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Budget Recommendations FY2024-25

Tennessee. Commission on Children and Youth.

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FY2024–25
Tennessee Commission on Children & Youth's Budget Recommendations

- Implement Multi-Year Continuous Eligibility for all children on TennCare or CoverKids until age 5.

- Develop a state-funded grant to cover the cost of supervision hours needed for mental health professionals to obtain licensure.

- Use a Cost-Estimation Model to increase reimbursement rates.
- Expand income eligibility of Smart Steps to 100% median income.
- Remove Smart Steps co-pay fee for families under 150% Federal Poverty Line.

- Expand use of the Free Care Rule Reversal beyond behavioral health services to cover all health services.

- Implement a permanent sales tax holiday on grocery items.

- Implement a re-entry pilot program with wrap-around services focused on family engagement, mentoring and employment.
- Implement a third-party review of Tennessee's youth justice system (Youth Development Centers,Hardware Secure Facilities, Staff Secure and Detention Centers) to evaluate program success, recidivism and ensure that children are safe and receiving appropriate education, food and activity.

- Re-implement and enhance state-level employer child care tax credit.
Develop a state-funded grant to cover the cost of supervision hours needed for mental health professionals to obtain licensure.

Mental Health

Across Tennessee there is one mental health provider for every 560 Tennesseans. Across counties, access ranges from 1:250 to 1:17,690. 37 out of 10 Tennessee youth with major depressive episodes do not receive any treatment, representing 72,000 youth.4

Supervision hours necessary for advanced licensure:5
- Clinical Social Worker: 100 hours
- Professional Counselor: 100 hours
- Professional Counselor/Mental Health Services Provider: 150 hours
- Marital/Family Therapist: 200 hours
- Clinical Pastoral Therapist: 270 Hours

Supervision sessions often range from $80-$100 per hour, meaning the cost of supervision can range from $8,000 - $27,000.6

In Tennessee, many mental health positions requiring masters level education but not licensure pay between $36,000 - $50,000 annually.7

WHY

In Tennessee and across the country we are experiencing increasing rates of mental health challenges in our children and teens. In 2021, 42 percent of Tennessee high schoolers reported feeling sad or hopeless almost every day the past two weeks.1 More than one in four high school girls in Tennessee had seriously considered suicide within the last 12 months and more than one in six had attempted to take their own life in the last year.1

Early intervention and access to mental health treatment is critical to helping young people across the state. Supporting and building out a workforce to address this growing need is a difficult but necessary task.

According to the Public Behavioral Health Workforce Report report by TDMHSAS by 2030, Tennessee will be short 1,270 mental health counselors, 890 psychologists, 830 substance abuse counselors, 780 psychiatrists and 140 marriage and family therapists.2

By reducing the cost associated with supervision, Tennessee can support the emerging workforce, recruit those who may be interested in joining and help them progress to licensure more quickly.

Implement multi-year Continuous Eligibility for TennCare or CoverKids until age five.

WHY

When children are able to maintain consistent health care coverage, they are more likely to be engaged in the health care system and receiving necessary well-child visits, early intervention services and on-time vaccinations.1

In Tennessee, in 2021, 4.6 percent of children were uninsured.2 Of those uninsured, 67 percent or roughly 49,500 children, were eligible for TennCare or CoverKids.3

Families with lower incomes are more likely to be employed in jobs with less predictability and prone to temporary fluctuations in income. One study of low or moderate income households found that over the course of the year they experienced 2.5 months where their income fell by 25 percent and 2.6 months where their income rose by 25 percent.4

Implementing Multi-Year Continuous Eligibility until age five will ensure that children get the access to health care they need despite temporary fluctuations in income or application mistakes while also reducing the administrative cost associated with Medicaid Churn.

Prior to the Pandemic (FFY2019), 70 percent of CHIP application denials were procedural denials (i.e., incomplete application, missing documentation, missing enrollment fee, etc.).5

In FFY2020, 9 out of 10 denied applications were denied due to procedural reasons. Of those disenrolled during their redetermination, 81 percent were due to procedural reasons. Among Medicaid redeterminations it was slightly higher at 85 percent.6

In 2019, the average time between number of days between CHIP/TennCare beneficiaries disenrolling and reenrolling was 68 days.7

In 2015, the administrative cost of one person churning once (dis-enrolling and re-enrolling) could be from $400 to $600.8

One in four states have taken steps to implement multi-year Continuous Eligibility.9

Multi-year continuous eligibility is currently in place in two states. Six other states have the program in development and four others have introduced legislation or debated the waiver.
Develop a state-funded grant to cover the cost of supervision hours needed for mental health professionals to obtain licensure.

