

**Department of Legislative Services**  
 Maryland General Assembly  
 2002 Session

**FISCAL NOTE**

House Bill 570 (Delegate Shriver, *et al.*)  
 Environmental Matters

**Strengthening Foundations for School Readiness Act of 2002**

This bill requires the Subcabinet for Children, Youth, and Families to develop a system of community-based early intervention mental health services for children. The subcabinet must develop formal training in the social and emotional development of young children for child care providers to be integrated into the Maryland Child Care Credential System. The subcabinet must work with the Maryland Higher Education Commission (MHEC) to ensure that educational programs and scholarship funding are available to ensure an adequate supply of qualified early childhood mental health professionals.

The bill takes effect July 1, 2002.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$12.7 million in FY 2003. Future year expenditures reflect additional children receiving services and the provision of case management services. Federal fund expenditures would increase beginning in FY 2004 to cover a portion of the case management services and mental health consultations.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	12.7	30.5	37.5	41.7	42.9
FF Expenditure	0	5.5	6.2	7.6	7.6
Net Effect	(\$12.7)	(\$36.0)	(\$43.7)	(\$49.3)	(\$50.5)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

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## **Analysis**

**Bill Summary:** The Subcabinet for Children, Youth, and Families (OCYF) must develop a system of community-based early intervention mental health services for children. Mental health services must include: (1) on-site mental health consultation to all public and private early childhood programs; (2) mental health consultation, screening, and assessment services for children removed to foster care; and (3) the development of intensive, community-based mental health services throughout the State for children under the age of six years and their families to include at least outpatient mental health services and therapeutic nursery programs.

The delivery of on-site mental health consultations is phased-in over three years. In fiscal 2003, mental health consultations must be provided to all Family Support Centers, Judy Centers, Early Head Start Programs, Infants and Toddlers Programs, child care providers, and children removed to foster care. These services are provided to Head Start programs and all public pre-kindergarten programs in fiscal 2004 and to all private pre-kindergarten programs in fiscal 2005.

**Current Law:** Mental health screenings are not provided to every child under the age of six.

**Background:** There are about 430,000 children in Maryland under the age of six. Approximately 70%, or 300,000, of these children live in a home where their parents are working at least part-time. Available child care services for working parents include child care centers, family day care homes, Head Start, and pre-school programs. However, a majority of children under the age of five do not attend pre-school or a regulated child care program. These children may be cared for by a parent, family member, neighbor, and/or unregulated child care provider.

There are roughly 200,000 regulated child care slots in the State, with only a small percentage being subsidized by the State. Low-salaries for child care workers in some jurisdictions have contributed to concerns about quality. Data compiled by the Maryland Committee for Children indicates that the salaries of public school teachers are more than double most child care workers. Oversight of the current system of early childhood programs focuses on child safety and health and does not offer parents much assurance about the quality of the experiences. In 2000 the Maryland State Department of Education (MSDE) established the Early Childhood Accreditation Project that is

designed to increase the number of early child care and education programs that have completed State or national accreditation.

### *Early Childhood Assessment*

In 1999 the Maryland Joint Committee on Children, Youth, and Families decided to focus its work on improving services for children under the age of six. To assist in this effort, MSDE has developed and implemented an early childhood assessment system of the social, physical, linguistic, and cognitive skills of children entering kindergarten. During the 2000-2001 school year, public school teachers participating in the MSDE assessment system collected information on the readiness of children entering kindergarten. Results from the assessment indicate that 40% of kindergarten students in Maryland were fully ready to do kindergarten work. Fifty percent of students needed targeted support and 10% of students needed considerable support. On average, boys needed more help than girls. Information from the assessment indicates that additional services are needed to ensure that children are ready to succeed in school.

### *Promoting School Readiness*

At the local level, Anne Arundel County has developed the Behavioral/Emotional Support and Training Program (BEST) to provide mental health screenings to children in child care. BEST is one component of the Early Childhood Community Partnership grant that is funded by the Local Management Board of Anne Arundel County. The grant provides funding for two full-time behavioral specialists who are employed by Anne Arundel Community College. The program provides mental health consultation, behavioral assessment, program planning, support, and training to licensed and registered child care providers who care for children exhibiting challenging behaviors. The program's purpose is to provide behavioral intervention and parent/provider training and support to help children maintain placement in traditional child care placements, as well as providing early identification of special needs that may require more specialized intervention. From March 2000 to July 2001, the program has served 78 children, of whom 21% were referred for other specialized services.

**State Fiscal Effect:** State expenditures could increase by \$12.7 million in fiscal 2003 and by \$50.5 million in fiscal 2007. The federal government would cover a portion of the costs related to case management services and mental health consultations. **Exhibit 1** shows the increase in expenditures by general and federal funds.

**Exhibit 1**  
**Projected Fiscal Impact of HB 570**  
**(\$ in millions)**

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Personnel Expenses	12.7	19.1	24.7	25.8	27.0
Case Management Services	0.0	15.1	17.0	21.1	21.1
Mental Health Consultations	0.0	1.8	2.0	2.4	2.4
<b>Total Expenditures</b>	<b>12.7</b>	<b>36.0</b>	<b>43.7</b>	<b>49.3</b>	<b>50.5</b>
General Funds	12.7	30.5	37.5	41.7	42.9
Federal Funds	0.0	5.5	6.2	7.6	7.6

Approximately 150,000 children under the age of six attend a regulated childcare program in Maryland. An additional 4,600 children attend Judy Centers and about 3,000 children under the age of six enter the foster care system each year. Beginning in fiscal 2003, these children become eligible for mental health consultations and other mental health services. Approximately 19,300 public pre-kindergarten students become eligible for these services beginning in fiscal 2004 and 42,000 private pre-kindergarten students become eligible in fiscal 2005.

Based on statistics from the National Institute of Health (NIH), from 5% to 20% of children under the age of six have mental health needs. It is estimated that 12.5% of children will need a mental health screening and 2.5% will need ongoing community-based mental health services. Based on the BEST program in Anne Arundel County, approximately 20% of the children screened were referred for other specialized services.

*Additional Personnel Costs*

Approximately 19,400 children will require an initial screening. This estimate assumes that all eligible children requiring an initial screening would be served. It is also assumed that personnel within the Department of Health and Mental Hygiene (DHMH) would conduct the initial mental health screenings. The salaries and fringe benefits for a mental health professional cost approximately \$61,630 annually. One mental health professional can serve approximately 75 children each year. DHMH would need to hire 258 mental health professionals in fiscal 2003, 32 additional mental health professionals in fiscal 2004, and 70 additional mental health professionals in fiscal 2005. A total of 360 additional positions within DHMH at a cost of \$24.7 million in fiscal 2005 would be needed to provide the initial mental health screening to all eligible children. Related operating costs for supplies, training, and communication total about \$200,000.

### *Case Management Services and Mental Health Consultations*

Approximately 3,900 children receiving an initial mental health screening will need monthly case management services. The State currently pays mental health providers \$325 for each visit, with the annual cost totaling \$3,900 per child. Approximately 1,900 children will need follow-up mental health consultation services in addition to the case management services. The State currently pays mental health providers \$75 for each visit, with the annual cost totaling \$900 per child. The federal government would cover 65% of the costs for children participating in the MCHIP program. It is estimated that 50% of children are eligible for the federal program. DHMH advises that case management and mental health consultation services would be provided in the following fiscal year after the mental health screenings.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Higher Education Commission, Department of Human Resources, Anne Arundel County Local Management Board, Department of Legislative Services

**Fiscal Note History:** First Reader - February 20, 2002  
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