus faces a real crisis in its ability to complete requested lab services in a timely manner for law enforcement agencies and the courts. Courts have presented guidelines that all evidence should be processed and available for trial within 90 days; the State Police's stated

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goal is to reach a 30-day turnaround on all forensic cases. High case backlogs make meeting those goals extremely difficult, if not impossible, certainly in the short term. Before the Detroit lab closed, the State Police already had estimated that bringing turnaround times for all disciplines in the State system to 30 days or less would require approximately \$10.8 million in additional total funds, including \$7.0 million for 65.0 full-time equated employees (FTEs), \$3.3 million for additional equipment, and \$0.5 million for information technology needs, not to mention the additional lab space required to operate. The immediate impact of the takeover of the forensic needs of the City of Detroit is displayed in [Table 5](#), which shows the State backlog change between April 30, 2007, a year and a half before the assumption of Detroit caseloads, and the end of October 2008, the month when the full takeover began.

Table 5

State Police Laboratories Backlog Change April 30, 2007 through October 31, 2008								
	Bridgeport	Grand Rapids	Grayling	Lansing	Marquette	Northville	Sterling Heights	Total
Drugs								
04/30/07	101	23	31	614	141	523	374	1,807
10/31/08	310	380	250	573	112	114	94	1,833
+/-								26
Latent Prints								
04/30/07	114	19	103	111	75	439	181	1,042
10/31/08	131	102	111	438	191	446	144	1,563
+/-								521
Firearms								
04/30/07	531	191	76	36	8	96	73	1,011
10/31/08	226	442	77	129	74	238	1,271	2,457
+/-								1,446
Trace								
04/30/07	45	12	7	25	16	30	15	150
10/31/08	53	61	15	46	2	35	44	256
+/-								106
Biology								
04/30/07	285	115	95	544	0	31	67	1,137
10/31/08	61	497	114	1,024	11	730	196	2,633
+/-								1,496
TOTAL								
04/30/07	1,076	360	312	1,330	240	1,119	710	5,147
10/31/08	781	1,482	567	2,210	390	1,563	1,749	8,742
+/-								
Total Backlog Change								
	(295)	1,122	255	880	150	444	1,039	3,595

Source: Michigan State Police

The current backlog equates to the turnaround (processing) time for State labs for cases within the disciplines shown in [Table 6](#).

This backlog affects every law enforcement agency in Michigan, as it is the policy of the State Police to handle all cases, from wherever in the State they originate, in the same order of priority, as follows: homicide, criminal sexual conduct (rape), assault and battery, property crime (breaking and entering, larceny, malicious destruction of property), and drug cases. This may cause lower-priority cases to have a much longer turnaround time than any law enforcement agency in the State has experienced before.



Table 6

State Laboratory Backlog Status by Discipline & Estimated Turnaround Time				
	31-60 Days	61-90 Days	91-180 Days	181+ Days
Firearms	321	253	662	19
Latent Prints	254	202	297	120
Drug Analysis	403	263	822	156
DNA/Biology	372	312	650	541
Trace Evidence	24	14	9	5
Questioned Documents	6	5	20	22
Toxicology	386	171	75	5
Bomb Squad	23	24	84	104
Total	1,789	1,244	2,619	972

Source: Michigan State Police

In addition to transferring all Detroit forensic cases to regional State labs, the Department of State Police is trying at this time to determine the scope of the problem that it faces. The Department expects that it will not know the exact size of the challenge until after the first year of taking over the responsibilities for Detroit. This is for many reasons, including the fact that the State labs will be providing trace evidence services, something the Detroit lab did not offer, which may increase activity for this discipline. In addition, the Department is still determining the backlog in the Detroit system that may exist--and indications are it could be significant. Overall casework also may exceed that of the previous level of the Detroit lab, due to the presence, professionalism, and resources of the State lab. In addition, it is anticipated that an unknown number of firearm-related convictions, obtained in the last five years with firearm evidence processed by the Detroit lab, may have to be reexamined by the State lab at the request of an appellate judge.

Strategies to Address the Problem

The first step in addressing the problem involves use of the State's existing regional labs and their employees (primarily the labs in Northville and Sterling Heights, and also to some extent those in Bridgeport, Grand Rapids, and Lansing), resulting in considerable overtime costs related to the higher caseloads they will have to assume. The use of overtime as a solution has its limitations, including the impact that added stress on scientists and equipment can have on quality standards. Other efforts to become as efficient as possible in the face of the backlog include outsourcing DNA processing as much as practical and encouraging more courtrooms in Detroit to become media-capable of receiving long-distance testimony from lab scientists, so they will not have to miss days of work traveling to testify in person.

