

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 24, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1487 by Eissler (Relating to the age of children for whom public school kindergarten must be provided.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1487, As Introduced: a positive impact of \$378,600,000 through the biennium ending August 31, 2007.

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
2006	\$189,300,000
2007	\$189,300,000
2008	\$189,300,000
2009	\$189,300,000
2010	\$189,300,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193
2006	\$189,300,000
2007	\$189,300,000
2008	\$189,300,000
2009	\$189,300,000
2010	\$189,300,000

Fiscal Analysis

The bill would change the eligibility requirements for kindergarten to require a child to be age five by the first of June preceding the school year in which the child would enroll in public school instead of the current law cut off date of September 1st in the enrollment year. Funding would be amended to reflect the change in eligibility.

Methodology

The Texas Education Agency (TEA) believes that in practice school districts allow children who are not age 5 by September 1st to enroll in kindergarten if they have been enrolled in prekindergarten in the previous school year. The provisions of the bill do not specifically address this practice. For purposes of this estimate, it is assumed that this practice would continue.

If it were assumed that children who turn 5 between June 1st and August 31st and who were enrolled in prekindergarten during the 2004-05 school year could be enrolled in public kindergarten for the 2005-06 school year, 39,550 children would be required to delay enrollment in kindergarten under the provisions of the bill. The effected children would no longer be eligible for funding under the Foundation School Program (FSP) unless enrolled in prekindergarten program.

The reduced kindergarten enrollment for the 2005-06 school year would have implications for state aid under the FSP. Kindergarten enrollment would return to normal levels in 2006-07, but the smaller cohort of kindergarten enrollees for the 2005-06 school year would continue to have implications for the FSP as it progressed through grades 1 through 12. Assuming that students enrolled in prekindergarten in 2004-05 would be permitted to enroll in kindergarten in 2005-06 regardless of when they turn 5, the reduction in state aid associated with the provisions of the bill would be an estimated \$189,300,000 in fiscal year 2006 and each year until the cohort graduates in fiscal year 2018.

If it were assumed that the provisions of the bill would prohibit all children who turn 5 after the June 1st cut-off date from enrolling in kindergarten regardless of whether or not they were enrolled in prekindergarten, 85,550 children would be required to delay kindergarten enrollment until the 2006-07 school year. Assuming that such children could be enrolled in a prekindergarten program for a second year in 2005-06, about 46,000 additional students could be enrolled in prekindergarten. Based on these assumptions, the reduction in state aid associated with the provisions of the bill would be an estimated \$300,000,000 in fiscal year 2006 and each year until 2018.

Local Government Impact

The bill would result in a loss of state aid through the FSP to school districts of \$189.3 million annually until fiscal year 2018.

Although specific implications for staffing and instructional expenditures would vary widely among districts, there would be implications for local expenditure patterns based on reduced state aid resulting from the one-time reduced-size cohort every year until the cohort graduates in 2018. It is not likely that all districts would be able to temporarily reduce staffing levels to offset the loss of aid resulting from the smaller cohort.

If students under 5 as of May 31st who had been in prekindergarten in 2004-2005 were allowed to enroll in kindergarten, the number of kindergarten sections could temporarily be reduced by about 443 sections. Assuming an average teacher salary of about \$41,009 in 2004-2005, the temporary elimination of 443 sections would result in savings of about \$18 million. The reduction in expenditures of \$18 million would not completely offset the loss of state aid under this scenario of \$189 million. Since the reduced need for kindergarten teachers would be temporary, it is not clear that districts would in reality be able to reduce the number of sections offered.

If students who are not age five by June 1st who had been in prekindergarten in 2004-2005 were not allowed to enroll in kindergarten, but were allowed to repeat prekindergarten, the number of kindergarten sections could temporarily be reduced by about 2,452 while about 732 additional prekindergarten sections would be temporarily needed. Assuming an average teacher salary of about \$41,009 in 2004-2005, the temporary elimination of 2,452 sections would result in savings of about \$100.5 million, and the temporary addition of 732 (half-day) sections of prekindergarten would add offsetting costs of about \$15 million for a net reduction in expenditures of \$85.5 million. This net reduction in expenditures of \$85.5 million would not completely offset the loss of state aid of \$300 million. Since the reduced need for kindergarten teachers would be temporary, it is not clear that districts would in reality be able to reduce the number of sections offered.

Source Agencies: 701 Central Education Agency

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