**WHY**

In Tennessee and across the country we are experiencing increasing rates of mental health challenges in our children and teens.

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**Across Tennessee there is one mental health provider for every 560 Tennesseans. Across counties, access ranges from 1:250 to 1:17,690.**

**7 out of 10 Tennessee youth with major depressive episodes do not receive any treatment, representing 72,000 youth.**

**Supervision hours necessary for advanced licensure:**
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**Supervision sessions often range from $80-$100 per hour, meaning the cost of supervision can range from $8,000 - $27,000.**

**In Tennessee, many mental health positions requiring masters level education but not licensure pay between $36,000 - $50,000 annually.**
Use a Cost-Estimation Model to increase reimbursement rates.

WHY
Child care workers are one of the lowest paid professions and are less likely to have health insurance than their educational counterparts. In May 2022, the mean wage for a child care worker in Tennessee was $25,160.1 At the same time child care has become too expensive for many Tennessee families, ranging from $6,749 to $11,068 annually for care depending on age and setting.2 The latter amount, for center-based infant care out-prices in-state tuition at a public university.2

Under the Child Care Development Fund Block Grant (CCDF) states are eligible to use a cost-estimation model which takes into consideration the full cost of care. Several states are moving in this direction.3

The Administration for Children and Families describes the difference between the two, “while a market rate survey measures prices charged by child care providers, a cost estimation model estimates the cost of care by incorporating both data and assumptions to model what expected costs would be incurred by child care providers and parents under different cost scenarios.”3

We know that child care, particularly high-quality care, takes a large number of staff, attention, and resources, all of which carry a cost. Ensuring that our reimbursement rates match the level of care our children need and our parents expect out of our providers is one of the first steps to addressing this challenge.

Child care workers are paid less than 98 percent of all other professions. Yet, due to necessary safety ratios, labor costs make up 80 percent of providers expenses.4

Cost-Estimation Models should account for key factors that affect the cost of service delivery, such as:3
- Staff salaries and benefits,
- Training and professional development,
- Curricula and supplies,
- Group size and ratios,
- Enrollment levels,
- Licensing requirements,
- Quality level,
- Facility size, and
- Other factors.

Once a cost model is developed, it should also provide considerations for:
- Provider type (program model, tax status, licensing structure, etc.);
- Levels of provider star-rated quality;
- Educator and administrator qualifications and compensation;
- Child age;
- Expanded access in childcare deserts;
- Expanded access in areas with lack of access in one or more child age ranges;
- Geographic location and local or regional economic conditions and economic mobility rating;
- Fiscal and political viability.
Child Care

Expand child care subsidy supports for working families.

Expand income eligibility of Smart Steps to 100% state median income.

Remove Smart Steps co-pay fee for families under 150% Federal Poverty Line.

WHY
Working families in Tennessee and nationally, often need additional financial support to provide care for their child while they are working. Currently, in Tennessee parents are eligible for Smart Steps if their income is below the 85th percentile of the state median income.4

States are able to serve and enroll families above 85 percent state median income if non-federal funding sources are used.5

Currently, a family of 3 making 150 percent FPL enrolled in Smart Steps has a co-pay of 7.1 percent. Across the country, eight states do not charge a co-pay for those under 150 percent FPL.5

Half of states charge a co-pay of 5 percent or less. By removing the co-pay, Tennessee can provide families struggling to make ends meet with one less expense to worry about.5

This additional monthly relief of one less expense can reduce paternal stress which is a critical component to forming safe, nurturing bonds that improve children’s development across the lifespan.

According to U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program, the Tennessee State Median Income in 2021 was $59,698. Median income on a county level varied from $29,281 to $123,474.6

In FY2022, 27,218 Tennessee children were served by child care benefits.7

According to the Prenatal-to-3 Policy Impact Center, the share of costs paid by parents varies widely depending upon the state:5

Share of Child Care Costs for an Infant in Center-Based Care Paid by a Family of 3 at 150% of the Federal Poverty Level:

In Tennessee parents pay 24.2 percent of care, placing the state near the middle.

States at less than 1 percent of cost - California, Louisiana, Michigan, New Jersey, New Mexico, South Dakota, Utah, Vermont, Oregon, and Maryland

States at 33 percent of cost or more - Delaware, New Hampshire, Alaska, Missouri, Montana, North Carolina, and Georgia.
Expand use of the free care rule reversal beyond behavioral health services to cover all health services.

