

SUBCOMMITTEE NO. 1

Agenda

Senator John Laird, Chair
Senator Dave Min
Senator Rosilicie Ochoa Bogh



Wednesday, February 10, 2021
9:00 a.m. State Capitol - Room 4203

Consultants: Elisa Wynne and Nora Brackbill

AGENDA

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6100 DEPARTMENT OF EDUCATION

Issue 1: Special Education Funding and Research Proposals

Panel:

- Liz Mai, Department of Finance
- Amy Li, Legislative Analyst's Office
- Elly Garner, Departments of Education

Background

Children with developmental delays or physical impairments may need intervention or supports of some form and are eligible to receive supportive services through a variety of programs. Once a child enters the public school system, typically at age five, the school district of residence provides both education services and eligible special education supports and services for identified disabilities that would otherwise hinder a child from receiving a “free and appropriate public education.” For infants, toddlers, and preschool aged children (generally ages zero to five), families may need to navigate a variety of programs to meet the educational and developmental needs of their children. Once a child enters the public school system, the child is eligible to receive services through age 21.

“Special education” describes the specialized supports and services that schools provide for students with disabilities under the provisions of the federal Individuals with Disabilities Education Act (IDEA). Federal special education laws originally enacted in 1975 and reauthorized as IDEA in 2004, require states to provide early intervention services for infants and toddlers and schools to provide “specially designed instruction, and related services, at no cost to parents, to meet the unique needs of a child with a disability.” The law requires the provision of these special supports and services to students with exceptional needs from age 0 to age 22, or until they graduate from high school with a diploma.

Children with disabilities who are younger than age five and are not yet in school settings receive supports and services in different ways. For infants and toddlers (ages zero to three years old), an individualized family service plan is created and services are generally provided by regional centers. These centers are non-profit agencies overseen by the Department of Developmental Services. However, a small percentage of infants and toddlers with special needs are served by school districts. A small number of school districts that had historically served these children were grandfathered into the current system and currently serve approximately 5,000 children. In addition, schools serve a small number of infants and toddlers (approximately 1,000) who have only a hearing, visual, or orthopedic (HVO) impairment. The state’s federal IDEA plan required HVO-related services to be provided by the schools if an HVO impairment is the child’s only disability. Once a child reaches age three, the responsibility for serving children with disabilities is transferred to the school district of residence and regional centers are required to work with school districts during this transition.¹ Through regional

¹ Legislative Analyst’s Office, *Evaluating California’s System for Serving Infants and Toddlers with Special Needs*, January 4, 2018.

centers and school districts, the state also operates a child-find system to identify children for evaluation for early intervention and special education eligibility.

To determine a child's eligibility for special education, schools must conduct a formal evaluation process within a prescribed timeline. If it is determined that a child is an eligible student with disabilities, a team including special education staff, school staff, parents, and other appropriate personnel meet to develop an individualized education program (IEP) to define the additional special education supports and services the school will provide. Each student's IEP differs based on his or her unique needs. Specialized academic instruction is the most common service that schools provide. This category includes any kind of specific practice that adapts the content, methodology, or delivery of instruction to help students with disabilities access the general curriculum. Other commonly provided services include speech and language, physical and occupational therapy, behavioral support, and psychological services. Federal law also dictates that students must receive a Free Appropriate Public Education in the Least Restrictive Environment. This means that to the greatest extent possible students with disabilities are to receive their education in the general education environment with peers without disabilities. California is currently 43rd in the nation in terms of students with disabilities spending at least 80 percent or more of their day in general education.

In 2018-19, 795,047 children, ages 0-22 received special education under the provisions of IDEA in California. This represents approximately 12.5 percent of the total state student population. Specific learning disabilities is the most common disability category for which students are identified, followed by the disability category of speech and language impairments. In recent years, the disability category of autism moved in to the position of third highest category. This is after a decade of increased incidence – now comprising nearly 14 percent of the students with disabilities student population. Different types of disabilities are more prevalent at different ages. For example, speech impairments are most common in earlier grades, while learning disorders are generally identified later in a child's educational career. Schools integrate services and supports into the regular school day for transitional kindergarten through grade 12 students. For children ages 3-5 years old not yet attending school or who are served in an early care setting, preschool, or at home, the school district of residence provides services that may occur at the child's education or care setting, or at a facility designated by the school district. These services are in addition to the early education and child care services children may be receiving if they are enrolled in one of the state or federally-funded programs or in some other early education or care setting.