The State lab also plans to hire this year an additional 45.0 FTEs, a majority of whom will be civilian scientists, along with enlisted personnel who will serve as firearms specialists and latent print technicians. The challenge for the Department with these hires is that it takes approximately two years to train a lab scientist to do his or her job at full capacity and the scientists will need space and equipment to do their work. (For accreditation, each lab scientist needs 1,200 square feet of space, and more is required for DNA scientists.) Regarding the first challenge, the State is attempting to work with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, the FBI, and others to make the training process more efficient and to minimize the considerable time existing on-staff scientists must spend to train new employees, which takes them away from



current caseload responsibilities. Regarding the lack of lab space for these new scientists, the Department is looking at various options such as finding space at existing labs or other locations, or simply establishing a second shift at certain labs. Many believe that a new regional laboratory will be required to handle this additional casework adequately.

The State Police budget for meeting Detroit's forensic needs for FY 2008-09 totals \$5.1 million. This includes \$2.3 million for hiring 45.0 FTEs (including 25 forensic scientists), \$2.2 million to pay for overtime costs of current staff, and \$600,000 for training, equipment, and supplies. The Governor has proposed an FY 2009-10 (full year) budget of \$6.5 million for this purpose.

Every stakeholder in the resolution of the challenges facing the State Police Forensic Science Division in the wake of the Detroit lab closure presumably agrees that it will take a number of years to reach and will require the partnership of several elements of the law enforcement system. Regularly, the Department of State Police is in communication with representatives of the City of Detroit, the Detroit Police Department, Wayne County, and others. Discussions are under way to establish formal working relationships and protocol. Matters discussed include the potential location of a regional State Police lab within the Detroit city limits, a concept law enforcement professionals view as a must for a lab to perform its duties properly for a city this size. Possible locations in Detroit include a site at 1400 Rosa Parks Boulevard that the City of Detroit purchased for the location of a new crime lab. The cost of refurbishing this building to conform to the needs of a forensic lab has been projected by the city to be \$20.0 million. The kind of partnership, if any, that will develop between the City of Detroit, Wayne County, and the State Police, or the possibility of using Federal stimulus funds to establish a city-based regional State lab, remains to be seen.

While the State budget has addressed the current additional State forensic lab caseload brought about by the Detroit lab closure, all forensic disciplines within the State lab system still face the challenge of meeting a standard maximum 30-day turnaround processing time. Achieving this can only exceed the \$10.8 million cost estimated for the State Police to meet the 30-day goal before the Detroit crime lab closed. This is especially true in light of the much-anticipated and just-released two-year study by the National Academy of Sciences, which calls for much more sophisticated and precise performance by crime labs nationwide and the establishment of a new Federal agency to ensure that higher standards of lab service are met. Michigan is fortunate in this regard to have already a national reputation for excellence in its forensic lab performance. What everyone presumably agrees upon is that, if sufficient staff are hired and trained and state-of-the-art technical resources are up and running for the State Police to fully address the forensic laboratory needs of both Detroit and the State, it will by all accounts lead to the pursuit and prosecution of criminals and the vindication of the innocent more quickly, and--technology costs notwithstanding--in a more cost-effective way.

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An Overview of Community Mental Health Services By Matthew Grabowski, Fiscal Analyst

Among the array of public health programs overseen by the Michigan Department of Community Health (DCH), perhaps the most perplexing are those charged with the delivery of mental health services. Chapter 2 of the Mental Health Code designates Community Mental Health Services Programs as the primary administrators of the State's public mental health services and establishes the framework for the delivery of vital services by those organizations. According to Section 206 of the Mental Health Code:

The purpose of a community mental health services program shall be to provide a comprehensive array of mental health services appropriate to conditions of individuals who are located within its geographic service area, regardless of an individual's ability to pay.

It is from this very general statement of purpose that Community Mental Health Services Programs (CMHSPs) derive their particular role in Michigan's public health apparatus. While this community-based approach to public mental health is now well established, it is often unclear how the CMHSPs are organized, who is served, and how much money is spent on services. What follows is a brief description of the Community Mental Health Services Programs currently operating in the State, with an emphasis upon the populations they serve and the funding streams used to support these programs.

