

State Funding for Student Mental Health

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Each school year, [millions](#) of children experience mental health concerns that affect their health and well-being, as well as their ability to fully engage in the learning environment. Students consistently [report](#) high levels of depression and anxiety, youth-suicide rates [continue to rise](#), and the effects of [childhood trauma](#) are apparent in the classroom. [Data show](#) that it is critical to reach students when they are young, for more than half of mental health challenges begin before the age of 14. Despite the cascading effects that mental health concerns can have on learning and academic progress, many students [do not receive](#) the treatment they need.

[Research suggests](#) that there are several positive impacts of mental health programming in K-12 educational settings, including improvements in students' overall health, academic and social outcomes. Additionally, [comprehensive and effective school mental health systems](#) can lead to a variety of beneficial outcomes for schools and communities, including improved school climate and safety, reduced exclusionary discipline, and improved youth, family and educator engagement. Recognizing that education systems can support the full [continuum](#) of student mental wellness in many ways — including universal prevention and wellness promotion, early identification, targeted intervention and treatment — state education leaders continue to make student mental health a priority. Underscoring how crucial it is that education systems address the mental wellness of students, research shows that of those students who access the treatment they need, at least [70%](#) begin their journey to treatment at school.

As state leaders continue to gain an understanding of the impact that student mental health can have on educational outcomes, they are considering policies to promote the mental wellness of all students. Recently enacted [state policies](#) have been primarily focused on incorporating mental health and wellness into health education curricula, encouraging or requiring school staff training and professional development on issues related to student mental health, and improving school-based services and supports.

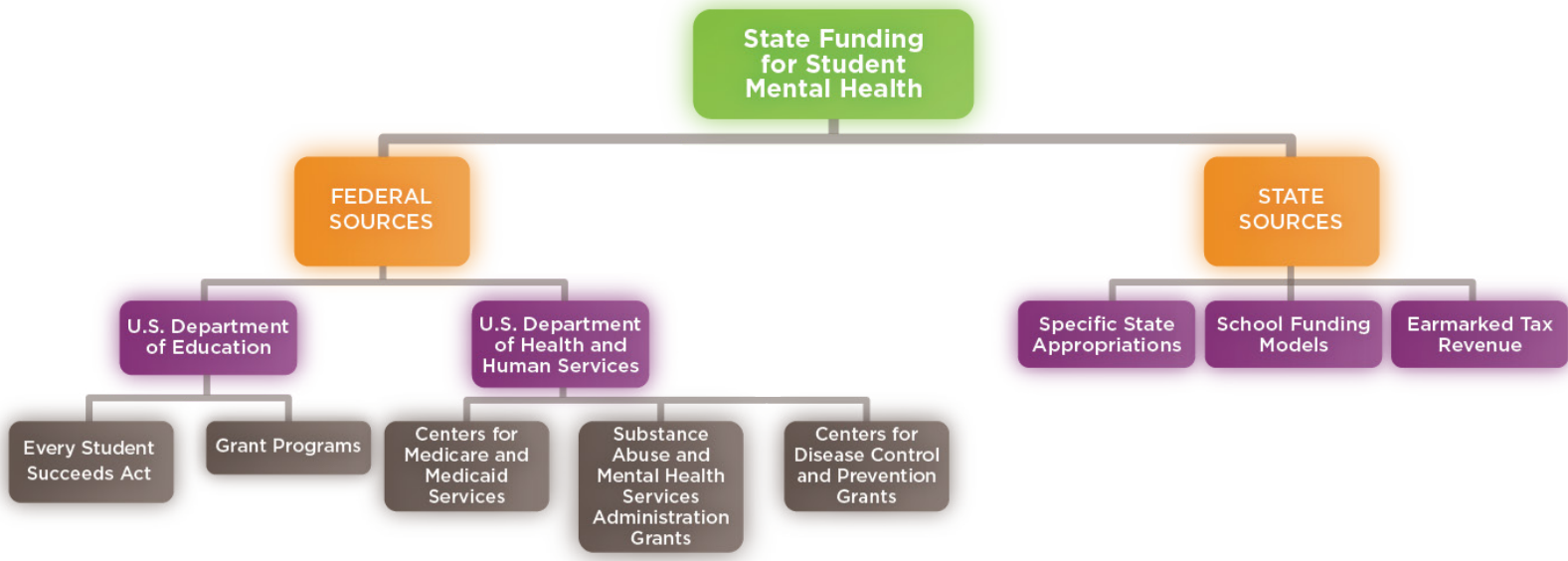


States use funding — from specific state appropriations, school funding models, earmarked tax revenue and several federal sources — to fund student mental health supports and services.