Special Education Local Plan Areas (SELPAs) and Fund Distribution. State and Federal special education funding is distributed regionally through 134 Special Education Local Plan Areas (SELPAs) to school districts and charter schools in the state. Most SELPAs are collaborative consortia of nearby districts and charter schools, although some large districts have formed their own single district SELPAs, while five SELPAs consist of only charter schools.

California relies primarily on a “census-based” funding methodology that allocates special education funds to SELPAs based on the total number of students attending, regardless of students' disability status. This funding model, often referred to as the AB 602 formula, after the implementing legislation (AB 602 [Davis and Poochigian], Chapter 854, Statutes of 1997), implicitly assumes that students with disabilities and associated special education costs are relatively equally distributed among the general student population and across the state. The amount of per-pupil funding each SELPA receives varies based on historical factors. After receiving its allocation, each SELPA develops a local plan for how to allocate funds to the school districts and charter schools in its region based on how it has chosen to organize special education services for students with disabilities. The ADA used to calculate the AB

602 formula is based on enrollment in grades kindergarten through grade 12 (including transitional kindergarten). Although SELPAs are serving 3-5 year olds, they do not receive any additional funding under the AB 602 formula for these children, with the exception of funds provided in 2019-20. Federal funds are available for regional center services and a small amount (about \$100 million) is available for preschool services.

State and federal special education categorical funding totals over \$5 billion annually. California's model for serving special education services reflects that school districts first use their general purpose, LCFF funds to meet the needs of all students, including those with disabilities, and then use a combination of state and federal special education funding and other local general purpose funds to cover the costs of additional services students with disabilities may need. While it is difficult to measure the amount of additional resources school districts provide from other areas of their budget for special education, according to a report by the Public Policy Institute of California, state and federal funding cover approximately 40 percent of cost of special education, with school districts covering the remaining costs from other fund sources.² In recent years, the costs of special education have risen due to schools identifying higher numbers of students with disabilities, and similar to general education, due to rising salary and benefit costs for teachers of special education students.

Recent Budget Actions

The 2019-20 budget included a total increase of \$645 million in ongoing Proposition 98 General Fund for special education. Of this, \$152.6 million was provided to increase base special education funding rates to ensure that all SELPAs receive at least the statewide target rate (approximately \$557 per ADA in 2019-20) under the existing AB 602 funding formula.

The remaining \$492.7 million created the Special Education Early Intervention Preschool grant, provided to school districts based on the number of three through five-year olds with exceptional needs. This provided approximately \$9,010 per child. These funds were unrestricted. Therefore school districts could use these for any special education purpose. LEAs, school districts, county offices of education, and charter schools could use these to fund special education services that were previously paid for with their general operations funding (including services provided to 3-5 year olds), freeing up funds for other school district needs.

The 2019-20 budget also included language to specify that the increase in the statewide funding rate and early interventions be allocated in a one-time manner and future allocation methodologies would be contingent upon the passage of legislation in the 2020-21 budget to reform the special education system to improve outcomes for students.

The 2020-21 budget created a new special education funding formula, commencing with the 2020-21 fiscal year, that provides Special Education Local Plan Areas (SELPAs) with the greater of \$625 per average daily attendance or the per ADA rate the SELPA received in 2019-20, and applies a cost-of-living-adjustment (COLA) in future years to the statewide base rate. A COLA was not provided in the 2020-21 fiscal year. The budget provided an additional \$645 million in ongoing Proposition 98 funds for special education. Of this, \$545 million increased the statewide base rate for special education funding and \$100 million was provided to increase per pupil rates to support students with low incidence disabilities.

² Public Policy Institute of California, Special Education Finance in California

Governor's Budget Proposal:

The Governor's budget provides \$300 million in ongoing Proposition 98 General Fund for the Special Education Early Intervention Grants to increase the availability of evidence-based services for infants, toddlers, and preschoolers. The proposal would provide funds based on the number of preschool aged children with special needs residing within the school district.

