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## FISCAL IMPACT REPORT

SPONSOR Stewart ORIGINAL DATE 2/06/18  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Elementary School Physical Education SB 266

ANALYST Liu/Lobaugh

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$3,555.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$3,802.5	\$7,752.7	\$12,135.0	\$23,690.2	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB36, SB147, SB157, SB196, and HB 188

### SOURCES OF INFORMATION

LFC Files  
 Legislative Education Study Committee (LESC) Files

Responses Received From  
 Children, Youth and Families Department (CYFD)

Responses Not Received From  
 Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 266 amends sections of the Public School Code to require all students in kindergarten through sixth grade to participate in at least 30 minutes of daily physical education (P.E.). The bill phases-in the requirement for universal elementary P.E. over the course of six years, beginning with kindergarten in school year 2018-2019 and ending with fifth and sixth grade in

school year 2023-2024. The bill appropriates \$3.5 million from the general fund for distribution through the public school funding formula in FY19 to cover program unit costs of universal elementary P.E. for kindergarten students. The bill also holds school districts and charter schools generating elementary P.E. units in FY18 partially harmless from the phase-in.

**FISCAL IMPLICATIONS**

Overall, student membership (MEM) in kindergarten through sixth grade has declined slightly in the last five fiscal years (See Table 1). Elementary P.E. MEM has remained unchanged the last nine years within the public school funding formula since additional funding to phase-in elementary P.E. units was discontinued in FY09.

<b>Table 1. Public School Funding Formula Elementary Student Membership (MEM)</b>					
<b>Grade Level</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
Kindergarten	27,614.00	27,387.00	26,744.50	24,814.50	24,304.00
1st Grade	26,834.50	27,385.50	27,146.00	26,570.50	24,597.00
2nd Grade	26,102.50	26,123.50	26,811.50	26,842.50	26,052.50
3rd Grade	25,743.50	25,683.00	25,846.50	26,547.50	26,472.00
4th Grade	25,433.00	25,465.50	25,594.50	25,739.00	26,321.50
5th Grade	25,591.50	25,214.00	25,314.50	25,535.50	25,609.00
6th Grade	25,442.00	25,172.00	24,946.00	25,117.00	25,379.00
<b>Total Elementary MEM</b>	<b>182,761.0</b>	<b>182,430.5</b>	<b>182,403.5</b>	<b>181,166.5</b>	<b>178,735.0</b>
<b>Elementary P.E. MEM</b>	<b>65,129.0</b>	<b>65,129.0</b>	<b>65,129.0</b>	<b>65,129.0</b>	<b>65,129.0</b>

Source: PED Funding Formula Data

In FY18, school districts and charter schools received 3,907 elementary P.E. units, about \$16 million in program cost, through the public education funding formula to fund 65 thousand students participating in elementary P.E. programs (See Table 2). Assuming the same number of students in each grade level participated in elementary P.E., the funding formula will allocate 558.2 elementary P.E. units, roughly \$2.3 million in program cost, for each elementary grade level in FY18 (See Table 3).

<b>Table 2. FY18 Total Elementary and Elementary P.E. Student Membership (MEM)</b>		
<b>Grade Level</b>	<b>FY18 Assumed Elementary P.E. MEM</b>	<b>FY18 Total Elementary MEM</b>
Kindergarten	9,304.1	24,304.0
1st Grade	9,304.1	24,597.0
2nd Grade	9,304.1	26,052.5
3rd Grade	9,304.1	26,472.0
4th Grade	9,304.1	26,321.5
5th Grade	9,304.1	25,609.0
6th Grade	9,304.1	25,379.0
<b>TOTAL</b>	<b>65,129.0</b>	<b>178,735.0</b>

Source: LFC Files

Table 3 shows estimated increases in elementary P.E. units and program cost from FY19 through FY24. The additional elementary P.E. units from FY19 through FY24 represent the difference between the number of units that would have been generated by all FY18 elementary students and the number of units generated, assuming the same number of elementary P.E. participants per grade level.