Who are the Community Mental Health Services Programs and Providers?

Pursuant to the Mental Health Code, CMHSPs may be organized according to one of three basic paradigms: a county community mental health *agency*, a community mental health *organization*, or a community mental health *authority*. A county community mental health (CMH) *agency* is a single-county mental health board that chooses to serve as the local CMHSP. A CMH *organization* represents a contract between two or more counties in which the participants combine their resources to establish a multicounty CMHSP. Finally, a CMH *authority* is a single-county or multicounty CMHSP that is permitted a greater degree of independence and license than those lacking this designation; for example, a community mental health authority may charge additional service fees that would not otherwise be permitted.

Many of Michigan's counties have elected to participate in multicounty CMHSPs; thus, only 46 CMH boards currently administer services in the State's 83 counties. A full listing of these organizations can be found in Appendix A. As one might expect, the State's more populous counties have tended to institute independent CMHSPs and multicounty CMHSPs have been more likely to emerge among rural and less densely populated counties. This pattern is not surprising: Comparatively small counties are most likely to benefit from the pooling of resources and the establishment of a larger service population.

Consolidation efforts notwithstanding, there is a wide variance in the size and scope of the populations served by individual CMHSPs. During fiscal year (FY) 2006-07, the most recent year for which accurate data are available, the Detroit-Wayne County Community Mental Health Agency reported having served just over 57,000 individuals. During the same fiscal year, the



Gogebic CMH Authority served just 561 clients. While both organizations administer a similar range of services, this comparison illustrates that CMHSPs are "on-demand" providers of mental health services. This means that while the CMHSPs are organized around a shared set of principles and duties, the services provided by each individual CMHSP are driven by the particular needs of the communities being served.

For the purpose of Medicaid reimbursement, the 46 CMHSPs have further consolidated to establish 18 Prepaid Inpatient Health Programs (PIHPs). Each PIHP serves as a regional administration for services provided to Medicaid clients by member CMHSPs. These alliances emerged as a result of an agreement between the State and the Centers for Medicare and Medicaid Services dictating that each Medicaid-reimbursable mental health organization include at least 20,000 clients. In some cases, PIHPs and CMHSPs are one and the same; the Detroit-Wayne County CMH Agency and Genesee County CMH Services are examples. Appendix A indicates the PIHP affiliations of each CMHSP currently operating in the State. The PIHPs were created to simplify and streamline Medicaid payments to local mental health providers. The PIHP model does not fundamentally alter the mission or the service obligations of the CMHSPs.

What Services are Made Available by the CMHSPs?

Section 206 of the Mental Health Code dictates that all CMHSPs must provide, at minimum, an array of mental health services that includes the following:

- (a) *Crisis stabilization and response including a 24-hour, 7-day per week, crisis emergency service that is prepared to respond to persons experiencing acute emotional, behavioral, or social dysfunctions, and the provision of inpatient or other protective environment for treatment.*
- (b) *Identification, assessment, and diagnosis to determine the specific needs of the recipient and to develop an individual plan of services.*
- (c) *Planning, linking, coordinating, follow-up, and monitoring to assist the recipient in gaining access to services.*
- (d) *Specialized mental health recipient training, treatment, and support, including therapeutic clinical interactions, socialization and adaptive skill and coping skill training, health and rehabilitative services, and pre-vocational and vocational services.*
- (e) *Recipient rights services.*
- (f) *Mental health advocacy.*
- (g) *Prevention activities that serve to inform and educate with the intent of reducing the risk of severe recipient dysfunction.*
- (h) *Any other service approved by the department.*



In very general terms, CMHSPs are charged with the assessment and treatment of individuals who suffer from a serious mental illness, a serious emotional disturbance, or a developmental disability. Individuals in need of mental health services are evaluated using a process known as "person-centered planning", which allows each client of a CMHSP to receive an individually tailored course of treatment and supports. In this sense, CMHSPs approximate managed care organizations; they present their clients with treatment options and work to determine the most suitable course of action. Where appropriate, CMHSPs can provide clients with access to necessary physician and hospital services, mental health therapy and counseling, and a variety of other home- and community-based treatment options.

