

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0289-02
Bill No.: SB 132
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department; Boards, Commissions, Committees
Type: Original
Date: February 19, 2013

Bill Summary: This proposal allows school districts to receive state aid for children ages three to five participating in a district-operated pre-kindergarten program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0	\$0 or (\$142,607,736 to \$570,430,944)	\$0 or (\$142,607,736 to \$570,430,944)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0 or (\$142,607,736 to \$570,430,944)	\$0 or (\$142,607,736 to \$570,430,944)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
State School Moneys*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

***Offsetting Transfers In and Out for FY 2015 and FY 2016 are \$0 or \$142,607,736 to \$570,430,944.**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government*	\$0	\$0	\$0

***Offsetting Transfers In and Costs for FY 2015 and FY 2016 are \$0 or \$142,607,746 to \$570,430,944.**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this legislation should not result in additional cost or savings to their agency.

BAP states this proposal will increase the cost of the education foundation formula and defers to the Department of Elementary and Secondary Education for the specific fiscal impact.

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions of fiscal impact:

Estimate of 3 & 4 year-olds based on FY12 kindergarten enrollment	139,742
Estimate of payment - Weighted Average Daily Attendance (WADA)	150,581
Payment estimate at 94%	141,546
Current average payment amount per WADA	\$4,030
Estimated cost of all 3 & 4 year-olds participating	\$570,430,944
Cost of 3 year-olds attending 2 <u>full</u> days per week and 4 year-olds at 3 <u>full</u> days per week	\$285,215,472
Cost of 3 year-olds attending 2 <u>half</u> days per week and 4 year-olds at 3 <u>half</u> days per week	\$142,607,736

DESE states there is no way to know the number of students that would enroll in pre-kindergarten under the terms of this proposal; however, these estimates depict a potential range. It should be noted that if school districts can count pre-kindergarten for state aid, the numbers could increase significantly from those presented here.

Oversight assumes the provisions of this proposal only go into effect the school year after a school year of full funding of the foundation formula. Not knowing when or if the formula will be fully funded during the scope of this fiscal note, Oversight will show fiscal impact of \$0 or (\$142,607,736 to \$570,430,944) for FY 2015 and FY 2016. Since the formula was not fully funded in FY 2013, funding for the program would not be available for FY 2014.

FISCAL IMPACT - State Government

FY 2014
 (10 Mo.)

FY 2015

FY 2016

GENERAL REVENUE

Transfer Out - State School Moneys Fund
 - State aid for pre-kindergarten

	\$0 or	\$0 or
	(\$142,607,736	(\$142,607,736
	to	to
\$0	<u>\$570,430,944)</u>	<u>\$570,430,944)</u>

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

	\$0 or	\$0 or
	(\$142,607,736	(\$142,607,736
	to	to
\$0	<u>\$570,430,944)</u>	<u>\$570,430,944)</u>

STATE SCHOOL MONEYS FUND

Transfer In - General Revenue - State aid
 for pre-kindergarten

	\$0 or	\$0 or
	\$142,607,746 to	\$142,607,746 to
\$0	\$570,430,944	\$570,430,944

Transfer Out - School districts - State aid
 for pre-kindergarten

	\$0 or	\$0 or
	(\$142,607,736	(\$142,607,736
	to	to
\$0	<u>\$570,430,944)</u>	<u>\$570,430,944)</u>

**ESTIMATE NET EFFECT ON
 STATE SCHOOL MONEYS FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2014
 (10 Mo.)

FY 2015

FY 2016

LOCAL POLITICAL SUBDIVISIONS

Transfer In - School Districts - State aid
 for pre-kindergarten

	\$0 or	\$0 or
	\$142,607,746 to	\$142,607,746 to
<u>\$0</u>	<u>\$570,430,944</u>	<u>\$570,430,944</u>

Costs - School Districts - Education
 expenses

	\$0 or	\$0 or
	(\$142,607,746	(\$142,607,746
<u>\$0</u>	to	to
	<u>\$570,430,944)</u>	<u>\$570,430,944)</u>

**ESTIMATED NET EFFECT ON
 POLITICAL SUBDIVISIONS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses providing day care could have a negative fiscal impact as a result of this proposal.

FISCAL DESCRIPTION

This act would allow a school district that operates a pre-kindergarten program to receive state funding through the foundation formula for students between the ages of three and five. The district must provide full-day kindergarten and meet standards established by the State Board of Education. This act would become effective in the school year after the school year in which the foundation formula is fully funded and would remain in effect in any succeeding year. This act does not require school attendance beyond what is required under the state's compulsory attendance law and does not change or modify the state's kindergarten attendance age statutes.

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
Office of Administration
Division of Budget and Planning



Ross Strobe
Acting Director
February 19, 2013