Under this proposal, funds would be required to supplement existing special education resources currently required to be provided pursuant to federal and state law and promote a targeted focus on services and supports being offered in inclusive settings, to the extent practicable. Funds could be used to serve children from birth to age five, including, but not limited to the following:

- Early intervention services, including preschool and supportive services for children ages birth to five who are not meeting age-appropriate developmental milestones and are at risk for being identified as eligible for special education and related services. This may include children who received individualized family support plan services but did not qualify for an individualized education program, and children who have not received an individualized family support plan nor an individualized education program.
- One-time programs, services, or resources for preschool children with exceptional needs that may not be medically or educationally necessary and/or required by an individualized education program or in an individualized family support plan, but which a local educational agency has determined will have a positive impact on a young child.
- Strategies to improve student outcomes as identified through the state system of support including inclusive educational programming that ensures a student's right to placement in the least restrictive educational environment.
- Wraparound services for preschool children with exceptional needs not required by federal or state law.
- Expansion of inclusive practices to ensure that preschool children with exceptional needs have access to learn in the least restrictive environment.
- Professional development for preschool teachers, administrators and paraprofessionals on evidence-based strategies to build capacity to serve preschool children with exceptional needs in more inclusive settings. This professional development may also include training for teachers, administrators, and paraprofessionals on the development of physical, social, emotional, and academic skills and on developing appropriate individualized education programs for preschool children with exceptional needs that ensure access to a free, appropriate public education in the least restrictive environment.

The Governor's Budget also provides \$500,000 one-time federal funds for a study to examine certification and oversight of non-public school special education placements.

Legislative Analyst's Office Analysis:

The LAO recently reviewed the Governor's proposals for special education in their publication, *The 2021-22 Budget: Special Education Proposals*. In general the LAO notes the following with regard to the proposal for special education pre-school funding:

- The new preschool grant funding may further complicate special education funding, because it provides funding for preschool aged children differently than how the state funds special education services. Allocating the funding to a different set of entities (districts instead of SELPAs) and using a different allocation formula (number of children with disabilities instead of overall attendance) would add unnecessary complexity to the state's special education funding system. Furthermore, the program would complicate regional coordination of services through SELPAs. Many smaller districts coordinate special education services—including preschool-aged programs—with other districts in their SELPA. Allocating preschool funding directly to districts would create additional barriers for pooling funding to coordinate these regional services.
- The new preschool proposal could help encourage schools to provide services to students at an earlier age, but providing funding based on the number of children identified with a disability could also introduce a new financial incentive to over-identify children for special education.
- The impact of the new preschool proposal would be unclear due to lack of restrictions and accountability. Even though the Governor's proposal includes intent language that funding be used for certain activities beyond special education, there are no statutory restrictions on this funding to ensure that this is in fact achieved. Districts would have broad discretion over how closely to follow the intent language, and spending decisions would likely vary across the state.
- The new preschool proposal does not address the current challenges with inclusion or intervention, the underlying barriers that exist for schools. California has a relatively low rate of inclusion for its preschool-aged students with disabilities. In 2018-19, only 27 percent of California's preschool-aged children with disabilities attended an inclusive program for at least ten hours a week, compared to 60 percent nationally. These barriers may include programs, such as state preschool, in which it may be difficult to accommodate children with disabilities, and staff may lack expertise to serve these children.

The LAO recommends the following:

- **Provide Funding for Preschoolers Through Existing Special Education Base Formula.** To align with how the state primarily funds special education, we recommend the Legislature expand the existing special education base formula to include ongoing funding for preschool-aged children. Expanding the base formula would allow the state to recognize local costs associated with serving this age group, while avoiding the additional challenges introduced by the Governor's proposal. Specifically, the LAO recommends modifying the special education base formula to double-count kindergarten attendance for school districts. This approach effectively uses kindergarten attendance as a proxy for preschool attendance, since most preschool-aged students do not attend programs in public schools. We estimate this approach would cost around \$255 million for 2021-22, freeing up about \$45 million relative to the Governor's proposal.

- **Explore Opportunities to Promote Inclusive Practices and Early Intervention.** With the remaining \$45 million, the Legislature could consider other ways to promote inclusive practices and early intervention. For instance, the Legislature could expand existing initiatives that provide districts technical assistance to implement inclusive practices or support coordinated efforts for early identification and intervention.

