

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 22, 2003

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3097 by Madden (Relating to the enrollment and absence of students in what constitutes a school year in public primary and secondary schools.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3097, As Introduced: a positive impact of \$37,000,000 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$18,500,000
2005	\$18,500,000
2006	\$18,500,000
2007	\$18,500,000
2008	\$18,500,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from FOUNDATION SCHOOL FUND 193
2004	\$18,500,000
2005	\$18,500,000
2006	\$18,500,000
2007	\$18,500,000
2008	\$18,500,000

Fiscal Analysis

The bill amends several provisions relating to student attendance and admission eligibility, and includes a number of provisions relating to required days of attendance and parental notification requirements that do not have fiscal impact.

Section 4 of this bill amends Section 25.001(b) of the Texas Education Code which currently describes eligibility for public education based on the age of a child as of September 1 of the school year for which admission is sought. This bill changes eligibility from the first day of September to the first day of the school year. This change does have fiscal implications as described below.

Methodology

The provisions that change the eligibility for kindergarten would require about 8,000 children in average daily attendance that would otherwise be expected to enter kindergarten in 2004-05 to delay entry into kindergarten until the 2005-06 school year. The figure is based on 10 days worth of birthdates (August 21 to August 31), and in some years the number of disqualified students could be substantially higher. Students that reach age five between the first day of school and August 31st would no longer be eligible for funding under the Foundation School Program, unless enrolled in a prekindergarten program.

For students that do not meet the age eligibility in the bill, there are three possible outcomes. There are 4,220 estimated students that would meet prekindergarten eligibility for whom enrollment in prekindergarten would be an alternative to kindergarten. This estimate of students is based on 10 days worth of prekindergarten enrollments. For the remaining 3,845 students, enrollment would not be permitted in either kindergarten (for students who do not meet the age eligibility) or prekindergarten (for students who do not meet the income/LEP/homeless eligibility requirement). The reduced kindergarten enrollment for the 2004-05 school year would have implications for state aid under the Foundation School Program for that school year and beyond. The number of children entering kindergarten would return to normal levels in 2005-06, but the smaller cohort from the 2004-05 school year would continue to progress through grades 1-12 over time. If it is assumed that children less than five-years old who were enrolled in prekindergarten programs were allowed to enter kindergarten with eligibility for full-day attendance, the reduction in state aid would be about \$18.5 million per year based on 3,845 fewer ADA. The reductions in state aid would persist until the smaller cohort graduates in fiscal year 2017.

Local Government Impact

The bill would likely result in the loss of approximately \$18.5 in state aid annually based on a cost per ADA of \$4,800 and approximately 3,845 fewer ADA. The delay of kindergarten entry for about 8,000 students would create a one-time reduced-size cohort that would eventually work its way out of the system with the graduation of the group in fiscal year 2017.

Source Agencies: 701 Central Education Agency

LBB Staff: JK, JO, CT, UP, PQ