Annual reports published by the DCH provide an additional indication of the service array offered by the CMHSPs. Section 404 of the annual DCH appropriation act requires that the Department collect and make available detailed information on the services provided by the CMHSPs in each fiscal year. During FY 2006-07, the most frequent diagnoses for individuals treated by the CMHSPs were major depression, bipolar disorder, other psychotic disorders, and mental retardation. The most common services provided by the CMHSPs included outpatient therapy, physician medication reviews, treatment planning sessions, and treatment in psychiatric hospitals. In keeping with the "person-centered planning" philosophy, the CMHSPs report having delivered a broad spectrum of mental health services ranging from outpatient counseling to in-depth institutional treatment.¹

Who is Eligible to Receive These Services?

On the matter of benefit eligibility, the Mental Health Code provides only a very limited set of guiding principles. Section 208 mandates that:

- (1) Services provided by a community mental health services program shall be directed to individuals who have a serious mental illness, serious emotional disturbance, or developmental disability...*

- (3) Priority shall be given to the provision of services to individuals with the most severe forms of serious mental illness, serious emotional disturbance, and developmental disability. Priority shall also be given to the provision of services to individuals with a serious mental illness, serious emotional disturbance, or developmental disability in urgent or emergency situations.*

Therefore, CMHSPs are directed to focus their resources on priority populations – those individuals whose conditions are emergent or whose needs are greatest. Since CMHSPs do not use a strict means test, income is not a consideration in the allocation of available resources. Pursuant to Federal law, states have the option of providing necessary mental health services to Medicaid beneficiaries; this allows participating states to receive Federal matching funds for services provided. Accordingly, Medicaid beneficiaries represent the preponderance of the CMHSP clientele. In FY 2006-07, the CMHSPs reported that approximately 56.5% of their client population was Medicaid-eligible.

¹ Section 404 reports can be viewed at http://www.michigan.gov/mdch/0,1607,7-132-2946_5080-14214--,00.html.



The CMHSPs also receive an annual General Fund allocation from the State to provide mental health services to individuals outside the traditional Medicaid population. Unlike Medicaid beneficiaries, however, non-Medicaid clients do not have a legal entitlement to receive services. This non-Medicaid population consists primarily of low-income, uninsured individuals who receive select services as resources allow. For FY 2006-07, 18 of the State's 46 CMHSPs reported having placed non-Medicaid clients on a waiting list for at least one category of treatment at some point during the year. Although the incidence of waiting lists was very limited, it is clear that there is at least some degree of unmet need in certain communities. Additional populations in receipt of CMH services included individuals eligible for Medicare (15.3% of the FY 2006-07 clients) and individuals covered by commercial health insurance (23.9%). These populations are eligible to receive services from CMHSPs by virtue of their ability to pay for services, either directly (through commercial health insurance) or indirectly (through Federal Medicare coverage).

How Much is Spent on Mental Health Services?

Table 1 provides a very basic accounting of recent expenditures by CMH programs in Michigan. The bulk of the State and Federal funding used to support CMHSPs is included in two line items in the DCH budget: the "Medicaid Mental Health Services" line and the "Community Mental Health non-Medicaid Services" line. Consistent with Medicaid's status as an individual entitlement, the State's gross spending under the Medicaid Mental Health Services line has increased by nearly 37.9% since FY 2001-02. Increases in the demand for mental health services, coupled with increases in the costs of those services, have contributed to the growth of spending under this line. Since 2002, Federal law has required states to fund CMHSPs using actuarially sound capitation rates. This practice also has been an impetus for increased appropriations to the Medicaid Mental Health Services line. The growth in General Fund expenditures (about 14.5%) over the same period has not been as large due to increases in the Federal Medical Assistance Percentage (FMAP) applicable to Michigan. Between FY 2001-02 and FY 2008-09, the State benefited from a 3.91 percentage point increase in the FMAP; this means that the Federal government is responsible for a larger share of Michigan's Medicaid costs today than it was eight years ago.

Funding for the Community Mental Health non-Medicaid Services line has remained relatively stable in recent years, hovering between \$301.0 million and \$322.0 million per year. This line is supported exclusively with General Fund dollars, making it more vulnerable to pressures on the State's budget. Because appropriations to the line have been virtually unchanged over the past decade, it is likely that the ability of CMHSPs to finance treatment services for the non-Medicaid population actually has declined over time.

