LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
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FISCAL IMPACT STATEMENT

LS 6151 | **DATE PREPARED:** Jan 22, 1999
BILL NUMBER: SB 69 | **BILL AMENDED:**

SUBJECT: Full day kindergarten and school readiness.

FISCAL ANALYST: Mark Goodpaster
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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		107,270,000	100,609,200
Net Increase (Decrease)		(107,270,000)	(100,609,200)

Summary of Legislation: This bill establishes a grant program for full day kindergarten and school readiness programs beginning in the 2000-2001 school year. It requires school corporations to develop a plan and submit it to the Department of Education and Indiana State Board of Education for approval before receiving a grant. It provides a $1,500 grant per full day kindergarten pupil. It provides a school readiness program grant of $1,200 per program enrollee. It appropriates $185 per kindergarten ADM (½ ADM per pupil) to schools to cover costs in developing a school readiness plan.

Effective Date: Upon passage; July 1, 1999; July 1, 2000.

Explanation of State Expenditures: This bill has three cost components to finance kindergarten expansion in the state: a kindergarten grant of $1,500 for each kindergarten student who is enrolled in full time kindergarten; a school readiness program grant of $1,200 for each student who is in a school readiness program; and a program planning grant of $85 multiplied by the each school corporation's average daily membership (ADM) that is enrolled in kindergarten. **The combined costs of this bill is estimated to be $107,269,000 in FY 2000 and $100,609,200 in FY 2001.**

Kindergarten Grant-- Each school corporation would receive a grant of $1,500 for each student who is enrolled in a full day kindergarten program. The expenditures resulting from this grant will depend on the

number of students who enroll full day. Two distinct populations of students will determine the expenditures associated with this grant: students who are currently attending kindergarten (72,942 in school year 1998) and students who do not enroll in kindergarten but enroll in first grade (an estimated 8,200).

The Department of Education surveyed school corporations concerning their plans to offer full day kindergarten if a kindergartner who was enrolled in full day kindergarten was counted as one rather than one-half for ADM (Average Daily Membership) calculation purposes. Based on the 250 school corporations who responded, the following enrollment projections were made:

	Full Day	**Half Day**
Current	12.1%	87.9%
1999-2000	82.9%	17.1%
2000-2001	86.9%	13.1%
2001-2002	89.1%	10.9%
2002-2003	91.3%	8.7%

Assuming that the number of students who would be enrolled in a full day program would be 80% because the grant amount under this bill would be less that the amount that school corporations would have received if they had a full ADM, **the additional costs would be $87,529,200 (72,941 x 80% x $1,500)**. In addition if some portion of students who are currently not enrolled would decide to attend, the additional expenditures would be $9,840,000 (8,200 x 80% x $1,500).

In total, the additional cost associated with this grant would be $97,369,200.

School Readiness Program -- The number of students who would be enrolled in school readiness will depend on whether school corporations will offer a readiness program instead of a full day kindergarten program. Some school corporations currently provide a combination extended day readiness program that is targeted for children who are considered to be at risk. LSA staff estimated that 2,700 children were enrolled in extended day programs run by certified teachers and funded through Title I funding during the fall of 1998. It is possible that these programs could be funded through the school readiness program. The additional costs associated with these children would be $3.24 million (2,700 x $1,200).

Program Planning Grant -- Each school corporation would receive a planning grant of $185 for each kindergartner who is included in the average daily membership (ADM). Since kindergartners receive a half count whether or not they attend full day, the additional costs associated with this grant would be $6,660,000 based on an average ADM of 36,000.

Explanation of State Revenues:

Explanation of Local Expenditures: Depending upon the decisions of the local school boards, school corporations would likely incur additional costs for teacher salaries, classrooms, transportation, and maintenance and utilities if they expand their kindergarten programs.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: School Corporations.

Information Sources: Department of Education Data Bases.