

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: SB540

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Edwards

3. Committee: Education and Health

4. Title: Early childhood education.

5. Summary: Requires, on and after July 1, 2021, all school divisions to provide early childhood education programs for four-year-olds and five-year-olds who are not eligible to attend kindergarten or at-risk early childhood education programs and whose parents voluntarily wish to enroll them in such programs. These mandated early childhood education programs must be coordinated with the current at-risk early childhood programs, must be consistent with the Department of Education guidelines for early childhood education, and must meet the standards established by the Board of Education. The bill requires the Board of Education to promulgate regulations to implement the orderly phase-in of the required programs with the current voluntary programs for at-risk four-year-olds and at-risk five-year-olds who are not eligible to attend kindergarten. Implementation and funding of the required public school early childhood education programs is contingent on funding in the appropriation act. The grants for the at-risk programs may continue to be provided to public schools or other local agencies; however, the Standards of Quality funding of early childhood education will be provided only to public schools.

6. Budget Amendment Necessary: No, due to delayed effective date.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: Due to the delayed effective date of this bill (July 1, 2021), there is no fiscal impact in the current or next biennium. The estimates that follow, therefore, are based on assumptions that are known at this time and are subject to change.

SB 540 is similar to SB 372, 2014 General Assembly Session. The Secretary of Education prepared a report related to SB 372, 2014 General Assembly Session, for the Chair of the Senate Committee on Education and Health and the patron of SB 372 in November 2014. Because of the time sensitive nature of this fiscal impact statement, the fiscal impact estimate for SB 540 is the same as the fiscal impact developed for this report. The Department of Education notes that updated data would not materially alter the magnitude of this fiscal impact.

The Department of Education's estimate of the fiscal impact of mandating local school boards to provide early childhood education programs under SB 540 is based on the following assumptions and methodology:

1. While the mandate to provide early childhood education programs is effective in fiscal year 2022, the data used to calculate the estimated fiscal impact is the most currently available data as of November 2014.
2. The starting base of children is a 2013 U.S. Census estimate of four-year-olds by Virginia school division and an estimate of five-year-olds not eligible for kindergarten (i.e., not five years-old by September 30th). This is a total of 128,047 children statewide.
3. By school division, the number of children served by Head Start, Title I preschool, and the Virginia Preschool Initiative were identified. This is a total of 30,267 children statewide.
4. By school division, the total in step three is subtracted from the total in step two for an estimate of four- and five-year-olds not served by an existing preschool program for at-risk children. This is a total of 97,780 children statewide.
5. By school division, the total cost to serve the estimated number of unserved children from step four is calculated based on two per pupil cost scenarios (see summary table below):
 - a per pupil cost of \$6,000 (amount used in Virginia Preschool Initiative formula)
 - a per pupil cost of \$10,000 (estimate of what divisions may spend per pupil for preschool)
 (Note: A 100 percent participation rate of unserved children is assumed in this calculation).
6. SB 540 does not specify if the cost of these mandated pre-kindergarten programs would be locally funded, or if the cost would be shared between the state and localities. If the cost is shared, the state and local shares of cost are calculated based on the Local Composite Index for each school division. The table below shows the estimated total cost of these mandated pre-kindergarten programs as well as the estimated state share and the estimated local share based on the Local Composite Index for each school division.

SB 540 Estimated Fiscal Impact Summary					
Total, State, & Local Cost @ <u>\$6,000</u> per Child			Total, State, & Local Cost @ <u>\$10,000</u> per Child		
<u>Estimated Total</u> Cost at \$6,000 Per Child	<u>Estimated State</u> Share at \$6,000 Per Child	<u>Estimated Local</u> Share at \$6,000 Per Child	<u>Estimated Total</u> Cost at \$10,000 Per Child	<u>Estimated State</u> Share at \$10,000 Per Child	<u>Estimated Local</u> Share at \$10,000 Per Child
\$586,680,000	\$311,449,962	\$275,230,038	\$977,800,000	\$519,083,270	\$458,716,730

9. Specific Agency or Political Subdivisions Affected: Department of Education, local school divisions, local governments

10. Technical Amendment Necessary: No.

11. Other Comments: The fiscal impact of SB540 may be mitigated somewhat if the actual participation rate as a voluntary program is below 100 percent, which would be likely. Additionally, other factors may contribute to the fiscal impact and the ease of implementation of this legislation. Some local school divisions could face significant capital costs associated with the school facilities and classroom capacity necessary to accommodate the expansion in preschool enrollment. Also, the availability of high quality preschool teachers needed for the increased preschool enrollment would need to be addressed.