

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6482
BILL NUMBER: SB 250

DATE PREPARED: Jan 10, 2000
BILL AMENDED:

SUBJECT: Full day kindergarten and school readiness.

FISCAL ANALYST: Chuck Mayfield
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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2000	FY 2001	FY 2002
State Revenues			
State Expenditures		6,660,000	99,808,800
Net Increase (Decrease)		(6,660,000)	(99,808,800)

LOCAL IMPACT	CY 2000	CY 2001	CY 2002
Local Revenues	6,660,000		99,808,800
Local Expenditures			
Net Increase (Decrease)	6,660,000		99,808,800

Summary of Legislation: This bill establishes a grant program for full day kindergarten and school readiness programs beginning in the 2001-2002 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. The bill provides a \$1,500 grant per full day kindergarten pupil. The bill also provides a school readiness program grant of \$1,200 per program enrollee. The bill 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, 2000; July 1, 2001.

Explanation of State Expenditures: (Revised) This bill has three cost components to finance kindergarten expansion in the state: a kindergarten grant of \$1,500 for each 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 \$185 multiplied by the school corporation's average daily membership (ADM) that is enrolled in kindergarten. **The cost of this bill is estimated to be \$6,660,000 in FY 2001 and \$99,808,800 in FY 2002.**

Kindergarten Grant-- Each school corporation would receive a grant of \$1,500 for each student who is enrolled in a full day kindergarten program starting with the 2001-2002 school year starting with the 2001-2002 school year. 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 (71,947 in school year 1999) and students who do not enroll in kindergarten but enroll in first grade (an estimated 8,500).

The Department of Education surveyed school corporations during the 1998-99 school year 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:

	<u>Full Day</u>	<u>Half Day</u>
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 than the amount those school corporations would have received if they had a full ADM, the additional costs would be \$86,368,800 (71,974 x 80% x \$1,500). If some portion of students who are currently not enrolled would decide to attend, the additional expenditures would be \$10,200,000 (8,500 x 80% x \$1,500).

The total cost associated with this grant would be \$96,568,800.

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 starting with the 2001-2002 school year. Some school corporations currently provide a combination extended day readiness program that is targeted for children who are considered to be at risk. It is estimated that 2,700 children were enrolled in extended day programs run by certified teachers and funded through Title I funding. 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 average kindergarten ADM is 36,000. The distribution is made during December 2000. **The additional costs associated with this grant would be \$6,660,000.**

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: (Revised) Local revenue will increase from the state grant for Full Day Kindergarten and School Readiness Programs discussed in the State Expenditure Section. It is assumed the enrollment counts needed to determine the distribution would be taken September 2001 and it would take until December of 2001 to finalize the enrollment counts. The first distribution would then be January 2002.

State Agencies Affected: Department of Education

Local Agencies Affected: Local School Corporations

Information Sources: Department of Education Data Bases.