Education systems can support the full continuum of student mental wellness — including universal prevention and wellness promotion, early identification, targeted intervention and treatment.

About [7.7 million](#) U.S. children experience a mental health disorder each year.

In order to support the [whole child](#) throughout their educational experience, state leaders may explore how to effectively use financial resources to provide mental health services and supports to students. Funding for student mental health is used to support a variety of activities and comes from several sources, including various state and federal funding streams. This Policy Brief explores and describes common sources of funding that states use to support K-12 school-based mental health programming and provides an overview of how states use those sources of funding to serve students.



In this analysis, “state funding for student mental health” includes funding that comes directly from the state government, as well as federal funding that is administered by state agencies and departments.

Common Funding Sources

States use a variety of funds from federal sources as well as their own budgets to support student mental wellness. In addition to funding from the U.S. Department of Education and the U.S. Department of Health and Human Services, states also use funds provided through specific appropriations in the state budget, allocations made through the school funding model and tax revenue earmarked for programs or activities. The following sections provide an overview of some of the most common funding sources used and the types of student mental health activities these funds support.

Federal Sources

U.S. DEPARTMENT OF EDUCATION

The U.S. Department of Education offers several options for financially supporting student mental health. In addition to using funds authorized through the [Every Student Succeeds Act](#), states can also obtain funding through a number of grant programs.

Currently, nearly all states (see [Appendix A](#)) specifically reference the use of ESSA funds for the provision of student mental health

supports or services in their state plans, most often in [Title IV, Part A](#), specifically the [Student Support and Academic Enrichment](#) program. Through this program, states make grants to local education agencies, which must [use a portion of those funds](#) to improve school climate, school safety, and/or student mental and behavioral health. In doing so, local education agencies might choose to implement screening and early-intervention programs, improve school-community partnerships, provide mental health first-aid training and/or implement positive-behavior interventions. Some states also explicitly reference the use of ESSA [Title II](#) funds for educator training in issues related to student mental health in their state plans.

In addition to ESSA funds, the U.S. Department of Education provides funds to states through competitive grant programs. State education agencies currently have access to at least four grant programs under this umbrella:

- Under the [School-Based Mental Health Services Grant Program](#), states receive funding to increase the number of qualified mental health service providers in districts with demonstrated need. Through this grant, state education agencies work with districts to provide telehealth services, student-loan repayment for service providers, promotion of cross-state licensing, and certification reciprocity and incentives for hiring. [Current recipients](#) of this grant for the 2021-26 round of funding are **Nevada, New Mexico, Ohio, Rhode Island, Virginia** and **Wisconsin**.
- The [Trauma Recovery Demonstration Grant Program](#) provides funds to state education agencies for programs that expand access to mental health services for students from low-income families who have experienced trauma. The U.S. Department of Education

awarded a total of \$6.7 million in grants to [five state education agencies](#) for the 2019-24 grant period: **Alaska, Delaware, Hawaii, Louisiana** and **Nevada**.

- The [Mental Health Service Professional Demonstration Grant Program](#) can be accessed by state education agencies or by school districts. The purpose of the grant is twofold: to support efforts to expand the pipeline of high-quality, trained mental health professionals in schools and to provide support for social and emotional learning and mental wellness. While most of these grants are provided directly to districts, there are currently [three state education agencies](#) that receive funding for the 2019-24 cycle: **Louisiana, Montana** and **Virginia**.
- The [School Climate Transformation Grant – State Education Agency Program](#) provides grants to states to support districts and schools in the implementation of an evidence-based, multitiered behavioral framework — such as [Positive Behavior Interventions and Supports](#) (PBIS) — with the ultimate goal of improving behavioral outcomes and learning conditions for all students. Currently, 14 states receive funding through this program: **Colorado, Georgia, Kentucky, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, Ohio, Oklahoma, Rhode Island, Virginia, Washington** and **Wisconsin**.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Funding from the U.S. Department of Health and Human Services to support student mental health can be drawn down from Medicaid or accessed through grants offered by the Substance Abuse and Mental Health Services Administration and the Centers for Disease Control and Prevention.