Suggested Questions:

- DOF: Has the Administration considered the LAO's suggestion to increase the special education formula for the preschool population?
- DOF: Can you clarify what "supplement existing special education resources" means? Must LEAs use this on services in addition to the IEP services or can they use these funds on IEP services as well?
- DOF: The 2019-20 budget included funds for special education services for preschool aged children, yet those funds were unrestricted and could be used for any special education service. Why does the Administration propose a different approach?

Staff Recommendation: Hold Open.

Issue 2: Special Education Medi-Cal Billing

Panel:

- Liz Mai, Department of Finance
- Amy Li, Legislative Analyst's Office
- Elly Garner, Departments of Education

Background

School-Based Medi-Cal Billing Program. Schools have the option to seek partial reimbursement for some health-related services from Medi-Cal—the state's health care program for low-income residents—through the school-based Medi-Cal billing program. Because Medi-Cal is jointly funded by the state and federal government, greater participation from schools allows the state to bring in additional federal funds. Eligible services through the Medi-Cal billing program include counseling, occupational therapy, speech therapy, and transportation related to these services. Previously, schools were primarily eligible to be reimbursed for services provided to students receiving special education who also were enrolled in Medi-Cal. A recent program change approved April 2020, however, expands coverage to include all Medi-Cal enrolled students. Low participation has been a longstanding issue, as only about half of California's school districts participate in the Medi-Cal billing program. A recent analysis by WestEd showed that California received a low rate of federal reimbursement per Medi-Cal enrolled student in 2014-15 compared to other states—suggesting substantial opportunities to draw down additional federal funds.

California's School-Based Medicaid Claiming and Reimbursement Programs

The Medicaid LEA Billing Option Program (LEA BOP), the School-Based Medi-Cal Administrative Activities (SMAA) program are California's formalized school-based Medicaid claiming and reimbursement programs. These programs allow LEAs to receive partial federal reimbursement for direct medical services and associated administrative costs. The LEA BOP and the SMAA program can be administered directly by school districts.

The LEA BOP is a reimbursement program in which LEAs (school districts, COEs, charter-school LEAs, SELPAs, and community colleges) can bill for covered services provided by qualified providers or contracted practitioners after the service has occurred and has been paid for by the LEA (reimbursement). To participate in the LEA BOP, LEAs must enroll through the DHCS as a Medicaid Provider (DHCS 2018b).

The SMAA program offers a way for LEAs and state agencies to obtain federal reimbursement for the cost of certain administrative activities that are necessary for the proper and efficient administration of school-based Medicaid. The program allows LEAs in California to claim administrative activities, costs that are otherwise not allowable for claiming under the LEA BOP or other Medicaid programs because they are not direct Medicaid services. The SMAA program includes activities such as referring students and families to enroll in Medicaid and coordinating Medicaid services between agencies.

2019-20 Budget Package Established the Medi-Cal Billing Work Group. In response to low participation in the school-based Medi-Cal billing program, the 2019-20 budget package provided \$500,000 one-time General Fund for the California Department of Education (CDE) to convene two

interagency work groups—one of which was to focus on Medi-Cal billing and include the Department of Health Care Services (DHCS). The work group is tasked with providing recommendations to the Legislature, by October 1, 2021, to improve access to the Medi-Cal billing program. The work group's interim report released in October 2020 identified several barriers to program participation, including the lack of interagency collaboration between CDE and DHCS, challenging documentation and billing system requirements, a high share of claims being disallowed, and limited state-led training and support.

