

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			\$109,376	(\$12,000,000)
CASH FUNDS			\$12,000,000	\$12,000,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>			\$12,109,376	\$0

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 725 requires the State Department of Education (NDE) to reimburse each qualifying school district and educational service unit (ESU) for allowable mental health expenditures made in the prior year. The reimbursement is a pro rata amount determined by the department based upon allowable expenses submitted by school districts and ESU's. The reimbursement percentage cannot exceed 80%. Allowable mental health expenditures are defined in the bill.

The funding is provided from the School Mental Health Resources Fund which is established by the bill. The fund consists of money transferred by the Legislature, donations, gifts, bequests, federal funds and funds from other public or private entities and money. Intent language in the bill provides that \$12 million shall be transferred from the General Fund to the School Mental Health Resources Fund on an annual basis beginning in FY2020-21.

Funds received by schools pursuant to the bill are considered to be part of the special receipts allowance in the Tax Equity and Educational Opportunities Support Act (TEEOSA). The receipts are also considered to be a local resource for purposes of state aid.

Schools and ESU's are required to designate an employee as a community-based mental health resources liaison and provide training to such individual and resources for the employee to help students, families, teachers and schools for students locate resources to address their mental health needs.

NDE Expenditures and Revenue: The bill contains intent language for \$12 million to be transferred from the General Fund to the School Mental Health Resources Fund annually beginning in FY21. The transfer will result in a \$12 million increase in cash fund revenue for NDE. The bill provides for the cash funds to be used to reimburse schools and ESU's for allowable mental health expenditures.

It is estimated that NDE will have some administrative expenses associated with the implementation of the bill, the approval of allowable expenses, and reimbursements to school districts and ESU's. The bill does not allow for these expenses to be covered by the School Mental Health Resources Fund, so it is assumed that administrative expenses will be paid with general funds. The estimated cost for a Budget and Grants Management Specialist to administer the bill is \$109,376 in FY21.

School Districts and ESU's: Eligible schools and ESU's will share in increased revenue of at least \$12 million each fiscal year for allowable mental health expenditures. Schools and ESU's may use the funds received to: meet the mental health needs of students; to fund a strategy approved by NDE to reduce the mental health needs of students by improving the educational environment; or, to fund the training and work of the community-based mental health resource liaison.

Any funds received by a school district pursuant to the bill will be considered to be part of needs (special receipts allowance) in the state aid formula and also be considered a resource for state aid purposes. The fiscal impact of the bill in terms of the state aid formula cannot be determined because the school districts that will receive state aid mental health aid are unknown. However, because mental health aid is considered to be a need and resource for purposes of the formula, the bill is likely to have a minimal fiscal impact in terms of TEEOSA aid.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 725 AM: AGENCY/POLT. SUB: Dept of Education

REVIEWED BY: Gary Bush DATE: 02/13/19 PHONE: (402) 471-4161

COMMENTS: Given the number of school districts and ESUs in the state, agree with the agency's estimate of additional positions needed and that General Funds would be needed for the administrative costs.  
Disagree with the agency's estimate on the cost on benefits. The agency estimated benefits in FY2020 to be 64.5% of salary and in FY2021 as 61.5% of salary. Using the agency submitted budget request, the cost of benefits as a percentage of salary for FY2019 is 37.5% and in FY2018 was 33.5%,  
The agency identified the funding source of the aid provide by LB725 as General Funds. The provisions of LB725 create a cash fund and states the intent of future Legislatures to transfer \$12 million from the General Funds to the created cash fund. This would mean the aid payments would be cash funds.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 725 AM: AGENCY/POLT. SUB: ESU Coordinating Council

REVIEWED BY: Gary Bush DATE: 02/07/19 PHONE: (402) 471-4161

COMMENTS: No basis to disagree with the estimated provided by the Coordinating Council.

Please complete ALL (5) blanks in the first three lines.

**2019**

**LB<sup>(1)</sup> 725**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/28/19 Phone: <sup>(5)</sup> 402-471-4320

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$117,174		\$12,209,575	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$117,174</b>		<b>\$12,209,575</b>	

**Explanation of Estimate:**

LB 725 creates the "School Mental Health Resource Fund" which is to be used to reimburse school districts and ESU's for mental health related expenditures on a pro-rated basis up to 80% of the total expenditures.

Schools/ESU's would be required to designate an employee to be the community-based mental health resource liaison to assist students, families, teachers, and schools in locating resources necessary to address mental health needs of individuals in the district or educational service unit.

NDE is directed to oversee the fund and its distribution. Qualified distributions would be for expenditures directly related to meeting mental health needs of a student or group of students, directly related to a focused strategy to reduce mental health needs of students, or training for mental health liaison. The school mental health resource funds would be treated similar to Special Education costs for TEEOSA purposes.

The intent of this bill is to have Legislature transfer \$12 million annually from the General fund to the School Mental Health Resource Fund. NDE would need to hire an additional staff member to review claims and make reimbursement. Since the budget issue for an Education Specialist to provide technical assistance on coordinated school health wasn't funded on the Governor's proposed budget NDE will add that fiscal cost as we will need that position to complete the requirements of this bill

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Budget and Grants Management Specialist		1.0		\$61,131
Coordinated School Health Specialist	1.0	1.0	\$54,854	\$55,952
Benefits.....			\$35,395	\$72,059
Operating.....			\$17,925	\$11,163
Travel.....			\$9,000	\$9,270

Capital outlay.....	<u>                    </u>	<u>                    </u>
Aid.....	<u>                    </u>	<u>          \$12,000,000          </u>
Capital improvements.....	<u>                    </u>	<u>                    </u>
TOTAL.....	<u>          \$117,174          </u>	<u>          \$12,099,436          </u>

Please complete ALL (5) blanks in the first three lines.

**2019**

**LB<sup>(1)</sup> 725**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Educational Service Unit Coordinating Council

Prepared by: <sup>(3)</sup> David M Ludwig Date Prepared: <sup>(4)</sup> 2-1-19 Phone: <sup>(5)</sup> 402/597-4915

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

Within LB 725, the creation of a School Mental Health Resources Fund would positively impact the funding for expenditures within any ESU providing services for mental health. Due to the specific needs of each individual ESU, it is difficult to determine the financial impact.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____