F I S C A L I M P A C T R E P O R T

SPONSOR Stansbury **ORIGINAL DATE** 2/15/20 **LAST UPDATED** **HB** 329

SHORT TITLE School Social, Emotional & Mental Health PGM **SB**

ANALYST Liu/Gelay

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	**FY21**		
	$2,000.0	Recurring	Public Education Department Special Projects

(Parenthesis ( ) Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY20	**FY21**	**FY22**		
	($2,000.0)		Recurring	Public Education Reform Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to HB53, HB127, HB321, SB54

SOURCES OF INFORMATION
LFC Files

Responses Received From
Human Services Department (HSD)
Department of Health (DOH)

No Response Received
Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 329 appropriates $2 million from the public education reform fund to PED for the purpose of creating and implementing an evidence-based social, emotional, and mental health and educational intervention pilot project for public schools, with a focus on at-risk students.

FISCAL IMPLICATIONS

The appropriation of $2 million contained in this bill is from the public education reform fund (PERF), which is subject to appropriation by the Legislature for improving educator quality, extending learning time, supporting at-risk students, and increasing oversight and accountability. Although the appropriation from PERF does not directly impact the general fund, the bill authorizes expenditures between FY21 and FY23, indicating potential recurring costs may be incurred in future fiscal years. Given PERF is a nonrecurring funding source, additional future costs would eventually need to be covered through the general fund.

Currently, there are no balances in PERF; however, $110 million from the SEG distribution is expected to revert to PERF at the end of FY20. In FY20, the Legislature appropriated $119.9 million for K-5 Plus programs and $62.4 million for extended learning time programs (ELTP). According to preliminary PED data, schools applied for $29 million in K-5 Plus funding and $42.3 million of ELTP funding in FY20, resulting in a projected reversion of $111 million to PERF. On January 31, 2020, PED increased the final unit value by 0.81 percent, which decreased the estimated reversion to PERF by about $575 thousand.

The HAFC Substitute for House Bills 2 and 3 appropriates $67 million from PERF for various purposes, including $4 million for school improvement grants, which could be used for this purposes. Additionally, the substitute increases the state equalization guarantee (SEG) distribution by $50 million to increase at-risk student funding in the public school funding formula. Currently, about $255 million of the funding formula is generated for at-risk student services, which schools have complete flexibility to use for evidence-based social, emotional, or academic interventions (Section 22-8-23.3 NMSA 1978).

SIGNIFICANT ISSUES

A 2019 LFC Results First report notes students need more than effective teachers and evidence-based instructional practices. They also need school environments that support their social, physical, and emotional development – sometimes referred to as a "whole child" approach to education. In a 2018 study, the Learning Policy Institute pointed out that 46 million children in the U.S. are exposed to violence, crime, abuse, homeless, food insecurity, and other adverse experiences that negatively impact learning and behavior. School environments that provide a whole child approach can mitigate the negative effects of adverse experiences and boost achievement for all children. An emerging evidence base points to non-academic supports as a key driver of academic achievement.

According to data from the World Health Organization, 50 percent of all lifetime mental illness begin by age 14 and 75 percent begin by age 24. Studies by the Substance Abuse and Mental Health Services Administration, Centers for Disease Control, and U.S. Department of Justice suggest 16.5 percent of U.S. youth between the ages of 6 and 17 experienced a mental health

disorder in 2016. With the average delay between the onset of mental illness symptoms and treatment being 11 years, the National Alliance on Mental Illness notes access to prevention strategies, early identification, intervention and access to care may help decrease the impact of untreated mental illness. As intervention and prevention strategies are implemented, DOH recommends monitoring the mental health of children between the ages of 12 and 17 to reduce the impact of mental disorders and improve long-term mental health.

According to the Annie E. Casey Foundation (AECF), there are a number of school-based programs with strong evidence that can help students regulate their emotions, improve their behavior, engage in positive relationships with their parents and peers and avoid substance use and risky sexual behavior. Types of programs where strong research has documented positive outcomes include the following:

- School climate programs,
- Classroom-based social and emotional skills programs,
- Classroom-based risk prevention programs (e.g., substance abuse, unsafe sexual behavior, pregnancy, suicide and delinquency prevention),
- School-based family support programs,
- School-based mental health and therapeutic programs

PERFORMANCE IMPLICATIONS

According to the National Association of School Psychologists, access to school-based mental health services is linked to students' improved physical and psychological safety, academic performance, and social-emotional learning, and that such access reduces costly negative outcomes such as risky behaviors, disciplinary incidents, delinquency, dropout, substance abuse, and involvement with the criminal justice system.

