

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4112-01  
Bill No.: HB 1692  
Subject: Children and Minors: Education, Elementary and Secondary; Elementary and Secondary Education Department  
Type: Original  
Date: March 3, 2008

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Bill Summary: Establishes the Missouri Preschool Plus grant program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	Up to (\$75,000,000)	Up to (\$75,000,000)	Up to (\$75,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Up to (\$75,000,000)</b>	<b>Up to (\$75,000,000)</b>	<b>Up to (\$75,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state that, based on historical costs associated with the Missouri Preschool Program, costs are estimated at \$150,000 for the first year of a new preschool classroom of 20 students with one teacher and \$120,000 for subsequent years. There is no way to determine how many of the 10,000 students in the pilot will be in families that are at least 200% of the poverty level, so for calculation purposes, this fiscal note provides estimates as if all students are getting free services. Depending upon the extent to which family income is less than 200% of the poverty level, the fiscal impact could be substantially less than what is calculated here.

The proposal indicates the pilot will serve up to 10,000 students. DESE cannot determine how many programs will be established in the first year or subsequent years so for calculation purposes, this fiscal note provides estimates as if all 10,000 students are served in the first year. Depending upon the extent to which programs are established, costs could be less than what is calculated here.

### *First Year*

New Programs	500
Cost per new program	<u>\$ 150,000</u>
Total cost for First Year	<u><u>\$75,000,000</u></u>

### *Second Year*

2nd year programs	500
Cost per existing programs	<u>\$ 120,000</u>
	<u>\$60,000,000</u>

New programs	100
Cost per new program	<u>\$ 150,000</u>
	<u>\$15,000,000</u>

Total cost for Second Year	<u><u>\$75,000,000</u></u>
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ASSUMPTION (continued)

**Third Year**

3rd year programs	500
Cost per existing programs	<u>\$ 120,000</u>
	\$60,000,000
2nd year programs	100
Cost per existing programs	<u>\$ 120,000</u>
	\$12,000,000
New programs	20
Cost per new program	<u>\$ 150,000</u>
	\$ 3,000,000
Total cost for Third Year	<u><u>\$75,000,000</u></u>

**Oversight** assumes, based on the response from DESE, that costs may be less than the \$75 million dollars per year calculated; therefore, will show the cost to be up to \$75,000,000 per year.

Officials from the **Francis Howell School District** assume DESE would be responsible for fully funding the program, except for the physical space, which is to be provided by the grantee. If the program is implemented in their district, they would use existing space, so there would be no fiscal impact as a result of this proposed legislation.

Officials from the **Marshfield R-1 School District** assume this proposal would cost their district between \$85,000 to \$90,000 for facility space and utilities.

**Oversight** assumes the program would be elective for school districts and expenses would only be incurred if the district chose to participate in the program even if capital costs would occur. For fiscal note purposes, **Oversight** will range the cost to school districts as \$0 to (Unknown - Could exceed \$100,000).

This proposal was sent to several other school districts who did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Cost</u> -Department of Elementary and Secondary Education - Missouri Preschool Plus Grant Program funding	Up to <u>(\$75,000,000)</u>	Up to <u>(\$75,000,000)</u>	Up to <u>(\$75,000,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>Up to</u> <u>(\$75,000,000)</u></b>	<b><u>Up to</u> <u>(\$75,000,000)</u></b>	<b><u>Up to</u> <u>(\$75,000,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - School Districts - Missouri Preschool Plus Grant Program funding	Up to \$75,000,000	Up to \$75,000,000	Up to \$75,000,000
<u>Cost</u> - School Districts - Capital expenses	(Unknown - Could exceed <u>\$100,000)</u>	(Unknown - Could exceed <u>\$100,000)</u>	(Unknown - Could exceed <u>\$100,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown - Up</u> <u>to \$75,000,000</u></b>	<b><u>Unknown - Up</u> <u>to \$75,000,000</u></b>	<b><u>Unknown - Up</u> <u>to \$75,000,000</u></b>

FISCAL IMPACT - Small Business

This proposal could impact small businesses contracting with school districts to implement the program.

### FISCAL DESCRIPTION

This proposed legislation establishes the Missouri Preschool Plus Grant Program, administered by the Department of Elementary and Secondary Education, as a pilot program to serve up to 10,000 students with high quality early childhood education services for four years.

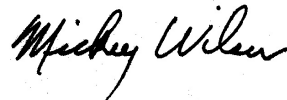
School districts applying for grants must have at least 30% of their students eligible for the federal free or reduced-price school lunch program. A sliding fee scale based on parental income will provide services free of charge to children with a family income less than 200% of the poverty level. School districts must make a commitment for capital expenses and collect data for evaluation on the children through their completion of high school. Programs must coordinate with their local Parents as Teachers Program site and may contract with community-based organizations to manage the programs. Any grantee that is selected will receive full funding.

The provisions of the bill will expire six years from the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
School Districts  
Francis Howell  
Marshfield R-1



Mickey Wilson, CPA  
Director  
March 3, 2008