**WHY**
In July 2023, Tennessee began using the free care rule reversal that occurred in 2014 by no longer requiring medically necessary, covered behavioral health services to be in the student's IEP to be reimbursed by TennCare.¹

This is a major step in accessing reimbursement for mental health services provided in schools, as many students may have behavioral health needs that do not rise to the level of an IEP.

Many of the states that have opted to take advantage of the free care rule reversal have done so for all health services, not just behavioral health.²

In Tennessee, roughly 55 percent of those under 18 are covered by TennCare meaning many of the health services provided at schools could be eligible for reimbursement.³

**During the 2021-22 school year, 141 public school districts conducted 999,783 student health screenings.⁴**

**In Tennessee, more than half of children are insured through TennCare or CoverKids.³**

**Since TennCare is generally made up of about two-thirds federal funds, billing these service to TennCare reduces cost to Tennessee.**

**Based on a 180-day school year, there were an average of 25,647 student encounters with a school nurse per day during the 2020-21 school year.⁴**

The most common types of health services provided to students by a licensed health care provider in Tennessee public schools include:
- Care of ill/injured students and staff
- Skilled nursing services to students with health needs in general education
- Skilled nursing services to students with special needs with an IEP
- Medication administration to students
- Health screenings

**By expanding the use of the free care rule reversal beyond behavioral health services to all health services the state will be able to access reimbursement funds, reduce the cost-burden and potentially expand health services in schools.**
Implement a permanent sales tax holiday on grocery items.

WHY
Ensuring that families have access to affordable groceries is a key component of supporting our state's developing children and ensuring they are able to fully thrive.

A study from American Academy of Pediatrics found, "Compared to rates had they not been food insecure, children in food-insecure household had rates of lifetime asthma diagnosis and depressive symptoms that were 19.1% and 27.9% higher, rates of foregone medical care that were 179.8% higher, and rates of emergency department use that were 25.9% higher."1

Tennessee understands the value that a tax reprieve can bring to families. The long-standing weekend long tax holiday on clothing and school supplies was expanded upon in 2021 to include grocery items. In 2022, the grocery holiday was extended to one month. In August of 2023, Tennessee is in the midst of a 3-month grocery tax holiday.2

Eliminating the grocery tax would put Tennessee on par with the 75 percent of states that have chosen to not levy this tax on their citizens.3 Tennessee is only one of only two states without an income tax but levies a grocery tax.3

Between July 26th - August 7th, 2023, 38 percent of Tennessee households with children reported that it was somewhat or very difficult to pay for usual household expenses within the last 7 days. 4

During that same time period, one in 10 households with children in Tennessee reported sometimes or often not having enough to eat within the last 7 days.5

Among those reporting they often didn't have enough to eat, 99 percent reported cost as the reason for food insufficiency. Nationally that figure was 85 percent.6

Among Tennessee household with children where it was reported who reported food insecurity, 37 percent reported that the children in the household were not eating enough because food was unaffordable.6

Mental health challenges among Tennessee heads of households with children widely varied depending on food security status.

Among those reporting often not having enough to eat, 46 percent reported anxiety and 36 depression nearly every day. Among those with no food insecurity, those numbers were 8 and 4 percent respectively.6
Youth Justice

Implement a third-party review of Tennessee's youth justice system to evaluate success, outcomes and safety.

WHY
The youth justice system is working to support youth with complex trauma. To be successful, the system relies on many different parties and service providers including the courts, schools, private providers, law enforcement, county detention centers, residential treatment facilities and the Department of Children's Services.

The work of our youth justice system is too broad, comprehensive and critical for one department to manage. An effective system requires a comprehensive state-wide plan to implement services before, during and after custody.

One of the greatest investments in our youth's future and community safety we can make is to ensure that when children are in custody, they are receiving intensive, wrap-around services no matter where they are placed.

Over 85 percent of the youth in Department of Children's Services Custody for delinquency have had prior contact with the Department on the dependent/neglect side.

In our survey of youth in detention centers, the average number of challenging life experiences prior to custody was 6.5, with the most common being difficulty in school or substance use. Nearly one in three had a parent leave, die or be incarcerated.

Having an in-depth analysis of successes and outcomes from these facilities will better guide our future focus and investment.

Kentucky passed legislation this year which requires a third-party performance review of pre-adjudication facilities.

Our children should return home from the justice system healthier, better educated, safer and more equipped to handle the future than when they entered.