ADMINISTRATIVE IMPLICATIONS

While there are over 9,000 behavioral health professionals with active licenses in New Mexico, DOH notes only 2,665 behavioral health providers are serving the state's 670 thousand Medicaid enrollees. Approximately 23 percent of all New Mexicans and 56 percent of children under 21 are enrolled in Medicaid. With the majority of the behavioral health workforce not providing services to the Medicaid population, access to care can be greatly impeded for vulnerable populations.

Additionally, 19 of 33 counties have fewer than two licensed behavioral health providers per 1,000 enrollees. DOH notes nearly half of Medicaid enrollees live in rural and frontier areas of the state, and only 29 percent of licensed behavioral health providers practice in rural and frontier areas, leaving them disproportionately underserved. Shortages in licensed behavioral health providers make it difficult for behavioral health organizations to hire and retain staff, often resulting in decreased access to care including waiting lists for behavioral health services and challenges making referrals for other services.

A 2019 report from the U.S. Department of Health and Human Services Office of Inspector General found most of New Mexico's licensed behavioral health providers serving Medicaid managed care enrollees work in behavioral health organizations (BHOs), which include federally qualified health centers and community mental health centers. BHOs cannot always ensure

timely access for enrollees seeking behavioral health services. These organizations also report difficulty arranging or making referrals for services that they do not provide largely because of the lack of providers. In addition, they report challenges with continuity of care for enrollees, citing limited care coordination and lack of integration of primary and behavioral healthcare, provider shortages, and barriers to sharing health information, such as a lack of access to broadband. Nonetheless, BHOs highlight promising initiatives to increase the availability of behavioral health services, including open-access scheduling, treatment first, care integration, and telehealth.

RELATIONSHIP

This bill relates to House Bill 53, which requires schools to submit annual plans on school social services; House Bill 127, which appropriates $500 thousand to conduct an asset mapping and gap analysis on student access to social services; House Bill 321, which appropriates $5 million to employ social workers and nurses in schools; and Senate Bill 54, which appropriates $7 million to provide community-based support services for youth diagnosed with serious emotional disturbance.

OTHER SUBSTANTIVE ISSUES

According to the 2017 New Mexico Youth Risk and Resiliency Survey (YRRS) data, New Mexico middle school and high school students who attempted suicide had higher rates of current drug use, binge drinking, and tobacco use than peers who did not attempt suicide. The survey found 26.2 percent of high school students drank alcohol within the last 30 days and 20.7 percent consumed their first drink before the age of 13. Students also reported using:

- Marijuana (27.3 percent),
- Pain killers (6.9 percent),
- Ecstasy (4.6 percent, 2015 YRRS),
- Cocaine (5.1 percent),
- Inhalants (4.8 percent),
- Methamphetamines (3.2 percent), and
- Heroin (2.8 percent) within the last 30 days.

Through federal grant funding, HSD supports the PAX Good Behavior Game (GBG) in public elementary schools, an evidence-based practice of instructional and behavioral health classroom strategies. HSD could share performance data on PAX GBG and coordinate efforts with PED on provisions of this bill. HSD should also coordinate with PED in exploration of what pilot project services (if any) may be covered by Medicaid.

ALTERNATIVES

Alternatively, the state could provide more guidance to public schools on how to use at-risk funding from SEG distributions for purposes outlined in this bill. Between FY18 and FY20, the funding for at-risk students more than doubled, from $101.6 million to $255 million, in the public school formula. The at-risk index allows school districts and charter schools to generate additional program units based on the 3-year average of three indicators: the percentage of student membership used to calculate a school district's Title I allocation, the percentage of students that are English learners, and student mobility.

School districts and charter schools have significant flexibility to allocate at-risk funding for research-based or evidence-based social, emotional or academic interventions, such as:

- Case management, tutoring, reading interventions and after-school programs that are delivered by social workers, counselors, teachers or other professional staff;
- Culturally relevant professional and curriculum development, including those necessary to support language acquisition, bilingual and multicultural education;
- Additional compensation strategies for high-need schools;
- Whole school interventions, including school-based health centers and community schools;
- Educational programming intended to improve career and college readiness of at-risk students, including dual or concurrent enrollment, career and technical education, guidance counseling services and coordination with post-secondary institutions; and
- Services to engage and support parents and families in the education of students.

In FY20, PED distributed a budget questionnaire asking school districts and charter schools about their use of at-risk funds. According to LESC, the categories presented in the accounting portion of the questionnaire included examples – such as student information systems or security personnel – that were not well aligned with the newly enacted statutory requirements, alongside interventions that were clearly aligned with statute – such as tutoring, after school programs, and support services, including guidance or health services. School districts' and charter schools' responses varied, with some school districts and charter schools providing little information, while others included detailed accounting, including services provided with federal or other sources of funding. In general, most school districts reported spending less than their proportional funding formula allocation for at-risk students on the aforementioned interventions.

SL/rl