

Fiscal Estimate Narratives

DPI 10/2/2019

LRB Number	19-4057/1	Introduction Number	SB-407	Estimate Type	Original
Description age at which a child may attend four-year-old kindergarten					

Assumptions Used in Arriving at Fiscal Estimate

This bill modifies current law with respect to the age at which a child may begin attending a four-year-old kindergarten (4K) program. Under current law, a child must reach 4 years of age on or before September 1 of the school year to be admitted to a 4K program, except that, a child may be admitted to a 4k program under a school board's policy on early admissions, which school boards have the authority to establish.

This bill would change the date by which a child must reach 4 years of age, from September 1 to December 31 of the school year, in order to attend a 4K program. Additionally, the bill specifies that a child who reaches the age of 4 on January 1 or by June 30 of a school year may be admitted to a 4K program, beginning with the quarter or semester that begins after January 1 in that school year (i.e., a child who turns 4 between January 1 and June 30 could begin attending 4K for the second half of the school year during which the child turns 4 years old).

Finally, the bill requires that for a school district that operated a 4K program in the 2019-20 school year, the district must make its 4K program available to all children [district residents] who meet the age-related criteria proposed under the bill, by the 2025-26 school year (i.e., districts would have five years to prepare for and fully phase in universal access to eligible children in the district). Under current law, a school district that operates a 4K program must make the program available to all pupils residing in the district who meet the eligibility criteria; however, the law provided for a phase-in period for districts, from the 2007-08 school year to the 2013-14 school year, to get universal access in place.

There are 421 school districts in the state, of which 10 are Union High School (UHS) districts that serve pupils in grades 9 through 12, only. Of the 411 school districts that provide elementary programming (K-8 and K-12 school districts), only five district do not offer a 4K program. The number of districts that are starting a new 4K programs decreases each year, as there are so few school district without a 4K program remaining; the Franklin School District just started operating its 4K program in the 2019-20 school year. According to program staff in the department, the five remaining districts without a 4K program have so far not expressed interest in offering a 4K program.

Under current law, a pupil enrolled in a 4K program is counted as 0.5 full time equivalent (FTE) pupil, unless the program provides at least 87.5 additional hours of outreach activities, in which case the pupil is counted as 0.6 FTE pupil. The FTE pupil counts are the basis for the calculations of revenue limit membership and general aid membership.

Local Fiscal Impact: Indeterminate

The primary effect of this bill would be to expand the pool of age-eligible children who could be admitted to a school district's 4K program, to include children who are three years old (3YO) at the time of admission, but who turn four in the time frames specified under the bill. The bill would also have the effect of creating a twice-per-year point of entry for children into the 4K program. Finally, the bill increases the potential for (limited) mixed-aged classrooms. The bill does not change current law with respect to admission requirements to 5K or 1st grade, nor does it allow for entry into 5K or 1st grade in the second half of a school year for children who reach the age of admission between January 1 and June 30.

The bill has the potential to impact the pupil count that is used to calculate revenue limit membership and general/equalization aid membership, in that districts operating 4K programs could see an increase in their 4K membership, due to expanding age-eligibility for 4K. To the extent that families choose a 4K program for their children that are still three years old/almost four years old, a district's 4K pupil count could increase as a result of

this bill. That might be an initial increase over a few years, as the younger eligible children begin to attend, and then level off; or, 4K enrollments may grow gradually over several years, as more families seek 4K programming for those younger children. The department does not have information upon which to base a reasonable estimate of the growth in 4K enrollments if this bill were to become law.

REVENUE LIMIT (for an overview of the revenue limit calculation, see the Attachment to this fiscal estimate)

With respect to a school district's revenue limit, expanding the pool of eligible 4K pupils would create the potential for a higher revenue limit membership, compared to current law. Additional revenue limit membership generally results in a higher revenue limit for a school district, as revenue limit membership is a major driver of each district's revenue limit. However, the revenue limit calculation utilizes a three-year rolling average (3YRA) for membership; thus, the impact of this bill would first be fully realized in the third year in which the newly-eligible children attend the 4K program.

Because enrollment in 4K is optional for families, we do not assume that all districts that offer 4K would immediately experience an influx of children into their 4K programs if this bill were to become law. Many factors enter into a family's decision about whether or not to enroll their child into formal early childhood education settings. While the bill can be said to impact the revenue limit for districts that offer a 4K program, the precise impact cannot be predicted.

GENERAL AID

A district's general aid is calculated using three district-specific factors: general aid membership (FTE), shared costs, and equalized property value. The amount of equalization aid generated by the aid formula depends on a district's shared costs per member and its equalized property value per member, and the district's "position" in the formula (i.e., low-cost/low-property values, low-cost/high-property values, etc.).

The changes to general aid membership resulting from an increased 4K count would impact the district's shared costs/member and property value/member, and the district's position in the formula, relative to other districts. There is not a one-to-one relationship between the change in a district's membership and the impact on general aid eligibility. While the bill can be said to result in a redistribution of aid among school districts, the precise impact on individual districts cannot be predicted.

State: No Impact

The bill does not change state appropriations; thus the bill would have no direct fiscal impact on the state's general fund, or on the department's operations.

Long-Range Fiscal Implications

Attachment to Fiscal Estimate

SB 407 / AB 464 – relating to counting pupils enrolled in four-year-old kindergarten.

Prepared by Erin Fath, DPI

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Current Law Revenue Limit - Overview

School district revenue limits control the total amount of revenue that a school district may raise in a given school year between the state general aid received that year, per the October 15th general aid certification, and property tax levies for general operations. The revenue limit does not control a district's community programs and services levy, or the district's levy related to borrowing for construction/building projects that are approved via referendum. Revenue limits exclude state categorical aids, federal grants, and any other local, non-property tax revenues.

School district revenue limits are calculated each year in the fall, in preparation for setting/certifying the school tax levy (November). Each district's state general aid and controlled property tax levy from the prior year (with some adjustments as prescribed in law) comprise the district's base revenue for the current year revenue limit calculation. The base revenue is divided by the district's prior year three-year rolling average (3YRA) membership to produce a base revenue/member. The per-member adjustment prescribed in state law (\$175 for FY20) is added to the base revenue/member to produce a current year revenue/member amount, which is multiplied by the district's current year 3YRA membership to produce the initial controlled revenue limit for the district. Current law provides for an automatic increase to a specified per-member amount for districts below the specified threshold (the "low revenue ceiling"), and also for a "base hold-harmless" adjustment for districts that have an initial controlled revenue limit that is lower than its total base revenue coming into the current school year.

Additionally, current law provides for an adjustment to the revenue limit for a school district with declining enrollment, which is measured by comparing a district's current three year rolling average membership with its prior year revenue limit membership. If a school district's enrollment declines, its revenue limit is increased in the year of the decline by the amount of additional revenue that would have been allowed had there been no decline in enrollment. This is referred to as the "declining enrollment exemption."

Current law also provides for other base-building ("recurring") and temporary ("non-recurring") exemptions (adjustments) to the revenue limit, based on passage of referendum by voters in the school district, or other, very specific criteria laid out in state law. This bill does not impact any of these other revenue limit "exemptions".