This bill would incrementally phase-in the additional units for universal elementary P.E. over the course of six years. The phase-in would start with an additional 900 units in FY19 for kindergarten P.E. and lead to an additional 6.8 thousand units in FY24 for kindergarten through sixth grade P.E. The elementary P.E. program cost amounts listed in Table 3 are based on the following assumptions: the total FY19 program cost assumed in the House Appropriation and Finance Committee substitute for House Bill 2 and House Bill 3, an assumed annual increase of 1.25 percent in total program cost after FY19, and no other unit changes from FY18. Based on these assumptions, the phase-in of elementary P.E. units would reflect \$3.8 million in additional program cost in FY19 and would reach \$30 million in additional program cost in FY24.

Table 3. Increased Elementary P.E. Units and Program Cost								
Grade Level P.E. Units		FY18*	FY19	FY20	FY21	FY22	FY23	FY24
Kindergarten		558.2	900.0	900.0	900.0	900.0	900.0	900.0
1st Grade		558.2	0.0	917.6	917.6	917.6	917.6	917.6
2nd Grade		558.2	0.0	0.0	1,004.9	1,004.9	1,004.9	1,004.9
3rd Grade		558.2	0.0	0.0	0.0	1,030.1	1,030.1	1,030.1
4th Grade		558.2	0.0	0.0	0.0	0.0	1,021.0	1,021.0
5th Grade		558.2	0.0	0.0	0.0	0.0	0.0	978.3
6th Grade		558.2	0.0	0.0	0.0	0.0	0.0	964.5
New Elem P.E.	Units	0.0	900.0	1,817.6	2,822.5	3,852.5	4,873.6	6,816.4
	Program Cost	\$0	\$3,802,464	\$7,752,696	\$12,135,003	\$16,669,003	\$21,187,740	\$29,688,029
Total Elem P.E.	Units	3,907.7	4,807.7	5,725.3	6,730.2	7,760.3	8,781.3	10,724.1
	Program Cost**	\$15,960,226	\$20,312,665	\$24,420,908	\$28,936,078	\$33,576,862	\$38,176,529	\$46,707,831

\*Assumes Elementary P.E. Membership and Units are evenly divided between elementary grade levels.

Source: LFC Files

\*\*Assumes a 1.25 percent increase in total public education program cost from FY20 through FY24 and no other unit changes.

Without subsequent increases to the public school program cost appropriation, the growth in program units from this bill will dilute the unit value, resulting in less funding per unit for school districts and charter schools. Continued declining trends in student membership will also affect the final operating budget impact for FY24.

### SIGNIFICANT ISSUES

Elementary P.E. program funding in the public school funding formula does not reflect actual elementary P.E. enrollment. The Legislature added elementary P.E. units to the public education funding formula through Laws 2007, Chapter 348, and provided funding for the additional units in FY07 and FY08, but since that time no additional funding has been added. As a result, the number of elementary P.E. units received by 55 school districts and two charter schools has remained constant from FY09 through FY18 and does not accurately reflect actual elementary P.E. participation levels.

### ADMINISTRATIVE IMPLICATIONS

PED would need to update its policies and procedures for collecting and verifying elementary P.E. participation data. School districts and charter schools would need to expand their P.E. programs for elementary students.

## RELATIONSHIP

This bill relates to House Bill 188 and Senate Bill 157, which adjust the at-risk index and phase-in a teacher cost index in the funding formula; Senate Bill 36, which makes an appropriation to the state equalization guarantee; Senate Bill 147, which makes changes to the funding formula's small school size adjustment calculations; and Senate Bill 196, which caps the age of students in K-12 schools to 21.

## TECHNICAL ISSUES

LESC notes language beginning on page 2, line 10 of the bill should read “a school district or charter school shall **not** generate elementary P.E. program units in excess of the total average number of elementary students in elementary P.E....”

SL/sb