

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7270

BILL NUMBER: SB 489

DATE PREPARED: Feb 18, 2000

BILL AMENDED: Feb 16, 2000

SUBJECT: Education and Education Funding.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill has the following provisions:

Part (A) This bill requires the mailing, instead of publishing, of the school corporation performance report.

Part (B) It provides that a child must be at least five years of age on July 1 of the 2000-2001 school year or any subsequent school year to officially enroll in a kindergarten program offered by a school corporation. (Current law requires that a child must be at least five years of age on June 1 to officially enroll in a kindergarten program.) The bill provides that an assessment for early entry must consist of more than an intelligence test. It also states that \$25 is the maximum fee a parent must pay to obtain a waiver for early entry.

Part (C) It provides that a school corporation may participate in prime time even if it did not participate in 1999. The bill increases the tuition support cap for calendar year 2000.

Part (D) It provides that in determining average daily membership, beginning with the September 2000 count, an eligible pupil who is enrolled in a public school and in a nonpublic school shall be counted on a full-time equivalency basis for 2001 funding. The bill provides that these pupils are not considered in the calculation of a school corporation's enrollment adjustment grant. It provides that the definition of "eligible pupil" includes certain students who are placed in a facility located in a transferee school corporation's attendance area by a parent or guardian.

Part (E) It creates a pilot full day kindergarten project.

Part (F) It funds a child immunization registry.

Part (G) It appropriates \$13,950,000 from reversions in tuition support that are now in the state general fund.

Part (H) It increases the calendar year 2000 maximum tuition support distribution by \$44.5 million.

Effective Date: (Amended) January 1, 2000 (retroactive), July 1, 2000, and January 1, 2001.

Explanation of State Expenditures: (Revised) The portions, except increasing the calendar year cap, of this bill which have expenditures are funded by an appropriation of \$13,950,000.

Part (A) No state fiscal impact.

Part (B) The bill appropriates \$4.2 million to fund the January - June 2001 cost of changing the starting age of kindergarten from age 5 as of June 1 to age five as of July 1. This bill will increase the average daily membership of school corporations as compared to the ADM under current law. Consequently, this increase in ADM will also increase expenditures from the school funding formula. During the 1999-2000 school year, 72,001 students were enrolled in public school kindergarten. Assuming an even distribution of births over 12 months, the bill will add 6,000 children to the statewide average daily membership (ADM).

Under current statute, kindergarten students are counted as a half ADM, consequently, the additional costs in the first year will be based on additional ADM count of 3,000. The additional ADM the second year will be 3,000.

Based on the changes in ADM as a result of the dates of admission changes, the additional costs that are generated by the school funding formula are shown in the following table. The FY 2001 impact is ½ of the CY 2001 impact shown in the table and the FY 2002 is ½ of the CY 2001 and CY2002 impacts shown in the table.

Note: The estimated costs are based on current state law. The future costs that are associated with the additional ADM could be changed during the 2001 General Assembly when the school funding formula is reauthorized.

Year	State Tuition Support	At Risk Monies	Growing Enrollment	Primetime	Total State Support
2001	\$7,219,597	\$133,422	\$1,456,336	\$73,201	\$8,882,556
2002	\$9,971,749	\$161,801	\$92,581	\$249,096	\$10,520,227

Part (C) The bill appropriates \$1 million to cover the additional costs for the two schools that are ineligible to receive a primetime distribution for CY 2000 because they did not receive a distribution for FY 1999 under the old primetime formula. The additional cost is about \$1 million dollars per year.

Part (D) The Department of Education does not know the number of eligible pupils enrolled in both public and nonpublic schools. Currently, if a student is provided one hour of instructional time then the student can be counted as one in determining the school's ADM, unless the student is in a kindergarten program. All students enrolled in kindergarten programs count as one half in determining a school's ADM.

Some schools are providing one hour of instructional time daily to private school students and including the

students in their ADM, as allowed by current law. It is estimated that as many as 4,400 students enrolled both in public and nonpublic schools may be receiving at least one hour of instruction and being counted on a FTE basis. The exact saving is unknown because the number of students enrolled in both public and nonpublic schools is unknown. The bill requires that starting with the 2001 school year, these students must be counted on a FTE basis. The bill does not adjust the definition of previous year revenue in the formula to remove funding generated by these students in prior years.

Part (E) The bill appropriates \$8.6 million for the Department of Education to conduct a full day kindergarten pilot project. It provides that 34% of the appropriation goes to urban schools, 20% goes to suburban/small city schools, 24% goes to town schools, and 22% goes to rural schools. The bill provides a maximum award of \$1,500 per pupil and \$3,000 for each full day kindergarten classroom to cover supplies and miscellaneous costs.

Part (F) The bill appropriates \$150,000 to the State Department of Health to help defray part of the costs of a child immunization pilot project.

Part (H) The bill increases the tuition support cap by \$45.5 million for CY 2000. The calendar year tuition support cap limits the amount that may be distributed to local schools during a calendar year. Local schools will have their tuition support distributions reduced between March 2000 and June 2000 by approximately \$23 per student. The amount of the reduction will then be added to the schools distribution between July 2000 and December 2000. The Tuition Support appropriation for FY 2001 will need to be increased by \$45.5M to fund the increase in the CY 2000 cap.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Part (A) has local impact depending if the cost of publishing the annual performance report is more or less than the cost of mailing the report to the parents or guardians of parents. The impact could vary from school to school depending on publishing cost and mailing costs.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local Schools.

Information Sources: Jeff Zaring Department of Education, (317) 232-6622.