In April 2021, of delinquent custodial youth:
36 percent were in a JJ enhanced/Staff Secure Facility
31 percent were in community placement
20 percent were in a hardware secure facility; and
12 percent were in jail/detention.

More than half of youth surveyed in detention centers reported needing more help with school or getting their Hi-SAT /GED.

Quotes from youth in Tennessee detention centers in Spring of 2023.
What would you change about school, court, detention, or probation to make it better or more helpful?

"To make detention better allow more contact with other detainees and instead of keeping us locked in a cell for 18 hours on a week day and 22 hours on weekends give us more rec time"

"Let them understand that detention doesn't help troubled kids, it makes them worse. Courts need better programs for serious trouble kids like me. We need more help than just being thrown in a cell."

"To have help understanding my math class"

"less holding time before treatment"

"More things to do while in detention. Give help for the one's that need."
Youth Justice

Implement a re-entry pilot program with wrap-around services focused on family engagement.

WHY

The transition back home after youth have been in custody can be challenging if youth have not had significant time and support to plan and engage with the process.

Many times, they might be returning to peers who have moved on to the next stage of life, whether that be additional educational opportunities or participating in the workforce. Ensuring that youth have a plan of where they will fit in is critical to a successful transition and reducing recidivism.

Engaging family in the therapeutic treatment process throughout detention is critical to a successful youth justice system, but it becomes even more imperative as the youth is planning on returning home to loved ones.

In a survey of 9 states and 20 cities, 32 percent of parents and families surveyed reported discussing release plans with juvenile justice system personnel prior to their child’s release.4

In that same survey, the most commonly recommended proposal for how to support families with youth in the justice system was notifying families of expected release dates to allow them sufficient time to prepare.4

A pilot program in Georgia has a successful re-entry planning model:5

It starts with developing a reentry plan within 60 days of the youth’s detention. A multidisciplinary team—which includes a reentry specialist, juvenile detention counselor, community case manager, and mental health counselor—meets with the youth and family. As the release date nears, the team meets monthly, joined by a reentry resource coordinator who connects the family with local service providers and an education specialist who helps facilitate a return to high school or enrollment in postsecondary school or technical college.

Factors that contribute to the project’s success include an emphasis on family engagement. Monthly “family chats” address topics such as financial literacy, nutrition, and substance use, and a 10-week course emphasizes ways to strengthen family communications.

Seeing families as partners and a critical component for the treatment and transition process will lead to more successful outcomes.
Public–Private Partnership
Re- implement and enhance state-level employer child care tax credit.

WHY
Access to child care has become a barrier to parents re-entering the workforce. A survey conducted in 2021 found that 84 percent of working parents need full-time child care 5 days per week and, among those that were unemployed, 78 percent would need child care to return to work.¹

There is a federal tax credit available for businesses that offer child care benefits. Through the 45F credit, employers are eligible for 25 percent of qualified child care expenditures plus 10 percent of qualified child care resource and referral service expenditures incurred by the business, up to the $150,000 per year limit.²

While Tennessee previously had a state employer child tax credit with minimal uptake, the workforce make-up, need for child care and businesses' interest in offering child care benefits have changed since the credit was implemented in 1994.³ Enhancing the tax credit may increase its use.

Reinstating the tax credit, while expanding beyond construction costs to include operation costs, purchasing costs, cost of subsidies and vouchers, or the cost of resource and referral would provide more opportunity for uptake from businesses that are interested in offering benefits without necessarily building a facility.

In March 2022, 7 percent of private industry workers in the Southeast had access to child care benefits and 37 percent had access to a Dependent Care FSA.⁴

In a 2022 survey of women ages 25-54 who were not urgently searching for work, 34 percent cited child care as the reason why, the second most common response.⁵

In 2023, there were 19 states that offered a state-level employer child care tax credit including Kentucky, Georgia, Mississippi, North Carolina, South Carolina and Virginia.⁶

Six other states, including Alabama and Missouri have legislation filed to implement a state-level employer tax credit.⁶

Every state that borders Tennessee has either implemented or filed legislation to offer a state-level employer child care tax credit.⁶
TCA 37-3-103

(a) (1) The commission shall perform each of the following duties:

(B) On or before September 1 of each year, recommendations for the state budget for the following fiscal year regarding services for children and youth and submit the recommendations to the governor, the finance, ways and means committee of the senate, the finance, ways and means committee of the house of representatives, the legislative office of budget analysis, and the affected state departments;