

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1520-02
Bill No.: HB 596
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils
Type: Original
Date: April 9, 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	\$0 or (\$142,607,736 to \$570,430,944)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$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 Other State Funds	\$0	\$0	\$0

***Offsetting Transfers In and Out for 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 2016 are \$0 or \$142,607,736 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.

DESE assumes that §163.018.2 indicates that the provisions of the section shall become applicable in any school year subsequent to a school year in which the formula is fully funded. DESE does not believe the formula can be fully funded within the scope of the fiscal note; therefore, the impact of this proposal appears to be zero for the term presented in the fiscal note.

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. Oversight will show fiscal impact of \$0 or (\$142,607,736 to \$570,430,944) for FY 2016, assuming the possibility that full funding of the

ASSUMPTION (continued)

formula could occur in FY 2015. Since the formula was not fully funded in FY 2013, and it does not appear full funding will be available for FY 2014, funding for the this program would not be available until FY 2016 at the earliest.

Officials from the **Department of Social Services - Children's Division** assume this legislation is not a mandate for a 3-5 year old pre-kindergarten program so there is no fiscal impact to the Children's Division.

Officials from the **Parkway School District** assume no cost to their district. They anticipate a possible increase of up to \$250,000 in additional funding.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Transfer Out</u> - State School Moneys Fund - State aid for pre-kindergarten	<u>\$0</u>	<u>\$0</u>	\$0 or (\$142,607,736 to <u>\$570,430,944</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$142,607,736 to \$570,430,944)</u>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue - State aid for pre-kindergarten	<u>\$0</u>	<u>\$0</u>	\$0 or \$142,607,736 to <u>\$570,430,944</u>
<u>Transfer Out</u> - School districts - State aid for pre-kindergarten	<u>\$0</u>	<u>\$0</u>	\$0 or (\$142,607,736 to <u>\$570,430,944</u>)
ESTIMATE NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - School Districts - State aid for pre-kindergarten	\$0	\$0	\$0 or \$142,607,736 to \$570,430,944
<u>Costs</u> - School Districts - Education expenses	<u>\$0</u>	<u>\$0</u>	\$0 or (\$142,607,736 to <u>\$570,430,944</u>)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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.

L.R. No. 1520-02
Bill No. HB 596
Page 6 of 6
April 9, 2013

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration
Division of Budget and Planning
School Districts
Parkway



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April 9, 2013