

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE

Senate Bill 368 (Senator McFadden)

Economic and Environmental Affairs

**Education - Suspension and Expulsion - Behavioral or Mental Health Assessment**

This bill requires a county school superintendent to refer a student who has been suspended for more than ten days or expelled from school for a behavioral or mental health assessment by a licensed clinical social worker, psychologist, or psychiatrist. The assessment must address the underlying behavioral cause for the suspension or expulsion, recommend a specific behavioral intervention or treatment plan for the student, and identify undiagnosed mental health, learning, or emotional problems. The superintendent must obtain parental approval for the assessment and the parent must be allowed to participate in the assessment process and receive a copy of the completed assessment. Local boards of education must develop an incentive program that reduces the length of a suspension or expulsion for a student who obtains an assessment and follows its recommendation.

This bill takes effect July 1, 1999.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by \$40,300 in FY 2000. Future year expenditures reflect inflation and the elimination of one-time start-up costs. Revenues would not be affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	40,300	33,900	35,100	36,400	37,800
Net Effect	(\$40,300)	(\$33,900)	(\$35,100)	(\$36,400)	(\$37,800)

Note: ( ) = decrease; GF = general funds

**Local Effect:** Local school expenditures could increase by \$3.9 million annually. Local revenues from third-party reimbursements could increase by an indeterminate amount. **This**

**bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Meaningful.

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### Fiscal Analysis

**State Effect:** General fund expenditures could increase by an estimated \$40,300 in fiscal 2000, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one administrative specialist to coordinate the data collection and local reporting requirements and train local school officials on the reporting requirements. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$25,200
One-time Start-up Costs for Data Collection Systems	15,000
Operating Expenses	<u>100</u>
<b>Total FY 2000 State Expenditures</b>	<b>\$40,300</b>

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) elimination of one-time start-up costs.

**Local Effect:** During the 1997-98 school year, local boards suspended 123,000 students, of which 7,800 involved a suspension of ten or more days. It is thus estimated that 7,800 students would be referred for a behavioral or mental health assessment during the 1999-00 school year pursuant to this bill. Assuming parents consent to the assessment, local school expenditures could increase by \$3.9 million each year, based on an average assessment cost of \$500. If a neuropsychological assessment related to behavior and learning practices is conducted, local school expenditures could total \$10.9 million, based on an average assessment cost of \$1,400. Local school systems may recover a portion of these costs through third-party reimbursements from the student's health insurer or the federal government in cases of Medicaid recipients. Any cost recovery by local school systems cannot be determined at this time. **Exhibit 1** shows the projected cost for each school system and the estimated property tax equivalent.

In addition, local school systems may also incur costs associated with travel, parent conferencing, assessment scheduling, and providing additional services for suspended students.

**Small Business Effect:** Private mental health providers in the State would realize an increase in business due to the required assessment of suspended students. Approximately 7,800 students would undergo an assessment each year. Psychological and psychiatric assessors usually charge between \$95 and \$140 an hour for assessments with the average assessment lasting between four and ten hours. The final fee can be higher for a bilingual evaluation. Neuropsychological assessments related to behavior and learning usually cost between \$1,100 and \$1,400. Based on an average cost of \$500 per assessment, private mental health providers would realize a \$3.9 million increase in revenue.

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**Information Source(s):** Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 1999

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**Exhibit 1**  
**Behavioral or Mental Health Assessment for Suspended Students**  
**Fiscal Impact - FY 2000**

<u>County</u>	<u>Extended Suspensions</u>	<u>Assessment Costs</u>	<u>Property Tax Equivalent</u>
Allegany	30	\$15,000	\$0.001
Anne Arundel	71	35,500	Negligible
Baltimore City	3,726	1,863,000	\$0.022
Baltimore	1,373	686,500	\$0.004
Calvert	29	14,500	Negligible
Caroline	17	8,500	\$0.002
Carroll	84	42,000	\$0.001
Cecil	57	28,500	\$0.002
Charles	43	21,500	\$0.001
Dorchester	69	34,500	\$0.005
Frederick	65	32,500	\$0.001
Garrett	8	4,000	Negligible
Harford	660	330,000	\$0.006
Howard	190	95,000	\$0.001
Kent	N/A	0	
Montgomery	N/A	0	
Prince George's	1,299	649,500	\$0.004
Queen Anne's	35	17,500	\$0.001
St. Mary's	12	6,000	Negligible
Somerset	N/A	0	
Talbot	N/A	0	
Washington	5	2,500	Negligible
Wicomico	15	7,500	Negligible
Worcester	<u>N/A</u>	<u>0</u>	
<b>Total</b>	<b>7,788</b>	<b>\$3,894,000</b>	

Assessment cost totals \$500 per suspension.

N/A = Local school systems did not report any extended suspensions.

Source: Maryland State Department of Education  
Prepared by the Department of Legislative Services