Table 1 includes an adjustment to the expenditures made by the CMHSPs to recognize the CMH Quality Assurance Assessment Program (QAAP) that was first instituted in FY 2004-05. In plain terms, a QAAP is a tax imposed on a group of health care providers by the State. The State can use the revenue from that tax to obtain additional Federal Medicaid funding, which is then passed onto the provider group that paid the tax.² An adjustment to the expenditure data is

² For additional information on QAAPs, please see "A Summary of Quality Assurance Assessment Programs" at <http://www.senate.michigan.gov/sfa/Publications/Notes/2007Notes/NotesJulAug07df.pdf>.



necessary to reflect the QAAP tax amount paid by CMHSPs. It is inappropriate to include this amount as a component of annual spending since it is not used to provide mental health services. The QAAP is particularly noteworthy, however, because a portion of the Federal funds it generates is used to supplant General Fund spending.

Table 1

Recent History of Community Mental Health Expenditures				
	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Community Mental Health Expenditures	\$1,595,488,900	\$1,728,484,600	\$1,657,927,000	\$1,720,514,500
CMH Medicaid Line	\$1,283,810,300	\$1,417,965,500	\$1,356,892,700	\$1,423,785,200
CMH Non-Medicaid Line	\$311,678,600	\$310,519,100	\$301,034,300	\$311,952,400
CMH QAAP Revenue ^{c)}	NA	NA	NA	\$15,223,100
Selected "Other" CMH Lines ^{d)}	\$188,515,700	\$178,205,700	\$142,331,900	\$176,925,100
Total Expenditures	\$1,784,004,600	\$1,906,690,300	\$1,800,258,900	\$1,897,439,600
Annual % Change		6.88%	-5.58%	5.40%
Cumulative % Change				
	FY 2005-06	FY 2006-07	FY 2007-08^{a)}	FY 2008-09^{b)}
Community Mental Health Expenditures	\$1,787,147,500	\$1,857,626,500	\$1,910,864,100	\$1,993,089,700
CMH Medicaid Line	\$1,571,653,500	\$1,637,945,900	\$1,689,807,800	\$1,770,128,000
CMH Non-Medicaid Line	\$311,199,000	\$318,072,300	\$318,166,100	\$322,027,700
CMH QAAP Revenue ^{c)}	\$95,705,000	\$98,391,700	\$97,109,800	\$99,066,000
Selected "Other" CMH Lines ^{d)}	\$198,445,300	\$200,613,100	\$207,062,500	\$197,673,000
Total Expenditures	\$1,985,592,800	\$2,058,239,600	\$2,117,926,600	\$2,190,762,700
Annual % Change	4.65%	3.66%	2.90%	3.44%
Cumulative % Change				22.80%
^{a)} Estimated. ^{b)} Based on the initial appropriations included in P.A. 246 of 2008. ^{c)} The CMH QAAP went into effect in FY 2004-05. The tax on CMHSPs was originally 6.0% of total revenue, but beginning in FY 2007-08 the tax was reduced to 5.5% to comply with revised Federal law. ^{d)} This includes other lines that fund community mental health services, including the CMHSP, Purchase of State Services Contracts line; the Federal Mental Health Block Grant line; the Respite Services line; the Multicultural Services line; and the Medicaid Adult Benefits Waiver line.				

Finally, Table 1 recognizes spending on CMH services that is reflected elsewhere in the DCH budget. The largest source of additional spending is found in the "CMHSP, Purchase of State Services Contracts" line item. Funds appropriated to this line are used by CMHSPs to cover service costs for clients who are placed in State mental health facilities. Additional line items included here as "other" spending on mental health services consist of the "Federal Mental Health Block Grant" line; the "Respite Services" line; the "Multicultural Services" line; and the "Medicaid Adult Benefits Waiver" line.



Conclusion

For FY 2008-09, total expenditures by Community Mental Health Services Programs are expected to approach \$2.2 billion. In the context of total public health expenditures, services provided by the CMHSPs account for approximately 17.5% of the Gross appropriation to the DCH. As the cost of and demand for comprehensive mental health services rise, the CMHSPs are forced to play an increasingly demanding role. In an effort to maximize dedicated funding, the CMHSPs have focused their resources primarily on serving the Medicaid population. While the needs of this clientele are not in question, the Final Report of the Michigan Mental Health Commission of 2004 cautions as follows:

This leaves little for those not Medicaid-eligible and without private insurance coverage for mental illness services. Too often, those who do not meet the Medicaid eligibility rules or who are not in crisis are not able to access the system.

In looking forward, the CMHSPs will be challenged to serve the Medicaid population effectively while simultaneously honoring their mandate as *community* organizations. The potential for Federal stimulus funds is evident, but predictions of continued revenue shortfalls at the State level make this balancing act seem especially precarious.

