

Act No. 163
Public Acts of 2021
Approved by the Governor
December 23, 2021
Filed with the Secretary of State
December 27, 2021
EFFECTIVE DATE: December 27, 2021

**STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2021**

Introduced by Senators Outman, Chang, Wojno, Irwin, Brinks, Hollier, Polehanki, Bullock, Victory, Daley, MacDonald, LaSata, Horn, VanderWall, Nesbitt, Runestad, Geiss, Schmidt, Bayer and Hertel

ENROLLED SENATE BILL No. 638

AN ACT to amend 1974 PA 258, entitled “An act to codify, revise, consolidate, and classify the laws relating to mental health; to prescribe the powers and duties of certain state and local agencies and officials and certain private agencies and individuals; to regulate certain agencies and facilities providing mental health or substance use disorder services; to provide for certain charges and fees; to establish civil admission procedures for individuals with mental illness, substance use disorder, or developmental disability; to establish guardianship procedures for individuals with developmental disability; to establish procedures regarding individuals with mental illness, substance use disorder, or developmental disability who are in the criminal justice system; to provide for penalties and remedies; and to repeal acts and parts of acts,” (MCL 330.1001 to 330.2106) by adding sections 207c and 207d.

The People of the State of Michigan enact:

Sec. 207c. (1) The jail diversion fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(3) Money in the fund at the close of the fiscal year must remain in the fund and must not lapse to the general fund.

(4) The department of treasury is the administrator of the fund for auditing purposes.

(5) The department shall expend money from the fund, upon appropriation, for the following purposes:

(a) Making grant distributions as provided in sections 207d and 207f.

(b) Contracting with an independent organization to evaluate grant recipients.

(c) Paying the reasonable expenses of staff services to administer and enforce the statutory requirements of the grant fund.

Sec. 207d. (1) Subject to appropriation to the jail diversion fund under section 207c, the department shall create a behavioral health jail diversion grant program, using half of appropriated funds, to provide competitive grants to assist local units of government that apply according to the criteria outlined in this section.

(2) The department shall distribute grants to local units of government to establish or expand behavioral health jail diversion programs in coordination between community agencies and law enforcement agencies.

(3) The department must give priority to local units of government in counties without an urbanized area of at least 50,000 people and to programs that adhere to best practices as identified by the council.

(4) Grant applications may be made by any applicable local unit of government and must be distributed to local units of government using a prospective payment methodology.

(5) Each local unit of government receiving a grant under this section must provide to the department a copy of a memorandum of understanding between the involved community agencies and law enforcement agencies that delineates how the agencies will be coordinated.

(6) The department must create an application process with selection criteria for grants under subsection (3) and a grant dispersal process under subsection (4). The department must post the application process, selection criteria, and grant dispersal process on the department's website.

(7) The department must seek federal authority as outlined under section 9813 of the American rescue plan act of 2021, Public Law 117-2, to utilize enhanced federal Medicaid matching funds for the operation of eligible programs receiving grants under this section as long as that funding is available.

(8) Each year, a local unit of government that receives a grant under this section must cooperate with an organization, selected by the department, to describe and evaluate the activities and results of the local unit of government related to grant dollars disbursed under this section. The department may utilize a portion of funding appropriated to the jail diversion fund to contract with an independent organization to fulfill this requirement.

(9) The department or evaluating organization must determine the specific metrics required in the report and notify the local units of government at the time of the first grant disbursement.

(10) Not later than September 30, 2023 and annually after that, the department must compile and submit an annual report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office, and publish a copy of the report on its internet website. The report must contain all of the following for the immediately preceding fiscal year:

(a) The name of each local unit of government that received a grant and the total amount of the grant.

(b) Details about any subgrant disbursed by each local unit of government that received a grant under this section.

(c) An analysis of the activities undertaken by grant recipients as part of their project.

(d) An appropriate summary of metrics reported by grant recipients as required under subsection (8).

(11) The responsibilities of the department under this section include all of the following:

(a) Create the behavioral health jail diversion grant program, review grant applications, and distribute grants.

(b) Determine appropriate staffing and resource allocation for grant review, administration, and other duties.

(c) Coordinate with the council to determine appropriate staffing and resource allocation for grant review, administration, and other duties.

(d) Manage external evaluation and ensure that metrics are collected by grant recipients in order to determine program results and inform best practices.

(e) Provide technical assistance and coordination, and facilitate sharing of best practices among grant recipients.

(12) As used in this section:

(a) "Behavioral health disorder" means a mental illness or substance use disorder, whether or not the mental illness or substance use disorder has been formally diagnosed, a developmental disability, or an intellectual disability.

(b) "Behavioral health jail diversion program" means a program under which an individual with a behavioral health disorder who otherwise would have been arrested or processed through the traditional criminal justice system is instead rerouted away from the criminal justice system, pre-arrest or post-arrest and before jail incarceration or conviction.

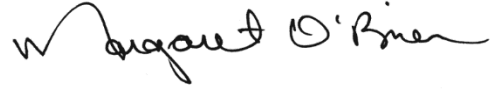
(c) "Community agency" means a public or private agency or organization that provides services toward preventing, improving, or resolving health, mental health, social, or environmental problems that affect individuals, families, specific groups, or communities, including a community mental health agency.

(d) "Council" means the mental health diversion council established under the department or another council or body as determined appropriate by the department.

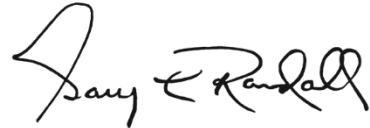
(e) "Local unit of government" means a city, village, township, or county or a delegate of a city, village, township, or county for the purpose of grant application and implementation.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 637 of the 101st Legislature is enacted into law.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved _____

Governor