

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1098 - HB 1275

February 18, 2019

SUMMARY OF 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.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$86,700

Decrease Local Revenue – \$138,000

Assumptions:

- 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.

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- 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.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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