State Notes

TOPICS OF LEGISLATIVE INTEREST

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Appendix A

Michigan Department of Community Health - Community Mental Health Services Programs* *PIHP Affiliation in Italics*

Allegan County CMH Services

Allegan
A Member of the SW MI Urban & Rural Consortium

AuSable Valley CMH Services

Tawas City
A Member of the Northern Affiliation

Barry County CMH Authority

Hastings
A Member of Venture Behavioral Health

Bay-Arenac Behavioral Health

Bay City
A Member of the Access Alliance of Michigan

Berrien Mental Health Authority

Benton Harbor
A Member of Venture Behavioral Health

Cass County CMH Authority d/b/a Woodlands Behavioral Healthcare Network

Cassopolis
A Member of the SW MI Urban & Rural Consortium

CMH Authority of Clinton-Eaton-Ingham Counties

Lansing
Member of CMH Affiliation of Mid-Michigan

CMH for Central Michigan

Mt. Pleasant

Copper Country CMH Services

Houghton
A Member of NorthCare

Detroit-Wayne County CMH Agency

Detroit

Genesee County CMH Services

Flint

Gogebic CMH Authority

Wakefield
A Member of NorthCare

Gratiot County CMH Services

Alma
A Member of the CMH Affiliation of Mid-Michigan

Hiawatha Behavioral Health

Manistique
A Member of NorthCare

Huron Behavioral Health

Bad Axe
A Member of the Access Alliance of Michigan

Ionia County CMH

Ionia
A Member of the CMH Affiliation of Mid-Michigan

Kalamazoo CMH & Substance Abuse Services

Nazareth
A Member of the SW MI Urban & Rural Consortium

Lapeer County CMH Services

Lapeer
A Member of the Thumb Alliance PIHP

Lenawee CMH Authority

Adrian
A Member of the CMH Partnership of SE MI

LifeWays

Jackson

Livingston County CMH Authority

Howell
A Member of the CMH Partnership of SE MI

Macomb County CMH Services

Clinton Township

Manistee-Benzie CMH

Manistee
Member of CMH Affiliation of Mid-Michigan

Monroe CMH Authority

Monroe
A Member of the CMH Partnership of SE MI

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Montcalm Center for Behavioral Health
Stanton
Member of the Access Alliance of Michigan

CMH Services of Muskegon County
Muskegon
A Member of the Lakeshore Behavioral Health Alliance

network180
Grand Rapids

Newaygo County Mental Health Center
White Cloud
A Member of the CMH Affiliation of Mid-Michigan

North Country CMH
Petoskey
A Member of the Northern Affiliation

Northeast Michigan CMH Authority
Alpena
A Member of the Northern Affiliation

Northern Lakes CMH Authority
Traverse City
A Member of the Northwest CMH Affiliation

Northpointe Behavioral Healthcare Systems
Kingsford
A Member of NorthCare

Oakland County CMH Authority
Auburn Hills

CMH of Ottawa County
Holland
A Member of the Lakeshore Behavioral Health Alliance

Pathways
Marquette
A Member of NorthCare

Pines Behavioral Health Services
Coldwater
A Member of Venture Behavioral Health

St. Clair County Mental Health Authority
Port Huron
A Member of the Thumb Alliance

CMH Services of St. Joseph County
Three Rivers
A Member of the Southwest MI Urban & Rural Consortium

Saginaw County CMH Authority
Saginaw

Sanilac County CMH Authority
Sandusky
A Member of the Thumb Alliance

Shiawassee County CMH Authority
Owosso
A Member of the Access Alliance of Michigan

Summit Pointe
Battle Creek
A Member of Venture Behavioral Health

Tuscola Behavioral Health Systems
Caro
A Member of the Access Alliance of Michigan

VanBuren Community Mental Health Authority
Paw Paw
A Member of Venture Behavioral Health

Washtenaw Community Health Organization
Ypsilanti
A Member of the CMH Partnership of SE MI

West Michigan CMH System
Ludington
A Member of the Northwest CMH Affiliation

**Contact information and addresses for all CMHSPS can be found at http://www.michigan.gov/documents/cmh_8_1_02_37492_7.PDF*

State Notes

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How Will Declining Birth Rates Affect Public Universities? By Ellen Jeffries, Deputy Director

Since calendar year 1990, the number of live births in the State of Michigan has been dropping. From 1982 through 1990, live births rose from 137,950 to 153,080, an increase of 11.0%. In calendar year 1991, the number of live births was 149,478 and had dropped by 13.0% to 133,231 live births, by 1996. The birth rates obviously affect the number of 12th graders enrolled in Michigan's public schools.