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) - MEDICAID

Each state operates its own Medicaid program and uses Medicaid funding to support student health in various ways. For example, states may reimburse districts directly for eligible mental health services, reimburse for services delivered in school-based or school-linked health centers, or encourage schools and districts to develop partnerships with Medicaid-eligible providers. While many states currently access these funds to support the delivery of services to students with Individualized Education Plans (IEPs), a [2014 change](#) in federal guidance allowing states to expand their school Medicaid programs and opens opportunities within Medicaid to provide a wider array of supports — including mental health supports — to a broader population of Medicaid-eligible students. This policy change presents a unique opportunity for state education and Medicaid agencies to collaborate to draw down additional federal funds. However, only a [limited number](#) of states have updated their state plans or passed legislation to implement the rule.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION (SAMHSA) - PROJECT AWARE

Of the many grants administered by SAMHSA, [Project AWARE](#) is the most common source of funding used by state education agencies for student mental health. The grants are intended to build state capacity to address these issues, and funded state education agencies are expected to collaborate with state mental health agencies and local education agencies to achieve their objectives.

Currently, at least 40 states (see [Appendix A](#)) are receiving funding through Project AWARE, and several others have used previous funding to build mental health services and supports in their state. While each state uses their grant funding in slightly different ways, the overall purpose of the grant is to:

- Increase awareness of mental health issues among school-aged youths.
- Provide training for school personnel and other connected adults to detect and respond to mental health issues.
- Connect school-aged youths to needed services.

CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) - HEALTHY SCHOOLS PROGRAM

The CDC provides grants to state education agencies to improve student health and academic achievement. While the grant is primarily focused on improving students' physical health, states can use funding to support the implementation of the [Whole School, Whole Community, Whole Child](#) (WSCC) model, which includes several components related to student mental health. Currently, [16 states](#) are funded through this grant and most grantees reference the WSCC model in their approach to improving student health and academic achievement.

STATE EXAMPLES



MASSACHUSETTS In addition to several state sources of funding, Massachusetts uses federal funding through grant programs from the CDC and the U.S. Department of Education, as well as ESSA and Medicaid, to support student mental wellness efforts. The state uses CDC Healthy Schools [funding](#) to improve

school health environments in districts by implementing the WSCC model. School Climate Transformation Grant [funds](#) bolster previous PBIS [efforts in the state](#) to expand supports provided to schools in several areas — including mental health, opioid- and substance-use prevention, and a multitiered behavioral health support system. Outside of these federal grant programs, CMS approved a state plan amendment to expand reimbursement to all Medicaid-enrolled students and the state’s ESSA plan prioritizes the use of funds for students’ social and emotional development and for their health and safety.



MICHIGAN In addition to using [ESSA Title IV, Part A](#) funds to support school-based mental health and counseling services, including PBIS, Michigan also leverages Medicaid, the state’s School Aid Fund and SAMHSA funding.

In 2019, CMS approved a [state plan amendment](#) that allows districts to be reimbursed for school-based mental health services to Medicaid eligible students, regardless of whether those services were included in an IEP. The state plan amendment also included school social workers and psychologists as providers for which Medicaid reimbursement was allowed. In addition, [Child and Adolescent Health Centers](#) are authorized to bill and to be reimbursed by Medicaid for mental health services provided. The [education budget bill](#) enacted in 2020 requires the departments of education and health and human services to continue to provide licensed behavioral health providers and school mental health and support services to general education pupils while continuing to leverage every Medicaid-match mechanism available to the state. The

legislation also increases the allocation for behavioral health providers in schools and the allocation for Intermediate School District mental health and support services.

