

Fiscal Estimate Narratives

DPI 12/18/2017

LRB Number	17-4380/1	Introduction Number	AB-0709	Estimate Type	Original
Description four-year-old kindergarten and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

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This bill requires each school board, other than the school board of a union high school district, to make four-year-old kindergarten (4K) available to all eligible pupils beginning in the 2019-20 school year. Current law permits, but does not require, the school board of a school district to provide 4K to eligible pupils. Under current law, unless a school board has established standards for early admission to 4K, a pupil who is four years old on or before September 1 in the year that he or she proposes to enter school is eligible for four-year-old kindergarten.

This bill requires the Department of Public Instruction to provide state aid to each school district for the costs to operate a four-year-old kindergarten program in the district. The bill creates a sum sufficient appropriation under s. 20.255 (2) (bk), and includes the proposed 4K state aid in the definition of state aid for revenue limit purposes. This means that the proposed 4K state aid would be treated as a general aid, reducing each school district's levy. The bill does not exclude 4K pupils from pupil counts for general aid and revenue limit membership.

Current law 4K implementation grants under s. 115.445 are repealed under this bill. Under the existing 4K grant program, the Department is required to make payments to eligible school districts over a two-year period, providing \$3,000 per 4K pupil in the first year of the grant, and \$1,500 per 4K pupil in the second year of the grant (payments are prorated if the appropriation is insufficient). The intent of the 4K grant program was to provide school districts with revenue to start a 4K program. School districts do not realize the full value of 4K pupils in the district's pupil count for purposes of the revenue limit calculation until the third year of the 4K program, because the pupil count for revenue limits is based on a three year average. The 4K grant payments are thus received by the eligible school districts outside the revenue limit cap, in order to provide additional spending capacity to the school district to support the costs of a 4K program. The grant payments are designed to decrease from year one to year two (and to zero in year three), as the school district's pupil count for revenue limit reflects an increasing share of each 4K pupil between years one and three.

As of the 2017-18 school year, only seven districts that could feasibly offer 4K do not. These seven districts are home to 21 elementary schools, with just over 1,200 total pupils in five-year-old kindergarten (5K). Pupil counts submitted by school district for the 3rd Friday in September for 2017 indicate a total 4K headcount of 48,904 (29,090 FTE). Assuming that the incoming 4K pupils in school districts that begin implementing 4K as required under the bill remains around 1,200, the statewide 4K headcount will be expected to be roughly 50,100 pupils

Local Fiscal Impact

Under the bill, all school districts would be required to offer a 4K program by the 2019-20 school year. All school districts would continue to include the 4K pupils in the pupil count for revenue limit and state general aid membership purposes, and would also receive an additional state aid each year, equal to the identified costs of the 4K program, which would have the effect of reducing the districts' property tax levy. Because the Department does not receive information from school district regarding expenditures by grade level served, The Department cannot project how much aid would be received by each district under the proposed new 4K state aid program; thus, the magnitude of the levy reduction for each district is indeterminate.

For those districts that currently do not offer a 4K program, the local impact of the bill would be that the school district would raise revenue limit authority (by virtue of counting 4K pupils for revenue limits); the district would incur additional costs to implement the 4K program, but the bill provides for state aid equal to those costs. It is unknown whether the additional revenue authority on behalf of 4K pupils would be approximately the same, or

greater or less, than the costs of the 4K program itself.

State Impact

School districts are required by state law to submit financial reports to the Department that include an accounting of all revenues received and expenditures made by the school district. However, school districts do not report expenditures by grade level served, thus there is no data on which the Department could project the cost of the proposed state aid for 4K programs, which would be provided on a cost-reimbursement basis under the bill. While it would be possible to gather information pertaining to teacher compensation, the Department does not have information about the allocation of other costs to 4K program. Each school has unique support staff, transportation, maintenance, etc. needs that preclude the estimate of such costs. Moreover, there exist numerous ways to implement 4K, including community approaches, collaboration with Head Start programs, and integration with childcare programs.

The additional Department work needed to administer this aid is expected to be absorbed within the agency budget.

Long-Range Fiscal Implications

As the bill provides a sum sufficient appropriation, on an ongoing basis, it is likely that the cost of the new state aid program would increase over time, as the primary cost driver (staff compensation) increase.