

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 21, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1614 by Dutton (Relating to the eligibility for free prekindergarten programs in public schools of certain children who are eligible for the subsidized child-care program administered by the Texas Workforce Commission.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1614, As Introduced : a negative impact of (\$600,042,694) through the biennium ending August 31, 2025.

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:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|---|
| 2024 | (\$271,238,646) |
| 2025 | (\$328,804,048) |
| 2026 | (\$327,836,581) |
| 2027 | (\$325,932,289) |
| 2028 | (\$323,512,265) |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from Foundation School Fund 193 | Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905 | Probable (Cost) from General Revenue Fund 1 |
|--------------------|--|---|--|
| 2024 | (\$271,192,273) | \$55,918,283 | (\$46,373) |
| 2025 | (\$328,664,929) | \$53,124,188 | (\$139,119) |
| 2026 | (\$327,836,581) | \$55,203,220 | \$0 |
| 2027 | (\$325,932,289) | \$57,805,958 | \$0 |
| 2028 | (\$323,512,265) | \$59,567,051 | \$0 |

Fiscal Analysis

The bill would allow any child who is at least three years of age to be eligible for enrollment in a prekindergarten class if the class would be provided through a partnership between a school district or open-enrollment charter school and certain community-based childcare providers; and the child is eligible for subsidized childcare services provided through the childcare services program administered by the Texas Workforce Commission (TWC).

According to TWC, children are typically already receiving care and participating in TWC's Child Care Services program at a partnering child care program prior to enrolling in a prekindergarten partnership classroom.

This analysis assumes a fiscal impact to the state to serve additional students in prekindergarten.

Methodology

This analysis assumes a total estimated state cost to Foundation School Fund 193 of \$271.2 million in fiscal year 2024, \$328.7 million in fiscal year 2025, decreasing to \$323.5 million in fiscal year 2028. These estimates assume 90,000 additional students would enroll in prekindergarten and would generate half-day attendance for the purposes of determining Foundation School Program funding, as required under current law. This analysis assumes the new students would have an attendance rate of 92.0 percent. The increase from fiscal year 2024 to 2025 is primarily due to the expiration of the formula transition grant after fiscal year 2024. The cost to the Foundation School Fund includes estimated decreases in Recapture Payments - Attendance Credits of \$55.9 million in fiscal year 2024, \$53.1 million in fiscal year 2025, increasing to \$59.6 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

Technology

TEA estimates the cost to develop and implement the bill's data collection requirements would be \$46,373 in fiscal year 2024 and \$139,119 in fiscal year 2025.

Local Government Impact

The bill would require school districts to implement new prekindergarten eligibility criteria, including children who receive subsidized childcare services and attends a class that is provided through a partnership between a school district and a community-based childcare provider.

Source Agencies: 320 Texas Workforce Commission, 701 Texas Education Agency

LBB Staff: JMc, KSk, ASA, SL, MJe