The state department of education has received SAMHSA Project AWARE funding in 2014 and 2020. The [current grant](#) is being implemented in collaboration with the department of health and human services and several intermediate school districts in the state with the goals of raising awareness about school-aged mental health, providing youth mental health first-aid training, and increasing access and connections to school and community-based services.



NEVADA In the state’s [ESSA plan](#), Nevada outlines opportunities to blend and braid Title IV, Part A funds with current

state sources to support several activities related to student mental health, including funding for school social workers. By increasing access to social workers and other mental health professionals, these funds may bolster state efforts to support intervention and treatment services to students and families who are struggling with food and shelter insecurity, behavioral health concerns, and/or overcoming trauma. Additionally, the state education department was [recently awarded funding](#) through two U.S.

Department of Education grants: the School-Based Mental Health Services Grant Program and the Trauma Recovery Demonstration Grant Program. Through the School-Based Mental Health Services Grant Program, the state department of education plans to partner with the Nevada system of higher education to expand the pipeline of qualified mental health service providers in schools. The state [plans to use funds](#) received through the Trauma Recovery Demonstration Grant

Program to increase school and community awareness of trauma, bolster the workforce of licensed mental health professionals and expand access to treatment by promoting the use of telehealth.

State Sources

In addition to using federal sources of funding, many states devote their own resources to student mental health supports and services — most often through specific state appropriations, school funding model allocations and earmarked tax revenue.

SPECIFIC STATE APPROPRIATIONS

At least 37 states (see [Appendix A](#)) appropriate funds specifically for activities related to student mental health in their state budgets and outside of the funds distributed through their school funding model. In addition to appropriating funds from state education budgets, some states also provide funds from their state health, human services and juvenile justice budgets, among others, possibly indicating some degree of collaboration among these agencies in delivering services and supports to students. In those states that specifically appropriated funds for student mental health in their budget bills, funds are directed toward several services, supports and activities, including:

- School mental and behavioral health professionals.
 - State grant and pilot programming.
 - Direct mental health services or service expansion.
 - Training for educators.
 - Resource development.
- Community school models.
 - Trauma-informed services.
 - Suicide prevention.
 - Youth mental health first aid.


SCHOOL FUNDING MODELS


At least 11 states (see [Appendix A](#)) allocate resources to student mental health services directly through their school funding models, often in the form of a resource allocation for support staff in schools, including student mental health professionals. For example, in **North Carolina**, [allotments](#) for certified instructional support personnel positions may be used toward school psychologist positions. Similarly, in **Rhode Island**, the core instruction component of the [state foundation education aid](#) includes psychologists and counselors in the pupil, teacher and program support category.


EARMARKED TAX REVENUE

There are a limited number of states that specifically target tax dollars for student mental health efforts. For example, in **California**, funds from [Proposition 63](#) are used to fund activities authorized under the [Mental Health Services Act](#), which include various services and supports for school-aged youths, such as childhood-trauma prevention and early-intervention efforts as well as mental health outreach and engagement strategies. In **Arkansas**, the [School-Based Health Center Grant program](#) is funded, in part, by the state tobacco excise tax established in 2009. The program is a collaboration among the state education agency and several state health agencies. Funds are used to promote student health and wellness, including services and supports to address student mental health.


STATE EXAMPLES

 **COLORADO** The [state budget bill](#) enacted in 2020 appropriates funds to the state department of education and the public health department to provide services in school-based health centers and to develop a mental health resource bank and a behavioral health care professionals grant program. State funding through [Amendment 23](#), along with CDC Healthy Schools funding, is used to provide [Student Wellness Program](#) grants across the state. These grants support the implementation of the [WSCC model](#), including efforts to support the physical, mental, emotional and social needs of students. Colorado also uses revenue generated through the [Marijuana Tax Cash Fund](#) to enhance the presence of school health professionals, including nurses, psychologists, social workers and counselors through the [School Health Professional Grant Program](#).

 **FLORIDA** The [state budget bill](#) enacted in 2020 appropriates \$100 million to the department of education — an increase of \$25 million over the previous year — for mental health initiatives. The funds are to be allocated through the state school funding model's [mental health assistance allocation](#). School districts may also certify funds — reimbursable by Medicaid — for certain school-based services, including behavioral and mental health services. In addition, [legislation](#) enacted in 2020 authorized the implementation of the free-care rule, expanding the eligibility for Medicaid reimbursable school-based behavioral and mental health services to all students who are Medicaid eligible.