Governor's Budget Proposal:

The Governor's budget includes two proposals related to the school-based Medicaid billing:

- \$5 million one-time Proposition 98 General Fund to fund two or more LEAs, that are providers in the LEA BOP program and demonstrate a history of receiving federal reimbursement for health related assessments and services through the LEA BOP program to establish professional learning networks designed to:
 - Support local educational agencies in establishing the infrastructure and partnerships needed to enable successful participation in the Local Educational Agency Medi-Cal Billing Option Program.
 - Define common characteristics and best practices of local educational agencies that are successful in submitting claims through the Local Educational Agency Medi-Cal Billing Option Program and drawing down federal reimbursement for Medi-Cal services.
 - Provide peer-to-peer learning opportunities and create capacity for local educational agencies to become self-sustaining and secure federal reimbursement for services provided to Medi-Cal eligible students.
- \$250,000 in ongoing Proposition 98 for an LEA to provide guidance for Medi-Cal billing within the statewide system of support. The selected LEA shall demonstrate success in submitting claims through the LEA BOP program and drawing down federal reimbursement for Medi-Cal services and a willingness and capacity to do all of the following:
 - Provide effective assistance and support to local educational agencies in securing federal reimbursement for services provided to Medi-Cal eligible students.
 - Work in coordination and collaboration with expert lead agencies identified pursuant to Section 52073.1, special education resource leads identified pursuant to Section 52073.2, the Department of Education, and the Department of Health Care Services, and the Medi-Cal professional learning networks (described above).
 - Identify and disseminate information around existing resources, professional development activities, and other efforts currently available to assist local educational agencies in successfully submitting claims through the LEA BOP program and drawing down federal reimbursement for Medi-Cal services.
 - Upon request by the Department of Education and the Department of Health Care Services, develop new resources and activities designed to build capacity for local educational agencies to secure federal reimbursement for services provided to Medi-Cal eligible students.
 - Serve as a point of contact for local educational agencies, and regularly participate and share the perspectives of local educational agencies in the LEA Program Advisory Workgroup convened by the Department of Health Care Services.

- Other duties as prescribed by the State Department of Education, to enhance Medi-Cal services on school sites, increase access of care for students, and increase Medi-Cal reimbursement for local educational agencies

Legislative Analyst's Office Analysis:

The LAO recently reviewed the Governor's proposals for special education Medi-Cal billing in their publication, *The 2021-22 Budget: Special Education Proposals*. In general the LAO notes the following:

- ***Given Upcoming Work Group Recommendations, Medi-Cal Billing Proposals Are Premature.*** The final work group recommendations expected in October will likely include a set of policy changes aimed at increasing access and participation in the Medi-Cal billing program. It is unclear whether the Governor's proposals would be an effective complement to these recommendations. For instance, the interim report highlights that DHCS has limited staff designated to the Medi-Cal billing program, and CDE has no formal role in providing technical assistance. Given the complexity of program requirements and the recent expansion to include all Medi-Cal enrolled students, having a state-level agency providing technical assistance may better address the needs of schools.

The LAO alternately recommends the Legislature reassess the Medi-Cal billing proposals as part of the 2022-23 budget process, after it has an opportunity to review the final work group recommendations. This approach would ensure additional state funding is provided in a manner most likely to improve program participation.

Suggested Questions:

- DOF/LAO: Given that additional coordination will be needed with DHCS for any movement on this issue, what actions are being taken on the health side to ensure that changes are made that the LEAs could then build capacity to implement?
- CDE: Does CDE have any recommendations given the ongoing difficulty of LEAs in accessing Medi-Cal billing options?

Staff Recommendation: Hold Open.

Issue 3: Proposition 98 Funding for Student Mental Health

Panel:

- Paula Fonacier Tang, Department of Finance
- Amy Li, Legislative Analyst's Office
- Elly Garner, Department of Education

Background:

Mental Health Funding for LEAs. LEAs do not currently have significant sources of funding dedicated for supporting the mental health of students within their Proposition 98 allocations. For students with mental health needs who qualify for special education and have an Individualized Education Plan (IEP) that requires services, LEAs may use their special education funding to provide these services. Of the total amount of funds available to LEAs for special education, approximately \$152 million was set aside each year in as Educationally-Related Mental Health Services (ERMHS) funds, restricted to education-related mental health services that are included in IEPs. Recently, the state expanded the allowable use of ERMHS funds to include mental health services for all students beginning in the 2020-21 fiscal year. However, given that the costs for special education services generally exceed the amount of categorical funds provided for this purpose, this expansion of the use of mental health funding will not create a significant expansion of mental health services for the general student population. There have also been smaller efforts to create mental health resources for LEAs, particularly around suicide prevention. LEAs may use their general operations funds to provide services to students, including mental health or wellness services, and these expenditures have been an allowable use of recent pandemic relief funds.

