OFFICE OF FISCAL ANALYSIS

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SB-2
AN ACT EXPANDING PRESCHOOL AND MENTAL AND BEHAVIORAL SERVICES FOR CHILDREN.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill results in increased costs to the state and towns in FY 23 and FY 24, most notably: (1) $202 - $210 million across both years due to increasing child care rates for providers and their employees, (2) $13.2 million to expand access to DCF mobile crisis services, (3) up to $1 million to evaluate the impact of social media and mobile phone use on students' mental health, and (4) $2.8 million in increased General Fund appropriations and $31.1 million in increased state fiscal recovery American Rescue Plan Act (ARPA) allocations

The bill also results in revenue losses associated with: (1) allowing municipalities to abate up to 100% of property taxes due for child care centers or child care group homes, and (2) prohibiting DCF from using certain benefits towards the cost of a child's care (resulting in a General Fund loss of $2.6 million to $3.2 million annually).

The various impacts to the state and towns are described by relevant sections, below.

Section 1 results in a cost of $54.7 million to the Office of Early Childhood (OEC) by increasing the maximum annual, per child cost for School Readiness and child day care center seats from $9,027 to $14,500. This assumes the increase is applied to approximately 7,800 full-day spaces. Town based providers will receive a corresponding revenue gain associated with the increased rate. Section 2 directs any increase in the full-day rate above $14,210 to be used to support direct teacher and caretaker salaries.

Section 3 results in a cost to OEC of $9.1 million annually due to increasing the annual infant and toddler full-time rate at child day care centers from approximately $10,000 to $16,000 per child. This assumes the increase is applied to approximately 1,520 spaces for children under age three. Beginning in FY 24, any increase above the FY 23 rate is directed to increase the salaries of educators employed at child care centers.

Section 4 results in a cost to OEC of between $37 million and $41 million in both FY 23 and FY 24 associated with a wage supplement grant program for employees of child-care service providers and early childhood education programs. The wage supplement grant program would increase the hourly wage by $1 per hour for 19,000 to 21,000 employees. OEC would incur additional staffing costs of approximately $164,000 (and associated fringe benefits of $66,500 in both years) for two fiscal staff to support the administration of the program.

Section 5 requires the State Department of Education (SDE) to administer a "Pipeline for Connecticut's Future" program. This would result in an additional state cost of approximately $126,477, annually. SDE does not currently have staff available to administer the program and would require one full-time consultant with an annual salary of approximately $90,000 and corresponding fringe benefits of $36,477, in order to meet the requirements contained within the bill.

Section 6 results in a cost to the Department of Children and Families (DCF) associated with making mobile crisis response services available 24/7. Based on current efforts, this expansion is anticipated to cost $6.6 million in both FY 23 and FY 24 and $8 million annually thereafter.

Section 7 establishes the Social Determinants of Mental Health Fund from which DCF will provide grants to assist families in covering the cost of mental health services and treatment for their children. Sections 42 and 43 allocate $1 million in both FY 23 and FY 24 in ARPA funds to administer the Social Determinants of Mental Health Fund.

Sections 8 and **9** require SDE to establish mental health plans for student athletes. This would result in an additional state cost of approximately $63,239, annually. SDE does not currently have staff available to develop and assist local and regional board of education with mental health plans for student athletes, and would require one part-time consultant with an annual salary of approximately $45,000 and corresponding fringe benefits of $18,239 in order to meet the requirements contained within the bill. Additionally, the bill requires beginning in FY 24, local and regional boards of education to implement the provisions of the mental health plans. This could result in additional costs to local and regional schools associated with expanded mental health services to student athletes. The scope of the costs would be dependent upon the provisions of the plan, the size of the district, and the additional services provided to students.

Section 10 results in a cost to DCF of approximately $160,000 to conduct an instructional train-the-trainer program to enable participants to provide training in adolescent screening, brief intervention and referral to treatment (SBIRT). DCF must offer the training at least four times per year, free of charge, to employees of local health departments, district departments of health, youth service bureaus, municipalities, municipal or volunteer fire departments, local police departments and local or regional boards of education. To the extent additional trainings occur, DCF would incur additional costs. The bill also requires local health departments to offer free trainings to their employees or members of the public, resulting in associated training costs to towns.

Sections 12-17 require the distribution of free menstrual products in various settings, following the guidelines required to be developed by the Department of Public Health (DPH) under section 11. Sections 13 and 14 result in the following costs:

Section 13 requires local and regional boards of education to offer free menstrual products, and results in annual costs beginning in FY 23. Most local and regional school districts currently offer free menstrual products through the nurses office, with annual costs ranging from approximately $250 to $1,000. If local and regional school districts are required to install dispensers in restrooms this would result in additional costs. It is estimated that on average a dispenser costs between $200-$400. If any donations or grants are available to meet the bill's requirements, the costs to the districts may be lower.

Section 14 requires each public college or university to offer free menstrual products at one location per campus, and results in annual costs to the constituent units beginning in FY 23. The costs to the University of Connecticut (UConn) and UConn Health Center are anticipated to be minimal, based on a temporary pilot at two UConn campuses. An annual cost of less than $10,000 to the Board of Regents (BOR) across all institutions is expected, provided the bill's provisions are implemented through a dispenser method or a single location that is not a campus food pantry. Most of the 16 BOR institutions with student campuses currently offer free menstrual products in at least one such location, with annual costs at a few ranging from approximately $250 to $1,000. If any donations or grants are available to meet the bill's requirements, the costs to the constituent units may be lower.