The 12th grade headcount for the high school graduating class of 2008 was 126,380. In recent years, an average of approximately 80.0% of the number of live births in the State appear as 12th graders 18 years later. The decline in birth rates (based on actual data) would portend a drop of at least 15.7% in the number of graduating seniors for the class of 2014. Table 1 outlines the number of births in Michigan from 1982 through 1996, and the ensuing actual (2000 through 2008) and estimated (2009-2014) 12th grade headcount.

Table 1

Comparison of Live Births in the State of Michigan to the Number of Michigan High School Seniors			
Calendar Year	Number of Live Births (Actual Data)	High School Graduating Class of	12 th Grade Headcount
1982	137,950	2000	102,282
1983	133,026	2001	101,833
1984	135,782	2002	103,839
1985	138,052	2003	108,987
1986	137,626	2004	108,688
1987	140,466	2005	111,055
1988	139,635	2006	113,351
1989	148,164	2007	116,774
1990	153,080	2008	126,380
1991	149,478	2009	119,582
1992	143,827	2010	115,062
1993	139,560	2011	111,648
1994	137,844	2012	110,275
1995	134,169	2013	107,335
1996	133,231	2014	106,585

Note: 12th grade headcounts are estimates beginning with 2009.

Source: Michigan Department of Community Health; Center for Educational Performance and Information (CEPI); and Senate Fiscal Agency calculations.

The decline in the birth rate and the resulting decrease in the number of graduating seniors have the potential to affect enrollments at Michigan's colleges and universities. Since 2000, the Michigan resident freshman headcount at the State's public universities has been very stable, with an average annual growth of only 0.003%. Table 2 compares the number of 12th graders for the graduating classes of 2000 through 2007 with the number of freshmen enrolled at the 15 public universities. As the table indicates, only an estimated 43.6% of 12th graders at Michigan high schools became freshmen at Michigan's public universities in 2007. If the number of 12th graders in 2014 does decline by 15.7% to 106,585, and the percentage of



Michigan high school graduates that become freshmen at public universities is maintained at the average of 2000 through 2007 (47.5%), there would be a 15.7% drop in the public university freshman resident headcount.

Table 2

Public University Michigan Resident Freshman Headcount As a Percentage of Michigan High School Seniors			
High School Graduating Class of	12th Grade Headcount	Public University Frosh Headcount	Frosh Headcount as % of 12th Grade
2000	102,282	50,935	49.8%
2001	101,833	51,612	50.7%
2002	103,839	51,079	49.2%
2003	108,987	51,932	47.6%
2004	108,688	51,632	47.5%
2005	111,055	51,896	46.7%
2006	113,351	50,574	44.6%
2007	116,774	50,946	43.6%
2008	126,380	59,999	47.5%
2009	119,582	56,772	47.5%
2010	115,062	54,626	47.5%
2011	111,648	53,005	47.5%
2012	110,275	52,353	47.5%
2013	107,335	50,958	47.5%
2014	106,585	50,601	47.5%

Note: Frosh (freshman) headcounts are estimates beginning with 2008.

Source: CEPI; Higher Education Institutional Data Inventory; and Senate Fiscal Agency calculations.

What does this mean for the public universities? The smaller number of high school graduating seniors does not automatically translate into a smaller number of enrolling freshmen in college. Due to the deterioration of the auto industry in Michigan, it is possible that more students will see the need to seek postsecondary education in order to secure a job. This may actually bolster the rather low percentage of 12th graders who enroll at Michigan's universities.

The impact on infrastructure is less clear. If a higher percentage of high school seniors move on to postsecondary education, the need to renovate, maintain, or perhaps build new facilities will continue. Within the public university system, there is a range of age of campus buildings, as well as a range of enrollment growth, so there may be a need both to build and to renovate. At the K-12 level, it would seem that fewer students will mean fewer buildings, but maintenance and renovation of those buildings still in use may be required.

In summary, the State needs to plan for the impending drop in the number of graduating high school seniors, both within the K-12 and public postsecondary systems. One of the stated goals of the Cherry Commission Report is to double the number of college graduates. This will be both more important and more difficult in the face of a declining number of Michigan high school graduates.