

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5235

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JULY 2, 2026

SUMMARY

- Synopsis:** Establishes School-Based Partnerships for Access and Resilience for Kids program in DCF; requires school districts to develop mental health support and partnership programs.
- Type of Impact:** Annual increase in State and Local expenditures.
- Agencies Affected:** Department of Children and Families, Department of Education, local school districts.

Office of Legislative Services Estimate

| Fiscal Impact              | Annual        |
|----------------------------|---------------|
| State Expenditure Increase | Indeterminate |
| Local Expenditure Increase | Indeterminate |

- The Office of Legislative Services (OLS) concludes that the Department of Children and Families may potentially experience marginal administrative cost increases to comply with the bill’s requirement that it consult with the Department of Education on the establishment of guidelines for the development of comprehensive mental health support and partnership programs by school districts. The department would only experience cost increases to the extent that additional staff is needed to produce the guidance required by the bill.
- A school district’s costs may increase by an indeterminate amount to comply with the bill’s requirement that each school either designate a staff member to provide school-based counseling services for students, have a formal arrangement with a community-based mental health provider, or have a formal arrangement with the New Jersey Statewide Student Support Services program. A public school may experience cost increases if the school decides to hire additional staff to provide school-based counseling services to satisfy this requirement.
- A school district also may realize higher costs under the School-Based Partnerships for Access and Resilience for Kids (SPARK) pilot program or the Statewide SPARK program, to the extent that it needs to implement new school re-entry and transition planning programs or

services following a student's behavioral health crisis, hospitalization, or emergency department visit.

- The OLS concludes that Department of Children and Families' expenditures will increase by an indeterminate amount to implement the SPARK pilot program in up to ten selected school districts, with costs largely driven by the department's expenditures to establish the program's infrastructure, initiate services in the selected school districts, and contract with the pilot program navigator and the participating health system.
- Following the end of the SPARK pilot program, when SPARK program services will, absent a negative recommendation from the department, expand to all school districts Statewide, program costs will further increase by a potentially significant amount. With Statewide availability of SPARK program services in all school districts, department costs will largely depend upon the number of referrals for SPARK program services, student and family demand for the program, and the program's ability to hire, train, and retain a sufficient number of mental health professionals.
- To the extent that the mental health services provided through the SPARK pilot program and the Statewide SPARK program help prevent certain students' need for more intensive and costly mental health interventions in the future, NJ FamilyCare costs, and associated federal revenue in the form of service reimbursements under Medicaid and the Children's Health Insurance Program, may be slightly reduced, albeit by an indeterminate amount. Any decrease in NJ FamilyCare expenditures would result in a decrease in federal reimbursements for State expenditures under the federal Medicaid program.

## **BILL DESCRIPTION**

The bill requires public school districts, according to guidelines issued by the Department of Children and Families, in consultation with the Department of Education, to institute a comprehensive mental health support and partnership program for students. The guidelines would: provide information on laws and regulations governing patient privacy, clarify the procedures for requesting a mental health evaluation by an outside provider, promote consistency across school districts, and encourage school districts to develop written plans for students returning to school after a mental health crisis.

The Department of Children and Families would issue a request for proposals for a State contract for a mobile mental health application to deliver universal, age-appropriate mental health information and resources.

The bill establishes the School-Based Partnerships for Access and Resilience for Kids (SPARK) pilot program in the Department of Children and Families to evaluate models for increasing student and family utilization of, and access to, SPARK program services. The pilot program, which would begin on January 1, 2027 and conclude after 18 months, would operate in up to ten school districts selected by the Department of Children and Families, in consultation with the Department of Education and the SPARK program's clinical navigator.

Participating school districts would have to designate staff to deliver school-based mental health care services, a formal arrangement with a community-based mental health provider, or a formal arrangement with the New Jersey Statewide Student Support Services program for services.

The contracted service provider for the Department of Children and Families' Child Collaborative Mental Health Care Program would serve as the SPARK pilot program's clinical navigator and administer the pilot collaboratively with a participating health system.

The navigator would provide: psychiatric consultation and assessment, referrals, short-term medication management and bridging services, a secure technology portal, school district onboarding, training, psychiatric clearance and re-entry services following student mental health crises, and consultation for State and local school leaders.

The navigator's secure technology portal would be used to collect, document, and transmit information between the navigator, the participating health system, and participating schools regarding student behavioral health incidents, screening results, behavioral threat assessments, and safety planning. The navigator may contract with a third-party vendor to provide the secure portal and other technology-related services.