Section 18 requires UConn to evaluate and report on the impact of social media and mobile phone use on students' mental health, which is anticipated to result in a total cost of up to $972,394 ($665,929 in FY 23 and $306,465 in FY 24). It is expected that carrying out the mandated research and report requires two professors with an average annual salary of $90,711, and two graduate students, each with a salary of $62,729. Anticipated personnel costs by year are: (1) $612,929 in FY 23 (wage costs of $306,879 and fringe benefits costs of $306,050), and (2) $306,465 in FY 24 for half-year costs, because the report is due January

1, 2024.[1] Other expenses totaling $53,000 in FY 23 are expected for travel costs, study participation incentives, equipment, and similar aspects of a research project.

These personnel and other costs may be funded by either the General Fund or other UConn revenues (e.g., tuition). If wage costs are funded through the General Fund, then the fringe benefits costs will be incurred within the Office of the State Comptroller.

Section 19, which makes changes to family child care home staffing and enrollment, has no fiscal impact as it does not impact subsidy eligibility requirements.

Section 20 requires local school readiness councils to conduct a needs assessment for early childhood education for children and families in the community, as needed. Following such assessment, councils may convert unused School Readiness spaces to infant and toddler spaces if the cost for conversion does not exceed the per child cost for infant and toddler spaces for state-funded child care centers. Towns could incur costs associated with conducting a needs assessment. To the extent an assessment shows unused School Readiness spaces and local school readiness councils choose to convert such spaces to infant and toddler spaces, the state could forgo savings associated with unused School Readiness seats.

Section 21 could result in a cost to local and regional boards of education to the extent they hire rather than designate an existing employee to serve as the district's family care coordinator.

Section 22 allows municipalities to abate up to 100% of property taxes due for any property or portion of property used as a child care

[1] The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is **99.73%** of payroll in **FY 23**.

center or child care group home.

The revenue loss to a municipality would vary based on the amount of property tax abated, but could be significant (in excess of $1 million) in a municipality with a high number of such taxable facilities. There are approximately 1,400 child care centers and 1,900 family day care homes licensed in the state. It is not known which of these facilities: 1) currently pay property taxes directly by virtue of owning the building they operate in, 2) pay property taxes indirectly through leases with commercial real estate owners, or 3) do not pay property taxes at all due to an association with a tax exempt organization, such as a religious institution or private university.

Section 24 could result in a cost to DCF to provide support staff to the Children's Behavioral Health Cabinet established by the bill. The extent of the potential cost is dependent on the scope of work of the cabinet, which must meet at least quarterly. Cabinet members are not compensated.

Section 25 prohibits DCF from using a child's Social Security Disability Benefits (SSDI) to reduce their cost of care, resulting in a revenue loss to DCF of approximately $2.6 million to $3.2 million annually. Section 37 appropriates $2.6 million from the General Fund to offset losses associated with the prohibition. It should be noted that section 25 results in a revenue loss while section 37 increases appropriations.

Section 26 results in a cost to the Department of Social Services (DSS) to establish a pilot grant program to expand behavioral health care offered to children at federally qualified health centers (FQHCs). The bill requires DSS, within available appropriations, to provide a 50% match for the cost of hiring licensed social workers to provide counseling and other services to children receiving primary health care at such health centers. The extent of the cost depends on the scope of the program and available funding.

Section 31 results in a potential cost of up to $50,000 to the

Department of Housing (DOH) to adopt regulations, as the agency has required legal services to adopt regulations in the past. The section 1) establishes the Transitional Housing for Youths Experiencing Homelessness Account as a separate, nonlapsing General Fund account, and 2) directs DOH to provide grants from the account for transitional housing for homeless persons under age 21; however, the bill does not provide any funding for the program. Should the program be funded, DOH is anticipated to incur administration costs of about 10% of the grant funding total, annually.

Section 32 requires the Department of Revenue Services to study options for establishing a tax credit against the personal income tax for taxpayers with dependent children enrolled in child care and report its findings. This does not result in any fiscal impact to the state or municipalities as the agency can accomplish this requirement without the need for additional resources.

Section 34, which establishes a task force to study the comprehensive needs of children in the state, has no fiscal impact as PA 17-236 prohibits transportation allowances for task force members. The task force terminates by 1/1/23.

Section 35 results in a cost to DSS by requiring Medicaid coverage for services provided by licensed master social workers working under the supervision of licensed psychologists or licensed clinical social workers. The extent of the cost depends on the Medicaid rate for such services and associated utilization.

Section 36, which enters Connecticut into the Psychology Interjurisdictional Compact and provides a process authorizing psychologists to practice by (1) telehealth and (2) temporary in-person, face-to-face services across state boundaries, without the psychologist having to be licensed in each state, is not anticipated to result in a fiscal impact.

Sections 37 - 45 appropriate General Funds (GF) and allocate State Fiscal Recovery- ARPA funding for various purposes as outlined in the table below ($ in millions):

Sec. #	Fund	FY 23 $	FY 24 $	Purpose
37	GF	2.6	-	Offset losses to DCF in Sec 25
38	ARPA	20.0	-	Emergency support grants for child care centers, distributed by OEC
39	GF	0.2	-	Technical assistance and business consulting services for child care centers via OEC
40-41	ARPA	3.0	3.0	Enhance DMHAS mobile crisis services
42-43	ARPA	1.0	1.0	Administration of the Social Determinants of Mental Health Fund by DCF
44	GF	0.03	-	Full-time SDE employee to administer a minority teacher candidate scholarship program
45	ARPA	3.1	-	Youth service bureau enhancement via DCF, with corresponding increase to affiliated towns

The bill makes various other changes that are technical or conforming in nature, do not apply to the state or municipalities, or can be accomplished with current agency expertise, and therefore have no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.