

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1098 - HB 1275

March 15, 2019

**SUMMARY OF ORIGINAL BILL:** Requires a local education agency (LEA) to allocate funding for payments, on a prorated daily basis, for students to be admitted to out-of-state mental health facilities if certain criteria are met. Requires a student to be currently enrolled in a public school at the time of admission to a mental health facility and lengthens a student's required enrollment period to one full school year in a state public school prior to a student's admission to a mental health facility. Requires the Department of Education (DOE) to approve out-of-state mental health facilities that meet the requirements specified in Tenn. Code Ann. § 49-3-370.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$86,700

Decrease Local Revenue – \$138,000

**SUMMARY OF AMENDMENT (005888):** Deletes and replaces language in the original bill such that the substantive changes are to: (1) require a student to have an individualized education program (IEP) in place as one of the requirements that must be met before a student can be admitted to an out-of-state residential mental health facility; (2) require an out-of-state mental health facility to coordinate with the admitted student's Individualized Education Program (IEP) to ensure continuity of services; (3) require an LEA to only allocate funding to an out-of-state mental health facility if there are no facilities in the state with the capacity to deliver the appropriate mental health treatment to the public school student at the time the student is admitted to the out-of-state residential mental health facility; and (4) add as an additional requirement that a student not be in the custody of the Department of Children's Services as a precondition for an LEA to allocate funding in an amount equal to the per pupil state and local funds received by the LEA to a state-licensed residential mental health facility or an out-of-state residential mental health facility on a prorated daily basis for the student's length of stay.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- Tennessee Code Annotated § 49-3-370 requires LEAs to allocate funds and make payments to qualifying, in-state, mental health facilities for students with a medical necessity meeting specified school enrollment criteria.
- Based on information from DOE, approximately 889 students are placed into in-state residential mental health facilities each year.
- The average daily rate for residential mental health facilities in FY19-20 is \$46 per day; it is estimated that 100 students each year are placed in out-of-state facilities and the proposed legislation will provide funding for those students.
- As additional students would qualify for funding, payments will be transferred from LEAs to out-of-state residential mental health facilities that meet all requirements.
- Assuming an average stay of 30 days , the amount of state and local revenue shifted from LEAs to the-out-of-state facilities is estimated to be \$138,000 (100 students x 30 days x \$46 per day).
- It is estimated that the proposed legislation will result in a recurring decrease in local revenue in the amount of \$138,000.
- DOE will require one additional full-time employee to approve and monitor out-of-state facilities.
- The cost for one Education Consultant 2 position at a minimum salary point is estimated to be \$86,662 (\$51,540 salary + \$15,122 benefits + \$20,000 travel).
- The total recurring increase in state expenditures is estimated to be \$86,662.
- No significant impact to state education funding or to the Basic Education Program funding formula.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/alh