

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

July 24, 2017

TO: Honorable Dan Huberty, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB140 by Giddings (Relating to calculation of average daily attendance for school districts providing certain full-day prekindergarten programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB140, As Introduced: a negative impact of (\$1,037,071,784) through the biennium ending August 31, 2019.

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
2018	(\$513,910,696)
2019	(\$523,161,088)
2020	(\$532,577,988)
2021	(\$542,164,392)
2022	(\$551,923,351)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$513,910,696)
2019	(\$523,161,088)
2020	(\$532,577,988)
2021	(\$542,164,392)
2022	(\$551,923,351)

Fiscal Analysis

The bill would amend the Education Code to authorize a school district to include a full day of attendance for each prekindergarten student who attends a full-day prekindergarten program offered by the district, provided that the student is eligible for prekindergarten, the district does not charge tuition, and the program complies with the high-quality requirements specified in

Subchapter E-1, Chapter 29, of the Education Code.

The bill would take effect September 1, 2017 if it receives a vote of two-thirds of all members elected to each chamber; otherwise, it would take effect the 91st day after the last day of the legislative session.

Methodology

The Texas Education Agency (TEA) indicates that the average Foundation School Program (FSP) entitlement is approximately \$8,200 per student in Average Daily Attendance (ADA). TEA also indicated that in fiscal year 2016, the ADA for FSP-eligible students was 97,952, and of that amount, 88.2 percent, or 86,394 were four-year olds.

Based on information provided by TEA, this analysis assumes that, upon implementation of the provisions of the bill, 70 percent of, or 60,475 FSP-eligible four-year olds would participate in full-day high quality prekindergarten programs. At an estimated annual growth rate of 1.8 percent, and an average entitlement of \$8,200 per ADA, this analysis assumes estimated costs to the FSP related to the implementation of the bill would be \$513.9 million in fiscal year 2018, \$523.2 million in fiscal year 2019, increasing to \$551.9 million in fiscal year 2022.

Local Government Impact

School districts that choose to operate a full-day prekindergarten program that complies with the requirements regarding high-quality specified in Subchapter E-1, Chapter 29, of the Education Code would receive increased state aid.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, AG, AM, AH