

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 14, 2005

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

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

IN RE: SB23 by Zaffirini (Relating to subsidized child-care services and early childhood care and education program coordination.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB23, As Introduced: a negative impact of (\$2,000,000) 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 | (\$1,000,000) |
| 2007 | (\$1,000,000) |
| 2008 | (\$1,000,000) |
| 2009 | (\$1,000,000) |
| 2010 | (\$1,000,000) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from GENERAL REVENUE FUND 1 |
|--------------------|--|
| 2006 | (\$1,000,000) |
| 2007 | (\$1,000,000) |
| 2008 | (\$1,000,000) |
| 2009 | (\$1,000,000) |
| 2010 | (\$1,000,000) |

Fiscal Analysis

The bill would amend §29.155, Education Code pertaining to the prekindergarten grant program to require that a portion of the appropriation for that program be set aside for the purpose of coordinating early childhood care and education programs and developing and disseminating instructional and school readiness materials to such programs.

The bill would add §29.1561, Education Code to require the commissioner of education to establish a program to award financial incentives to providers of early childhood care and education who provide coordinated services with prekindergarten and Head Start programs.

The bill would amend §29.160, Education Code to expand the authorization for coordinated demonstration programs from one or more programs to three or more programs.

The bill would take effect September 1, 2005.

Methodology

The bill would require that a portion of the amount appropriated for the prekindergarten grant program be used to provide for coordinated programs and the development and dissemination of instructional and school readiness materials to such programs. Currently this provision is permissive. The bill's requirement for the Texas Education Agency to provide certain statewide activities would result in a reduction in grant funds to school districts for pre-kindergarten programs estimated to be \$2 million per year.

The bill would require the commissioner of education to establish a program to award financial incentives to providers of early childhood care and education who provide coordinated services with prekindergarten and Head Start programs. Because there is no statutory authority for the use of Foundation School Program or prekindergarten grant funds for the purpose of establishing the required incentive program, it is assumed that a separately appropriated amount would be required to implement this provision. An annual amount of \$1.0 million has been proposed for similar incentive programs related to cooperative administrative services arrangements. It is assumed for the purpose of this estimate that a similar funding level would meet the intent of this proposed legislation.

The bill would change the authorization for demonstration programs of coordinated service arrangements to allow three or more demonstration sites. Current law allows one or more demonstration sites. Since three or more sites would appear to be authorized under current law, no specific impact is anticipated.

Local Government Impact

To the extent that a lesser amount of funds is distributed to school districts for the implementation of full-day prekindergarten programs as a result of the set aside established by the bill, there could be a local fiscal impact. The bill does not stipulate a specific amount for the set aside.

No other significant local fiscal impact is anticipated.

Source Agencies: 701 Central Education Agency

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