 **PENNSYLVANIA** Pennsylvania braids several sources of funding to provide a variety of mental health services.

Using money from multiple state, federal and private sources, the state has been able to fund a variety of grant programs geared toward mental health in schools. In 2020, multiple districts in the state received [funding](#) for trauma-informed approaches to education, including increasing student and employee access to trauma-support services and behavioral health care as outlined in [statute](#). The state also administers the [Student Assistance Program](#), which aims to address student mental and behavioral health concerns and which started in 1984 as a [pilot program](#) at the secondary level funded through the Pennsylvania Department of Health's Office of Drug and Alcohol Programs. Funding for the program evolved since its inception, and it is now sustained at both the elementary and secondary level through [funding](#) from multiple state agencies and grants.

 **WISCONSIN** While Wisconsin uses funds from several different sources, their commitment of state resources is notable as the 2019-21 state budget [doubles](#) funding for school mental health programs. The state also provided funding to create the [school-based mental health services collaboration grant](#) for school districts and independent charter schools to provide mental health services to pupils in collaboration with community health agencies. According to the department of public instruction, strategies for collaboration may include co-locating community health clinics in schools and providing screening and intervention services. In addition to making significant state investments in student mental health, Wisconsin is also using federal funds through the [School-Based Mental Health Services Grant](#) and taking a [multifaceted approach](#) to recruiting and retaining school mental health professionals.

Other Funding Sources

This brief focuses on state funding for student mental health supports. However, there are several potential sources of funding that can support local level efforts directly. While a thorough analysis of these sources is outside the scope of this brief, by being aware of these opportunities, states can support interested districts in pursuit of these resources and ensure that any complementary efforts at the state level are coordinated.

In addition to funding that flows from the federal government to the state, there are several federal funding streams available to directly support districts in their efforts to improve student mental health. Some of these resources include:

- U.S. Department of Education: [School Climate Transformation Grant-LEA](#)
- U.S. Department of Education: [Project Prevent Grants \(Cohort 2\)](#)
- U.S. Department of Health and Human Services, Health Resources and Services Administration: [School-Based Health Center Capital Program](#)

Additionally, school districts and school leaders could choose to direct a portion of their discretionary funding to student mental health supports and services. Funds acquired through foundation grants could also bolster financial supports for student mental health efforts at the local level.

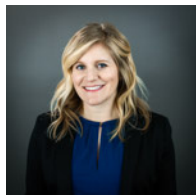
Policy Considerations

Given the various options available for states to fund student mental health services and supports, state policy leaders may consider:

- Conducting a landscape analysis of existing supports, services and funding, as well as other available funding streams, to support student mental health.
- Determining whether there are gaps in services and supports that might be addressed through additional funding and/or creative use of existing resources.
- Collaborating with state leaders in health, public health and human services departments to determine opportunities for blending and braiding current funding and, where needed, identifying and seeking new funding.
- Exploring the potential for expanding opportunities to draw down federal Medicaid funds for school health services provided to all Medicaid-eligible students.
- Leveraging Medicaid funds by enabling and encouraging the development of community provider partnerships and contracts.
- Ensuring adequate access to in-school or in-district mental health professionals to provide holistic support to students across the continuum, including wellness promotion, prevention, early identification and intervention.
- Diversifying funding sources to improve the flexibility and sustainability of student mental health services and supports.

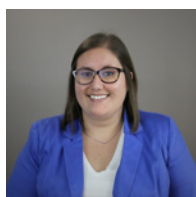
About the Authors

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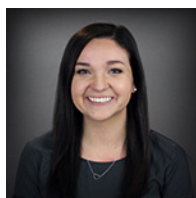
As a senior policy analyst, Alyssa focuses on various policy topics, including school climate and discipline; accountability and school improvement; and student health. Prior to joining Education Commission of the States, Alyssa earned a master's degree in international studies from the University of Denver and worked in public health policy. Alyssa is passionate about providing state policymakers with the research and information they need to ensure that all students have access to an excellent education. When Alyssa is not researching education policy trends, she can be found traveling, visiting her family or enjoying the Colorado mountains. Contact Alyssa at arafa@ecs.org.

