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HB 19-1017

REVISED FISCAL NOTE

(replaces fiscal note dated March 21, 2019)

Drafting Number: LLS 19-0070
Prime Sponsors: Rep. Michaelson Jenet, Sen. Fields

Date: April 29, 2019
Bill Status: Senate SVMA
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Bill Topic: K-5 SOCIAL AND EMOTIONAL HEALTH ACT

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, School District

The bill creates a pilot program to employ school mental health workers in up to 10 elementary or K8 schools that have high poverty and high need students. The bill increases state expenditures from FY 2019-20 through FY 2022-23.

Appropriation Summary: For FY 2019-20, the bill includes an appropriation of \$43,114.

Fiscal Note Status: This fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 19-1017

Table with 4 columns: Category, FY 2019-20, FY 2020-21, and sub-categories like Revenue, Expenditures, Transfers, and TABOR Refund.

Summary of Legislation

The bill creates the K-5 Social and Emotional Health Pilot Program in the Colorado Department of Education (CDE). The program places additional school mental health professionals in elementary or K8 schools that have high poverty and high needs students, with the intent of reducing social, emotional, and behavioral issues, adverse childhood experiences, disciplinary referrals, delinquency, truancy, and incidences of self harm. A school mental health professional means a school counselor, a school psychologist, or a school social worker.

Beginning with the 2020-21 school year, the participating schools must hire enough additional school mental health professionals to follow students as they advance through each grade of the pilot school. The professionals may be assigned to a cohort of students by grade, or in smaller schools, by multiple grades, with the intent that the school maintain a ratio of 250 students to each mental health professional. The pilot program must supplement but not supplant existing expenditures on school mental health professionals in elementary grades.

Each school mental health professional must provide students with the services authorized under their professional special services license and specific endorsement, including functional behavior assessments, development of behavior intervention plans, and arranging for students to receive additional services from mental health professionals outside the school. Services may be provided to the student's family and household.

The pilot program begins with the 2020-21 school year and continues for three years through the conclusion of the 2022-23 school year, unless the repeal of the pilot program is extended by the General Assembly. The department must employ or contract with a pilot program coordinator and contract for preliminary and final program evaluations. CDE must adopt rules for the program and contract for preliminary and final evaluations of the program.

No later than January 15, 2020, the CDE is required to select up to 10 pilot schools to participate in the program. If available appropriations and private donations are insufficient to fully fund the program, the CDE may select fewer than 10 schools to participate. The bill sets the criteria for selecting the schools, which must demonstrate a willingness to participate and collect and share evaluative data and information. Prior to a selected school implementing the pilot program, the school must notify all parents or legal guardians of the school's selection as a participant.

The bill requires that the General Assembly appropriate annual funding to the CDE to implement the pilot program. For FY 2019-20 and FY 2020-21 only, the bill authorizes funding from the Marijuana Tax Cash Fund (MTCF); however, for FY 2020-21, appropriations from the MTCF are limited to \$2.5 million, with the remaining pilot program funding from gifts, grants, or private donations.

State Revenue

The bill permits the CDE to accept and spend gifts, grants, or private donations to support the pilot program. Beginning with FY 2020-21, the bill requires at least \$2.5 million in private donations to match the assumed \$2.5 million in state appropriations from the MTCF. For FY 2021-22 and FY 2022-23, the bill will require at least \$5.2 million in private donations annually to maintain the pilot program, depending on the amount of state appropriations for the program. No amount of these private funds has been identified. Revenue from private sources are not subject to TABOR revenue limits in the constitution.

State Expenditures

For FY 2019-20, state expenditures increase by \$49,564 and 0.4 FTE. For FY 2020-21, state expenditures increase by about \$5.2 million and 1.0 FTE at the CDE, which will support 60 FTE school mental health workers in the participating pilot schools. Expenditures continue for three years, through FY 2023-24, unless the General Assembly acts to extend the program. New state expenditures are displayed in Table 2 and described below.

**Table 2
 Expenditures Under HB 19-1017**

	FY 2019-20	FY 2020-21
Colorado Department of Education		
Personal Services	\$38,031	\$76,062
Operating Expenses and Capital Outlay Costs	\$5,083	\$5,653
School Mental Health Workers	-	\$5,033,643
Professional Evaluator	-	\$75,000
Centrally Appropriated Costs*	\$6,450	\$7,943
FTE – Personal Services	0.4 FTE	1.0 FTE
Total Cost	\$49,564	\$5,198,301
Total FTE	0.4 FTE	1.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Administrative expenses. For FY 2019-20, state expenditures increase at the CDE by about \$49,500 and 0.4 FTE. For FY 2020-21 through FY 2026-27, personal service costs increase by about \$76,000 and 1.0 FTE for a pilot program coordinator. Staff in the first fiscal year is required to assist the State Board of Education to adopt rules for the program, manage a request for proposals (RFP) to select a professional evaluator, and designate eligible and willing schools to participate in the pilot program. Beginning in the second fiscal year, the pilot program coordinator will oversee the disbursement of state appropriations, and provide technical assistance, oversight, and accountability. Personnel costs for FY 2019-20 have been prorated for the August 1 effective date and the General Fund pay date shift.

School mental health workers. Employing school mental health workers will be the largest cost component of the bill, which will exceed \$5.0 million annually for three fiscal years.

The CDE is required to select up to 10 elementary or K8 schools meeting specific criteria to participate in the pilot program. Assuming these schools do not currently employ school mental health workers, the pilot program will employ 60 new employees. If any of the selected schools already employ mental health workers, this FTE estimate will decrease since the schools must use grant funding to supplement and not supplant existing resources. If any of these schools enroll more than 250 students in any elementary grade this FTE estimate may change, since the bill requires that the pilot program maintain a ratio of 250 students per grade to each mental health worker.

According to the Bureau of Labor Statistics, school social workers in Colorado earn between \$56,000 and \$69,000 as a base salary. School social worker compensation is used as a proxy for compensation amounts for other school mental health workers. Using a median base wage of \$62,000, and adding mandatory Medicaid, pension payments, and supplemental pension payments, 60 additional FTE will require at least \$5,033,643 in each year of the pilot program.

Professional evaluator. Annual expenditures are required for the CDE to manage an RFP process and contract with a professional evaluator to collect and manage data, monitor program performance and prepare reports and recommendations. Based on the total number of sites and school social workers participating in the pilot program, annual evaluation costs are estimated at \$75,000; however, the yearly and total RFP will be determined by the CDE after program rules are adopted, the participating district is selected, and data requirements are identified.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$6,450 in FY 2019-20 and \$7,943 in FY 2020-21.

School District

The participating schools will receive enough state funding to employ new school mental health workers in elementary grades. Workload in the participating schools increases to employ additional school mental health workers and provide induction programs and other associated personnel costs. Workload also increases for schools to work with the CDE and a professional evaluator to identify and record necessary evaluative data and information, and to report that consistently throughout the pilot period.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill includes an appropriation of \$43,114 and 0.4 FTE from the Marijuana Tax Cash Fund to the Colorado Department of Education.

State and Local Government Contacts

Education Law School Districts