

Date of Hearing: April 28, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS  
Lorena Gonzalez, Chair  
AB 22 (McCarty) – As Amended April 12, 2021

Policy Committee: Education Vote: 7 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

**SUMMARY:**

This bill expands eligibility for transitional kindergarten (TK) incrementally to achieve universal TK eligibility, adds specific requirements for TK and identifies a funding stream.

Specifically, the bill requires that a child be eligible to enroll in a TK program operated by a local educational agency (LEA) beyond the current eligibility requirement that a child must have their fifth birthday between September 2 and December 2 in order to enroll. The bill incrementally increases the number of children who are eligible for TK by adding one month of program eligibility per year over a nine-year period, beginning in the 2024-25 school year and continuing through the 2032-33 school year. (For example, in the 2024-25 school year, a child who has their fifth birthday between September 2 and January 2 will be eligible, in the 2025-26 school year, a child who has their fifth birthday between September 2 and February 2 will be eligible, and so on, until children born in all months of the year are eligible.)

The bill requires LEAs be funded for newly eligible TK students at the same per-student funding rate as kindergarten through grade three students. However, unlike how the state funds current TK and K-12 education, the bill requires funding for new TK enrollees come out of the regular General Fund (GF) until full implementation of the bill, rather than the Proposition 98 GF (described in more detail in comment #4). In addition, the bill provides a funding add-on to incentivize TK programs to provide full-day programming and adhere to other quality standards. The bill indicates the add-on will be a set percentage of the per-student funding rate, but does not specify the percentage. This add-on also is to be from the regular GF until full implementation of the bill.

The bill also requires the Superintendent of Public Instruction to authorize California State Preschool Program (CSPP) contracting agencies to offer “wraparound” childcare services for eligible children enrolled in a K-12 education program if their families meet the eligibility requirements. The bill also authorizes CSPP contractors to offer wraparound childcare services for eligible TK students.

The bill requires the California Department of Education (CDE), by May 1, 2024, to post on its website recommendations on research and evidence-based curricula and assessments for instructional and diagnostic use in all CSPP and TK classrooms that meets certain criteria.

**FISCAL EFFECT:**

- 1) Ongoing GF and Proposition 98 GF costs to fund per-student enrollment in TK, at full implementation, could be in the billions of dollars annually.

As TK eligibility increases annually, per-student costs would grow. Each month of added age eligibility would require approximately \$325 million annually, adjusted for cost of living based on historical trends. At full implementation, assuming 80% of eligible children enroll (or 30,000 more children annually), costs would be about \$3.4 billion.

- 2) Ongoing GF and Proposition 98 GF add-on costs, of an unknown amount, to incentivize TK programs to provide full-day programming and adhere to other quality standards. The bill does not specify the add-on percentage.

As TK eligibility increases annually, add-on costs would grow. Assuming a 20% as the set percentage of the per-student funding rate, each month of added age eligibility would require approximately \$56 million annually, adjusted for cost of living adjustments based on historical trends. At full implementation, assuming 80% of eligible children enroll (or 30,000 more children annually), and each TK program earns the incentive, additional costs would be about \$72 million.

For details about why (1) and (2) are both GF and Proposition 98 GF, see comment #4.

- 3) Significant one-time GF costs to CDE until full implementation of this bill, potentially in the low millions of dollars annually, to hire several staff to administer the program expansion of CSPP and TK.

According to CDE, costs would include (a) updating information and guidance related to CSPP contractors newly offering wraparound services to additional children; (b) providing recommendations on research and evidence-based curricula and assessments for instructional and diagnostic use in all CSPP and TK classrooms that meets certain criteria; (c) responding to questions from the field about the new programs and providing related technical assistance and; (d) monitoring individual TK programs to determining whether programs adhere to certain quality standards and therefore receive the add-on described in (2). Although not all of these activities are explicitly required in this bill, CDE indicates these activities would fall to them should this bill become law.

#### COMMENTS:

- 1) **Kindergarten and Transitional Kindergarten.** California's Kindergarten Readiness Act of 2010 revised the cutoff date by which children must turn five years old to enter kindergarten in that year. The act established September 1 as the new kindergarten eligibility date, three months earlier than the previous date of December 2. The Kindergarten Readiness Act also established TK for all children affected by the birthdate eligibility change. Instead of enrolling in regular kindergarten, students who reach age five between September 2 and December 2 instead receive an "age and developmentally appropriate" experience in TK prior to entering kindergarten the following year. Schools are also authorized, under certain conditions, to admit children who have their fifth birthday after December 5 to TK programs, but may not claim state funding until the child turns five. Approximately 91,000 children were enrolled in TK in 2018-19.