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As a senior policy analyst, Meghan works on K-12 accountability and early childhood education, among other P-20 education policy topics. Prior to joining Education Commission of the States, Meghan spent six years at the National Conference of State Legislatures, focusing on human services policy, and earlier, at the Colorado General Assembly as a legislative aide. Meghan believes that education has a tremendous impact on, and is greatly influenced by, other governmental systems, including child welfare, public assistance, housing and health. Contact Meghan at mmccann@ecs.org.

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As a policy researcher, Cassidy supports the Policy Team by tracking legislation and responding to information requests on a variety of education policy issues. Prior to joining Education Commission of the States, Cassidy completed her bachelor's degree in political science and psychology at the University of Colorado Boulder. Cassidy is passionate about providing state leaders with quality information to support them in improving education systems for all students. Contact Cassidy at cfrancies@ecs.org.

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Appendix A: 50-State Scan

The information included here captures high-level categories of funding for student mental health. Information contained in each of the broad categories includes:

STATE

- **Specific State Appropriations:** States that have appropriated specific funding through the state budget outside of the school funding model.
- **Other:** States that provide financial resources through their state school funding model and/or through earmarked tax-revenue sources.

U.S. DEPARTMENT OF EDUCATION

- **ESSA:** Based on a review of state ESSA plans, states that prioritize the use of authorized ESSA funds for activities related to student mental health and wellness.
- **Other Grants:** States that access U.S. Department of Education funding through one of the competitive/discretionary grant programs described in the brief.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Medicaid:** States that allow school districts to seek reimbursement or bill for mental health services or supports for the general population of Medicaid-eligible students.
- **Other Grants:** States that utilize grant funding through SAMHSA and/or CDC to support student mental health.

	STATE		U.S. DEPT. OF EDUCATION		U.S. DEPT. OF HEALTH AND HUMAN SERVICES	
	Specific State Appropriations	Other	ESSA	Other Grants	Medicaid	Other Grants
Alabama	X		X			X
Alaska	X		X	X		X
Arizona	X					X
Arkansas	X	X	X			X
California	X	X			X	X
Colorado	X	X	X	X	X	X
Connecticut	X		X			X
Delaware	X		X	X		X

	STATE		U.S. DEPT. OF EDUCATION		U.S. DEPT. OF HEALTH AND HUMAN SERVICES	
	Specific State Appropriations	Other	ESSA	Other Grants	Medicaid	Other Grants
D.C.	X		X			X
Florida	X	X			X	
Georgia	X	X	X	X		X
Hawaii			X	X		X
Idaho			X			X
Illinois	X	X	X			X
Indiana	X		X			X
Iowa	X	X	X			
Kansas			X			
Kentucky	X		X	X	X	X
Louisiana		X	X	X	X	X
Maine	X		X			X
Maryland	X		X			X
Massachusetts	X	X	X	X	X	X
Michigan	X		X	X	X	X
Minnesota	X		X	X		X
Mississippi			X			X
Missouri			X		X	X
Montana	X	X	X			X
Nebraska			X			X
Nevada	X		X	X	X	X
New Hampshire	X		X	X	X	X

	STATE		U.S. DEPT. OF EDUCATION		U.S. DEPT. OF HEALTH AND HUMAN SERVICES	
	Specific State Appropriations	Other	ESSA	Other Grants	Medicaid	Other Grants
New Jersey	X		X			
New Mexico			X	X	X	X
New York	X		X			X
North Carolina	X	X	X		X	X
North Dakota	X		X			
Ohio	X		X	X		X
Oklahoma			X	X		X
Oregon	X		X			X
Pennsylvania	X		X			X
Rhode Island		X	X	X		X
South Carolina	X					X
South Dakota			X			X
Tennessee	X	X	X			X
Texas	X					X
Utah	X					X
Vermont			X			X
Virginia	X		X	X		
Washington	X	X	X	X		X
West Virginia	X	X	X			X
Wisconsin	X		X	X		X
Wyoming			X			X