

HF456 - 0 - Voluntary PreK and School Readiness Plus Program

Chief Author: **Maria Isa Perez-Vega**
 Committee: **Education Finance**
 Date Completed: **1/30/2023 3:53:52 PM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	19,476	22,114	22,182	21,421	
Total	-	19,476	22,114	22,182	21,421	
Biennial Total			41,590			43,603

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 1/30/2023 3:53:52 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	19,476	22,114	22,182	21,421	
Total		-	19,476	22,114	22,182	21,421
Biennial Total				41,590		43,603
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	19,476	22,114	22,182	21,421	
Total		-	19,476	22,114	22,182	21,421
Biennial Total				41,590		43,603
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Section 1 makes permanent the 4,000 seat expansion of the voluntary prekindergarten and school readiness plus program (VPK/SRP) resulting in a total of 7,160 participants per fiscal year.

Section 3 removes the language excluding prekindergarten pupil units from the calculation of declining enrollment revenue for fiscal year 2024 only.

Section 4 creates a levy calculation adjustment excluding the 4,000 VPK/SRP participants from the school district’s levy. The difference must be provided to each school district in state aid.

Assumptions

Calculations use the November 2022 forecast and VPK/SRP student information. For various programs, MDE calculates an estimated cost by district by ADM. MDE used the FY22 adjusted pupil units for VPK/SRP to forecast FY24 FY27 estimated costs. MDE identified which districts currently have the 4,000 added seats and calculated costs by the number of slots allocated.

Due to the 4,000 seats expiring at the end of FY23, MDE’s pupil forecast for FY24-27 for the VPK program are the ADMs associated with the 3,160 seats. The most recent actual student count collected for the VPK program is FY22 which will be the ADM associated with the full program of 7,160 seats. To forecast the impact of increasing FY24-27 at the full 7,160 seats, MDE offsets the current FY24-27 pupil forecast number to match the last year of actuals collected. The differences between the pupil forecast and the actuals for FY22 are added to FY24-27 and those additional students are used to forecast the revenue impact of the full program. This method is how MDE staff have forecasted the revenue impact in previous legislative cycles. Since MDE staff is using last actuals collected each time the forecast is done, the revenues needed to make the program whole will vary.

MNIT support will be required for modifications to the levy programming system, including calculation and reporting process changes, in addition to some minor general education programming changes. An estimated 370 hours of work is required at a blended rate of \$110/hour. $370 \times \$110 = \$40,700$ in FY24, plus additional maintenance in FY25 (\$8,140) and FY26 (\$4,070).

Expenditure and/or Revenue Formula

Aid Entitlement Changes		FY2024	FY2025	FY2026	FY2027
	General Education - Pre K	17,380,369	17,057,583	16,808,323	16,777,668
	Special Education - Pre K	731,399	1,292,255	1,280,462	361,074
	Achievement and Integration - Pre K	230,054	233,160	236,592	241,233
	Charter School Lease Aid - Pre K	37,424	37,405	37,386	37,367
	LTFM - Pre K	142,359	148,357	149,604	148,145
	Q Comp - Pre K	210,090	211,293	211,293	211,293
	School Breakfast & Lunch- Pre K	125,000	125,000	125,000	125,000
	Categorical aids - Pre K	1,476,325	2,047,470	2,040,337	1,124,112
	Total Aid Entitlement Increase	18,856,694	19,105,053	18,848,660	17,901,780
Levy Changes		FY2024	FY2025	FY2026	FY2027
	General Education - Pre K	2,251,538	2,566,418	2,845,353	2,923,612
	Achievement and Integration - Pre K	98,595	99,926	101,397	103,386
	LTFM - Pre K	234,747	246,802	227,291	229,139
	Q Comp - Pre K	94,627	93,479	93,479	93,479
	Safe Schools - Pre K	61,329	63,277	61,329	60,226
	Categorical Levies - Pre K	489,298	503,484	483,496	486,229
	*Total Levy Increase	2,740,836	3,069,903	3,328,849	3,409,841
	* Levy associated with the proposed legislation will be offset with aid revenue.				
Total Revenue Change		21,597,531	22,174,956	22,177,509	21,311,621
Total Changes		FY2024	FY2025	FY2026	FY2027
	Aid Entitlement Increase	18,856,694	19,105,053	18,848,660	17,901,780
	Total Levy Aid Offset	2,740,836	3,069,903	3,328,849	3,409,841
	Total Aid Change	21,597,531	22,174,956	22,177,509	21,311,621
Aid Proportion		FY2024	FY2025	FY2026	FY2027

Increase					
	Special Education @ 87.66%	642,000	1,224,000	1,282,000	475,000
	School Breakfast and Lunch @ 100%	125,000	125,000	125,000	125,000
	All other programs @ 90%	16,201,000	17,720,000	17,468,000	17,419,000
	Levy @ 90%	2,467,000	3,037,000	3,303,000	3,402,000
	Aid Appropriation Increase	19,435,000	22,106,000	22,178,000	21,421,000
MNIT Costs		FY2024	FY2025	FY2026	FY2027
	Implementation and Support	40,700	8,140	4,070	-
Total Fiscal Note Cost		19,475,700	22,114,140	22,182,070	21,421,000

Long-Term Fiscal Considerations

If there are changes to funding formulas, the VPK/SRP seats would generate a change in revenue for the school district. These costs would be ongoing.

Local Fiscal Impact

References/Sources

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