Mental Health Services Act (Proposition 63; 2004). The Mental Health Services Act (MHSA) imposes a one percent income tax on personal income in excess of \$1 million. The purpose of the MHSA is to expand mental health services to children, youth, adults, and older adults who have severe mental illnesses or severe mental health disorders and whose service needs are not being met through other funding sources (i.e., funds are to supplement and not supplant existing resources).

The Mental Health Services Oversight and Accountability Commission (MHSOAC) was established in 2005 and oversees expenditures generated from the MHSA in the Mental Health Services Fund (MHSF). SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, known as the Investment in Mental Health Wellness Act, included expenditure authority from the MHSF of \$32 million annually for MHSOAC to support counties to increase capacity for client assistance and services in crisis intervention, crisis stabilization, crisis residential treatment, rehabilitative mental health services, and mobile crisis support teams. In 2018-19 the expenditure authority was reduced to \$20 million annually. According to MHSOAC, since 2017-18, 50 percent of the funding has been allocated to programs dedicated to children and youth aged 21 and under, and approximately \$20 million was allocated for four School-County Collaboration Triage grants to: 1) provide school-based crisis intervention services for children experiencing or at risk of experiencing a mental health crisis and their families or caregivers; and 2) supporting the development of partnerships between behavioral health departments and educational entities.

Mental Health Student Services Act. The 2019 Budget Act included expenditure authority from the MHSF of \$50 million in 2019-20 and \$10 million annually thereafter for the Mental Health Student Services Act (MHSSA), a competitive grant program administered by the MHSOAC to establish mental health partnerships between county mental health or behavioral health departments and school districts, charter schools, and county offices of education. These partnerships support: (1) services provided on school campuses; (2) suicide prevention; (3) drop-out prevention; (4) outreach to high-risk youth and young adults, including, but not limited to, foster youth, youth who identify as lesbian, gay, bisexual, transgender, or queer (LGBTQ), and youth who have been expelled or suspended from school; (5) placement assistance and development of a service plan that can be sustained over time for students in need of ongoing services; and (6) other prevention, early intervention, and direct services, including, but not limited to, hiring qualified mental health personnel, professional development for school staff on trauma-informed and evidence-based mental health practices, and other strategies that respond to the mental health needs of children and youth.

The MHSSA supports partnerships between county behavioral health programs and educational entities. Combining the \$50 million allocation in 2019-20 with the annual \$10 million allocations for the subsequent three fiscal years, MHSOAC allocated a total of \$75 million over four years for funding of the MHSSA Partnership Grant Program. The funding was made available in two categories: 1) \$45 million for counties with existing school mental health partnerships, and 2) \$30 million for counties developing new or emerging partnerships.

According to MHSOAC, only 18 awards have been made thus far due to funding constraints. MHSOAC estimates approximately \$80.5 million in additional funding would be required to fund all 38 outstanding grant applications for school-mental health partnerships, \$45.5 million with existing partnerships and \$35 million for new and emerging partnerships.

Governor's Budget Proposal:

The budget provides \$25 million ongoing Proposition 98 General Fund to fund partnerships with county behavioral health to support student mental health services. Funds would be provided as competitive grants to LEAs to match, on a 1:1 basis, proposed county expenditures for children's mental health services, as specified in a county's three-year program and expenditure plan or annual update prepared pursuant to Section 5847 of the Welfare and Institutions Code from their share of the MHSF.

LEA applicants must provide a plan that describes the following:

- The need for mental health services at the local educational agency as well as potential gaps in local service connections.
- That plans address the mental health needs of enrolled students in kindergarten through grade 12 in a manner consistent with a whole child approach, including but not limited to the following:
 - Professional development for educators to identify early warning signs and risk factors for students in need of mental health supports.
 - Establishment or expansion of mental health and counseling staff available in schools.
 - Development of peer support networks, and other activities that promote students' sense of connectedness and belonging to a school community.

- Development of partnerships with community organizations, including health and mental health service providers, with an emphasis on those that serve at risk student groups.
 - Development of resources and supports for family engagement.
 - Resources that address the acute and chronic mental health support needs in communities experiencing ongoing natural disasters and systemic violence.
- A proposal for how the funds will be used to expand a county's children's mental health services project and meet data collection and reporting requirements required of Mental Health Services Act three-year program plans.