The Department of Children and Families would develop SPARK pilot program metrics, and report these data and its recommendations regarding the continuation or Statewide expansion of the pilot, to the Governor and the Legislature within 60 days of the pilot program's conclusion. Absent a negative recommendation from the department, all school districts in the State would participate in the SPARK program at the conclusion of the pilot program.

Participating school districts would report annually on certain SPARK pilot program and Statewide SPARK program data. The Department of Children and Families would establish a public-facing data platform on the department's website to display these data in a searchable format.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the Department of Children and Families may potentially experience marginal administrative cost increases to comply with the bill's requirement that the department, in consultation with the Department of Education, establish guidelines for the development of comprehensive mental health support and partnership programs by school districts. The department would only experience cost increases to the extent that additional staff is needed to produce the guidance required by the bill.

The bill may lead to indeterminate expenditure increases for public school districts, only to the extent that these entities may incur costs to implement programs and services in accordance with the guidelines for the development of a comprehensive mental health support and partnership program. The OLS notes, however, that a school district's choice to implement any recommendations included in the guidelines would be optional.

School districts also may experience cost increases to comply with the bill's requirement that each public school: designate staff members to provide school-based mental health care services for students; have a formal arrangement with a community-based mental health provider; or have a formal arrangement with the New Jersey Statewide Student Support Services program. A public school may experience cost increases to implement this requirement, particularly if a school decides to hire additional staff to provide school-based counseling services. While the OLS cannot predict a school's potential hiring decisions to implement this requirement, the OLS notes for the

purposes of illustration only that the mean annual salary for a school psychologist in New Jersey is nearly \$100,000, according to the federal Bureau of Labor Statistics' May 2025 Occupational Employment and Wage Statistics.

Similarly, a school district may incur costs under the SPARK pilot program or the Statewide SPARK program, to the extent that it needs to implement new school re-entry and transition planning programs or services following a student's behavioral health crisis, hospitalization, or emergency department visit.

The OLS concludes that expenditures to the Department of Children and Families will increase by an indeterminate amount to implement the SPARK pilot program in up to ten selected school districts, with costs largely driven by the department's expenditures to establish the program's infrastructure, initiate services in the selected school districts, and contract with the pilot program navigator and the participating health system.

Following the end of the SPARK pilot program, when SPARK program services will, absent a negative recommendation from the department, expand to all school districts Statewide, program costs will further increase by a potentially significant amount. With Statewide availability of SPARK program services in school districts, the department's costs will largely depend upon the number of referrals for SPARK program services, student and family demand for the program, and the program's ability to hire, train, and retain a sufficient number of mental health professionals.

The State's ongoing behavioral health workforce shortages may complicate the department's efforts to scale the SPARK program Statewide, thereby potentially limiting the program's costs following the conclusion of the SPARK pilot program.

The bill stipulates that the department's contracted service provider for the Child Collaborative Mental Health Care Program, which is currently the New Jersey Pediatric Psychiatry Collaborative, will serve as the SPARK pilot program navigator. The OLS lacks the informational basis to determine the extent to which the collaborative may be able to sufficiently scale its provider network and services Statewide following the conclusion of the SPARK pilot program.

The collaborative provides psychoeducation and virtual psychiatric consultations to help pediatric primary care providers, including school physicians, screen for and diagnose behavioral health conditions in their pediatric patients, and offers support with diagnoses, medication management, care coordination, and patient referrals to community-based providers. The collaborative, which was launched in 2015, operates through nine hubs that serve all 21 counties, and works with more than 1,700 pediatric primary care providers. The collaborative's FY 2024-2025 annual report stated that the program served approximately 4,240 cases. In FY 2026, the collaborative received \$12.8 million in State support via the Department of Children and Families to fulfill these functions

If the mental health services available through the SPARK program help prevent the need for more intensive and costly mental health interventions for certain students enrolled in the NJ FamilyCare program, NJ FamilyCare costs, and associated federal revenue in the form of service reimbursements under Medicaid and the Children's Health Insurance Program, may be slightly reduced, albeit by an indeterminate amount.

The OLS determines that the Department of Children and Families may potentially realize additional costs subsequent to a provision in the bill requiring the department to issue a request for proposals for a State contract for a mobile mental health application to deliver universal, age-appropriate mental health information and resources for school-aged youth and their families. In FY 2026, the State appropriated \$3.0 million for three different mobile mental health applications serving youth and their families. If the department were to award additional contracts for youth and family-serving mobile mental health applications at a total cost surpassing \$3.0 million, the department's costs would increase under the bill.

The Department of Children and Families and the Department of Education may incur marginal administrative cost increases in order to meet the bill's reporting requirements. The Department of Children and Families' information technology expenditures may increase to develop and maintain a searchable, public-facing data platform on its website that would display SPARK program data.

*Section: Human Services*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).