

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 11, 2009

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

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

IN RE: SB21 by Zaffirini (Relating to an enhanced quality full-day prekindergarten program provided by public school districts in conjunction with community providers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB21, As Introduced: a negative impact of (\$623,066,439) through the biennium ending August 31, 2011.

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
2010	(\$274,176,651)
2011	(\$348,889,788)
2012	(\$426,353,765)
2013	(\$506,188,005)
2014	(\$515,299,389)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2010	\$0	(\$274,176,651)
2011	\$0	(\$348,889,788)
2012	(\$150,000)	(\$426,203,765)
2013	\$0	(\$506,188,005)
2014	\$0	(\$515,299,389)

Fiscal Analysis

The bill would establish an Enhanced Quality Full Day Prekindergarten program to serve students meeting current Prekindergarten eligibility requirements. The bill would require that school districts that choose to offer the program use at least 20 percent of the additional Foundation School Program funds to which the district is entitled under the provisions of the bill to contract with community providers meeting certain requirements indicating a high-quality program.

The bill would require the Texas Education Agency to contract for an evaluation at a cost not to exceed \$150,000 per year with a preliminary report due to the legislature in December 2010 and the final report due in December 2012.

The bill would entitle school districts choosing to offer the program to additional Foundation School Program funding through the Enhanced Quality Full Day Prekindergarten Allotment per student in average daily attendance in the program equal to the school district's adjusted basic allotment multiplied by 0.2.

The bill would apply beginning in the 2009-10 school year.

Methodology

This estimate assumes that the bill's revisions to Section 29.153 of Education Code render students participating in a full-day prekindergarten program as eligible for full-day average daily attendance (ADA) for purposes of calculating a school district's entitlement under the Foundation School Program (FSP). It is also assumed that the requirements of the enhanced program as well as facility/staffing capacity issues would make it likely that districts would not immediately enroll all currently-served students in a full-day program. Therefore, the estimate assumes that 40 percent of students currently served in tuition-free prekindergarten programs would be served in the Enhanced Quality Full Day program in FY2010 and that participation increases by 10 percent per year for the next three years.

The number of FSP-eligible prekindergarten ADA in FY2009 is estimated to be 89,300. For purposes of this fiscal note, this population is estimated to grow annually at the same rate as the student population as a whole, approximately 1.85 percent. Based on these assumptions, the additional cost of full-day FSP eligibility, including the additional 0.2 Enhanced Quality Full Day Prekindergarten Allotment, is estimated at \$274 million in FY2010 and \$349 million in FY2011, increasing to \$515 million in FY2014.

This estimate does not account for the possibility of increased participation among students currently eligible for tuition-free prekindergarten who do not currently participate. A shift from half-day to full-day programs could drive additional enrollment among this population. To the extent that participation increases beyond the assumptions, costs would increase. Also, the population of students currently served in a full-day prekindergarten program through the state's Prekindergarten Early Start Grant program are assumed to continue to be served under that program.

To the extent that additional teachers would be hired to meet requirements of the program, state costs for TRS contributions would increase. Actual costs would depend upon the number and compensation levels of teachers hired.

The bill would require the Commissioner to contract for an evaluation of the Enhanced Full Day Prekindergarten program estimated to cost \$150,000 in FY2012 in conjunction with the production of the final report.

Local Government Impact

Participation in the program is optional. Participating school districts would receive additional funding through the Foundation School Program through additional ADA and the associated Enhanced Quality Full Day Prekindergarten Allotment. One provision of the bill requires that, not later than the second year of the program, participating school districts would be required to contract with community providers using at least 20 percent of new funding resulting from the provisions of the bill or apply for a waiver from the contracting requirement from the commissioner. Another provision of the bill indicates that districts must reimburse contracted community providers at least the amount of the districts' adjusted basic allotment attributable to students served by the providers.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, JGM, JSc