

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB642 amends §79-1007.13 and §79-1018.01.

The Nebraska Department of Education (NDE) will reimburse each qualifying school district and educational service unit (esu) for allowable mental health expenditures in the immediately following school fiscal year a pro rata amount based on the reimbursement percentage as determined by NDE. The reimbursement percentage will equal the ratio of the appropriations by the Legislature for reimbursements divided by the total allowable mental health expenditures for the preceding school fiscal year, except that if such ratio is greater than eighty percent, the reimbursement percentage will equal eighty percent.

To qualify for reimbursement, a school district or esu will:

- Designate an employee of the school district or esu as a community-based mental health resource liaison and provide the appropriate training and resources for that employee to assist students, families, teachers, and schools in locating the resources necessary to address the mental health needs of individual students in the district or educational service unit
- Submit allowable mental health expenditures in a manner prescribed by NDE.

An allowable mental health expenditure that is:

- Directly related to meeting the mental health needs of an individual student or group of students
- Directly related to a focused strategy approved by NDE to reduce the mental health needs of students by improving the overall educational environment
- Directly related to the training or work of the community-based mental health resource liaison; and not an allowable reimbursable cost under the Special Education Act.

**EXPENDITURES:**

The ESU Coordinating Council estimates the need to add forty-seven LMHP/LMIHP or Licensed Psychologists, at a cost of \$4,800,000 for FY 2021-22 and \$4,944,000 for FY 2022-23, to meet the requirements of LB642. Those forty-seven new staff members would cover all of the ESU's in Nebraska except for the largest three. The three ESU's not included, could increase the cost significantly depending on how many FTE's they would need to add to meet the requirements.

NDE estimates the need to add two FTE's, one for the oversight of mental health related tasks and a fiscal person to carry out the fiscal tasks, at a cost of \$197,140 for FY 2021-22 and \$244,625 for FY 2022-23.

The bill states intent to appropriate twelve million dollars from the General Fund for reimbursements to be done by NDE for allowable mental health expenditures for FY 2022-23, which is intended to increase annually by no more than ten percent.

The bill could have an impact on General Fund expenditures under TEEOSA, but an amount cannot be determined at this time.

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

LB: 642 AM: AGENCY/POLT. SUB: Department of Education

REVIEWED BY: Gary Bush DATE: 1/29/21 PHONE: (402) 471-4161

COMMENTS: Disagree that an additional staff person would be needed to carry out fiscal tasks. The Department has a dedicated and professional staff that should be able to carry out the provisions of the bill without adding another position. The salary increase of 4% estimated for FY2022-23 appears to be unreasonable. The agency has provided salary increases to their employees of 1% to 3% over the past several years.  
Agree that the bill would add a new state categorical aid program for mental health, starting at \$12,000,000 in FY2022-23. School districts psychological services expenditures, as reported on their AFR, were a total of \$1,125,073 in school year 2018-19 and \$1,042,436 in school year 2019-20.  
Mental health expenditures would count as a special receipt for purpose of the TEEOSA formula and could have an impact on state aid beginning in FY2023-24.

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

LB: 642 AM: AGENCY/POLT. SUB: ESUCC/ESUs

REVIEWED BY: Gary Bush DATE: 2/1/21 PHONE: (402) 471-4161

COMMENTS: Disagree with the agency's estimate of the impact of the bill. The number positions identified appears to be unreasonable. It is also unclear if the ESUs would need state General Funds, or would need more funds derived from property taxes.  
TECHNICAL NOTE: It appears the agency incorrectly calculated the totals for FY2021-22 and FY2022-23. It appears the total should be \$4,700,000 for FY2021-22 and \$5,047,000 for FY2022-23.

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

**2021**

**LB<sup>(1)</sup> 642**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Bryce Wilson/Jolene Palmer Date Prepared: <sup>(4)</sup> 1/26/21 Phone: <sup>(5)</sup> 402-471-4320

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

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$197,140		\$12,244,625	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$197,140</u>		<u>\$12,244,625</u>	

**Explanation of Estimate:**

This bill would create the means and process for school districts to be reimbursed for student mental health services meeting the criteria as set by NDE. There would be 12 million dollars appropriated the first year with a possibility of a 10% increase annually. For a school or ESU to qualify, a designated employee would need to serve as a community-based mental health resource liaison with training and resources for that employee to be provided. The reimbursement would be made immediately following school fiscal year on a pro rata amount based on the reimbursement percentage as determined by NDE. The reimbursement percentage shall equal the ratio of the appropriation by the Legislature for reimbursement divided by the total allowable mental health expenditures for the preceding school fiscal year, except if such ratio is greater than eighty percent. Special education expenditures would not be eligible for reimbursement student mental health services.

Impact to NDE would be the employee costs associated with setting up the prescriptive expenditures of fitting the descriptions of allowable mental health services, what is and is not allowable, and promoting potential educational environmental improvements for each school. Additional costs would include a fiscal employee's time tracking all submitted transactions, compilation of allowable reimbursements and calculations of each reimbursement. It would be likely NDE would need to hire two employees to carry out the functions of this LB; one for the oversight of mental health related tasks and a fiscal person to carry out the fiscal tasks.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Specialist II	1.0	1.0	\$55,938	\$58,175
Education Specialist II	1.0	1.0	\$55,938	\$58,175
Benefits.....			\$75,264	\$78,275
Operating.....			\$10,000	\$30,000
Travel.....				\$20,000
Capital outlay.....				
Aid.....				\$12,000,000
Capital improvements.....				
<b>TOTAL.....</b>			<u>\$197,140</u>	<u>\$12,244,625</u>

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

**2021**

**LB<sup>(1)</sup> 642**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> ESUCC/ESUs

Prepared by: <sup>(3)</sup> Kraig J. Lofquist Date Prepared: <sup>(4)</sup> January 27, 2021 Phone: <sup>(5)</sup> 402.953.8456

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

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$4,800,000		\$4,944,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>				

Explanation of Estimate:

This "estimate" DOES NOT include the needs of Nebraska's "large school districts." This estimate is for Nebraska's ESUs, and is based on each ESUs idiosyncrasies (size).

7 Small ESUs to receive \$100,000/year for 7 FTE staff members (\$700,000)  
 5 Mid ESUs to receive \$100,000/year for 15 FTE staff members (\$1,500,000)  
 5 Large ESUs to receive \$100,000/year for 25 FTE staff members (\$2,500,000)

Total salary and benefits equal \$4,700,000 for the 2021-22 year and \$4,944,000 for the 2022-23 school year (which includes a 3% cost increase). I also added in "travel expenses in the above table."

Travel-\$100,000 year one (see below), and \$103,000 for year two.

The breakdown below includes the cost of "benefits" with ARE included in the overall expenditures listed above.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
LMHP/LMIHP or Licensed Psychologist	47	47	47	47
Benefits.....	\$1,200,000	\$1,236,000	\$1,200,000	\$1,236,000
Operating.....				
Travel.....	\$100,000	\$103,000	\$100,000	\$103,000
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>	<b>\$1,300,000</b>	<b>1,339,000</b>	<b>\$1,300,000</b>	<b>\$1,339,000</b>