

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2019 REGULAR SESSION**

MEASURE

2019 BR NUMBER 0902

HOUSE BILL NUMBER 113

TITLE AN ACT relating to early childhood education.

SPONSOR Representative Josie Raymond

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Department of Education/Learning and Results Services

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

| FISCAL ESTIMATES | 2018-2019 | 2019-2020 | ANNUAL IMPACT AT FULL IMPLEMENTATION |
|-------------------------|------------------|------------------|---|
| REVENUES | | | |
| EXPENDITURES | | | |
| NET EFFECT | | | |

() indicates a decrease/negative

PURPOSE OF MEASURE: HB 113 would require preschool to be a full-day program rather than its current half-day format, and make all four-year-olds eligible for preschool rather than impose a family income threshold.

FISCAL EXPLANATION: Preschool funding is included in the biennial budget as a lump-sum appropriation, which is then allocated by formula by the Department of Education. Therefore, any impact would depend on the amount appropriated by future General Assemblies. The explanation given below is merely an illustration of what costs could be expected if the General Assembly chose to fund a full-day universal preschool program for four-year-olds at a similar per-pupil rate.

For Fiscal Year 2019-2020, an estimated 26,500 additional students would attend full-day preschool. This assumes that 80 percent of all eligible students attend preschool, and that a similar number of Head Start students continue to use that program rather than full-day preschool. Information supplied by the National Conference of State Legislatures shows that states with universal or near-universal preschool have attendance rates ranging from 64 percent to 88 percent. Head Start will be a mandatory full-day program beginning in FY 2021-2022, so it is not expected that there will be a large-scale exodus of students from that program to preschool. This would increase the cost of the preschool program by \$184.7 million annually, using the current per-pupil allocation rate.

In addition, because the current preschool funding covers half-day programs, the current per-pupil funding pool of \$77 million per year could be expected to double to cover full-day programs.

Therefore, expanding the pool of eligible four-year-olds and increasing the program to full-day would, if the General Assembly chooses to increase funding on a pro-rated basis, increase the impact to the General Fund by \$261.7 million per year. This funding is currently provided to the Department of Education through its Learning and Results Services appropriation unit.

DATA SOURCE(S): Department of Education, LRC Staff

PREPARER: Chuck Truesdell NOTE NUMBER: 28 REVIEW: JAB DATE: 1/22/2019