

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 4433
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 9, 2021

SUMMARY

- Synopsis:** Creates grant program to encourage school districts to partner with institutions of higher education in training school-based mental health services providers.
- Type of Impact:** Annual State expenditure increase; annual local school district revenue increase.
- Agencies Affected:** Department of Education; local school districts; institutions of higher education.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Local School District Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill may result in an indeterminate increase in annual State expenditures, from federal or other State funds, to establish the program and provide grants to local school districts. The bill does not specify the number of grants that will be awarded annually or the amount of the grants, and it is unknown how many applications will be received and approved. The increase in State expenditures, excluding administrative costs, would correspond to a revenue gain for local school districts selected for grants under the bill.
- The bill does not appropriate State funds for the program; however, it includes a provision requiring the Department of Education (DOE) to annually apply for and use any federal grant funds or other federal assistance that may be available to be used for the grant program prior to using other State funds.

BILL DESCRIPTION

This bill establishes a grant program to assist school districts in the training of school-based mental health services providers to expand the pipeline of high-quality, trained providers and address the shortages of mental health professionals in school districts. School districts that

receive a grant under the program will use the funds for efforts to create and grow programs that train students who are attending graduate school to become school-based mental health services providers.

Prior to applying for the grant program, a school district or a group of school districts seeking to participate in the program together is required to form a partnership with one or more institutions of higher education that offer graduate programs in school-based mental health fields. The partnership would allow a student enrolled in the graduate program to perform applicable fieldwork, credit hours, internships, externships, or other related training as applicable for the academic program of the student.

The Commissioner of Education will establish selection criteria for the awarding of grants under the program, including consideration of various information regarding the need for school-based mental health professionals and an increased level of student mental health services and supports. In awarding grants, priority will be given to school districts that demonstrate an unmet need for mental health services in the school community.

Under the bill, the DOE is required to annually apply for and use any federal grant funds or other federal assistance which may be available to be used for the grant program including, but not limited to, funds under the Mental Health Service Professional Demonstration Grant Program, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act of 2021. Any federal grant funds awarded to the department will first be used to provide grant awards to school districts, prior to using State funds.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill may result in an indeterminate increase in annual State expenditures, from federal or other State funds, to establish the program and provide grants to local school districts. The bill does not specify the number of grants that will be awarded annually or the amount of the grants, and it is unknown how many applications will be received and approved. The increase in State expenditures, excluding administrative costs, would correspond to a revenue gain for local school districts selected for grants under the bill. The bill does not appropriate State funds for the program; however, it includes a provision requiring the DOE to annually apply for and use any federal grant funds or other federal assistance that may be available to be used for the grant program prior to using other State funds.

The OLS notes that the grant program established under the bill is substantially similar in concept to the federal Mental Health Service Professional Demonstration Grant Program, which is administered by the United States Department of Education (USDOE). This program provides competitive grants to support and demonstrate innovative partnerships to train school-based mental health service providers for employment in schools and local educational agencies. The most recent information published on the USDOE's website concerning awards under the program indicates that, in federal fiscal year 2020, two New Jersey school districts received continuation award funding. In that fiscal year, the Newark Board of Education received a \$350,829 grant and the Pennsauken School District received a \$325,766 grant. While it appears that funding under

this federal program will continue to be available to current awardees for up to five years, it is unclear whether this specific source of funding will be available in future years for new awardees.

The bill also references federal funds received by the State under the three stimulus packages related to the COVID-19 pandemic, namely: the CARES Act, the CRRSA Act, and the ARP Act of 2021. While there may be other federal funds under these laws that could be available for use for the program established under this bill, the OLS notes that the State received a total of \$4.3 billion in education relief through three rounds of the Elementary and Secondary School Emergency Relief (ESSER) Fund. Under the CARES Act and the CRRSA Act, at least 90 percent of funds allocated to the State are required to be awarded to school districts, while no more than 10 percent may be retained by the State DOE as a “State set-aside.” The OLS notes that the State DOE has largely already announced or encumbered its ESSER set-aside funds under the CARES Act and the CRRSA Act.

While the State’s \$276.5 million set-aside from the ESSER Fund under the ARP Act of 2021 has not yet been announced or encumbered, the OLS notes that the ARP Act requires the State set-aside to be allocated in the following manner: at least five percent (\$138.2 million) of the State’s total grant award for activities to address learning loss; at least one percent (\$27.6 million) of the total grant award for evidence-based summer enrichment programs; at least one percent (\$27.6 million) for evidence-based comprehensive afterschool programs; up to one-half of one percent (\$13.8 million) of the total grant award for administration; and any remaining funds (\$69.1 million) for other State activities to address issues responding to COVID-19. The extent to which ESSER Fund moneys stemming from the ARP Act may be used for the purposes of this bill is unclear.

Section: Education
Analyst: Christopher Myles
Associate Fiscal Analyst
Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).