Kindergarten is optional in California and kindergarten programs are not required to operate full-day programs. However, an LEA receives full per-student Proposition 98 GF funding from the state whether or not it offers a full-day program. About 80% of children in California enroll in kindergarten.

- 2) **California State Preschool Program.** CSPP is administered by the CDE through CSPP contractors. CSPP provides both part-day and full-day services to eligible three and four year olds. CSPP can be offered in various settings, including childcare centers, family childcare network homes or in school settings. CSPP contractors include LEAs and community-based providers. Approximately two-thirds of children in CSPP are served by LEAs, and the remainder are served by community-based organizations. In the 2018-19 fiscal year, approximately 143,000 three and four year old children were enrolled in a CSPP. Of these, 61% attended part-day programs and 39% attended full-day programs.

The bill authorizes CSPP contractors to offer wraparound childcare services to school age children eligible for subsidized care. Currently, CSPP contractors can only serve eligible three and four year olds with CSPP contract funds.

- 3) **Early Childhood Education Administration in California.** The 2020-21 budget deal put into motion a significant shift of early childhood education programming workload from the CDE to the Department of Social Services (DSS) beginning July 1, 2021. Of its 120 staff, the Early Learning and Care Division at CDE is set to lose 83 to DSS. However, the Governor's 2021-22 budget proposal includes 17 new positions for CDE to backfill some of the positions shifting to DSS. Were these positions provided to CDE, some of the state administration costs associated with this bill might be lower.
- 4) **Proposition 98 GF.** The state is obligated through Proposition 98 to provide a minimum amount of GF to LEAs and community colleges annually. Of the total GF, about 40% must go to Proposition 98 GF, and therefore schools and community colleges, annually.

This bill requires that, in each fiscal year that TK student enrollment is required to increase, an appropriation from the regular GF to account for the costs of serving new TK students be made *in addition* to the Proposition 98 GF minimum amount schools and community colleges are required to receive. Current TK enrollment is funded from Proposition 98 GF, as is all K-12 enrollment. Under this bill, students enrolled in TK under existing law would continue to be funded from Proposition 98 GF.

According to the Legislative Analyst's Office (LAO), as written, this bill requires funding for new TK students be regular GF only until full implementation of the expansion. At that point, the ongoing costs to serve all TK students would be funded through Proposition 98 GF.

- 5) **Governor's Proposals.** The Governor's 2021-22 budget proposal contains various TK-related allocations. These include, (a) \$250 million in one-time funding for per-pupil grants to LEAs serving additional TK students under an expanded TK model. The LAO notes that although LEAs would likely incur some one-time costs through expanding TK, including facility modifications or construction as noted above, most of the costs associated with TK are ongoing, including teacher salaries; (b) \$50 million in one-time funding to support the preparation of TK teachers and provide both TK and kindergarten teachers with training and;

(c) \$200 million in one-time funding for LEAs to construct and retrofit existing facilities to support TK and full-day kindergarten.

- 6) **Opposition.** This bill is opposed by various child care providers and stakeholders. Among other concerns, the opposition indicates that the state's early learning and care system cannot survive an expansion TK because school districts, due to their funding structure, will be able to pay higher wages to already-difficult to recruit and difficult to retain child care workers. In addition, opponents indicate four-year-old children are not developmentally ready to be in a more traditional elementary school setting and that this setting would contribute to multiple disruptions during the school day to move children to meet the full-day needs of their families.
- 7) **Prior Legislation.** AB 123 (McCarty), of the 2019-20 Legislative Session, would have established the Pre-K for All Act; expanded the eligibility for CSPP; increased the reimbursement rate for CSPP and required a portion of the increase be used to increase teacher pay; required CSPP lead teachers to hold a bachelor's degree by a specified date; and established a program to provide financial support to childcare workers pursuing a bachelor's degree. The bill was held in the Senate Appropriations Committee.

SB 443 (Rubio), of the 2019-20 Legislative Session, would have expanded eligibility for TK to all four year olds. The bill was held in the Senate Appropriations Committee.

AB 2500 (McCarty), of the 2019-20 Legislative Session, would have expanded eligibility for TK to all four year olds. The bill was held in the Assembly Education Committee.

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