Funds would be awarded for up to a three year term, with the Superintendent of Public Instruction (SPI) to review the grantee and determine renewal at the end of the grant period. The SPI shall determine the amount of grants.

The Governor's budget also includes two related proposals in the health budget that will be heard in Subcommittee #3 on health and human services:

- The budget provides \$400 million one-time in a mix of federal funds and General Fund, available over multiple years, for the Department of Health Care Services to implement an incentive program through Medi-Cal Managed Care Plans, administered by county behavioral health departments and schools. This innovative effort would build infrastructure, partnerships, and statewide capacity to increase the number of students receiving preventive and early intervention behavioral health services from schools, providers in schools, or school-based health centers.
- The budget also includes an additional \$25 million one-time Mental Health Services Fund, available over multiple years, to expand the Mental Health Student Services Act Partnership Grant Program, which funds partnerships between county behavioral health department and schools. Priority for the grants will be given to high-poverty and rural schools, with funds supporting suicide and drop-out prevention services, outreach to high-risk youth, and other strategies that respond to the mental health needs of students. (Heard on Friday, February 5, 2021 in Subcommittee #3)

Suggested Questions:

- DOF: How will the ongoing Proposition 98 funds for Mental Health Match, the Mental Health Student Services Act Partnership funds, and the new incentive program through the Medi-Cal Managed Care Plans ensure a coordinated response to student mental health needs?
- How many LEAs does the Administration anticipate funding with the proposed \$25 million investment? How will LEAs sustain funding for mental health needs?

Staff Recommendation:

Hold Open

Issue 4: School Climate Surveys**Panel:**

- Michelle Valdivia, Department of Finance
- Michael Alferes, Legislative Analyst's Office
- Elly Garner, Department of Education

Background:

LEAs are currently required to measure and report on school climate in their Local Control and Accountability Plan (LCAP) and through a local indicator on the California School Dashboard. More specifically, per the standards adopted by the state board of education, LEAs are required to administer a local climate survey at least every other year that provides a valid measure of perceptions of school safety and connectedness.

The majority of districts in California use data from a common survey instruments supported by CDE for their LCAP indicators. The California School Climate, Health, and Learning Survey (Cal-SCHLS) System is comprised of three interrelated surveys developed for and supported by the CDE:

- The California Healthy Kids Survey (CHKS) for students
- The California School Staff Survey
- The California School Parent Survey

The CHKS is a modular, anonymous assessment recommended for students age 10 (grade 5) and above. It is focused on the five most important areas for guiding school and student improvement:

- student connectedness, learning engagement/motivation, and attendance;
- school climate, culture, and conditions;
- school safety, including violence perpetration and victimization/bullying;
- physical and mental well-being and social-emotional learning; and
- student supports, including resilience-promoting developmental factors (caring relationships, high expectations, and meaningful participation).

LEAs pay a fees to participate based on their choices about the types of levels of data they want to collect. To participate in this state-subsidized survey, CDE minimally requires that districts administer a Core Module of key questions in grades 7 and 9 in order to ensure comparable data across all schools. Detailed demographic data are collected from secondary-school students to help determine the characteristics and representativeness of the sample and identify the needs of vulnerable subgroups. LEAs may choose to also survey using supplementary modules in various areas, including:

- school climate;
- social-emotional and physical health;
- substance use; and
- other risk behaviors.

Currently, through the Cal –SCHLS, the CDE is providing an online *Learning from Home Survey* to assess students’ home educational routines, engagement and motivation in educational activities, quality of relationships with teachers and peers, and social emotional well-being.

The Cal-SCHLS also provides for technical assistance, and additional services on understanding and using data collected from the surveys.

Governor’s Budget Proposal:

The Governor’s budget provides \$10 million in one-time Proposition 98 General Fund for one or two LEAs (selected by CDE and the executive director of the state board of education) to:

- Make information available on valid, reliable, and appropriate school climate surveys for purposes of helping local educational agencies better assess community needs stemming from the COVID-19 Pandemic and distance learning, including surveys for students, families, and educators.
- Of the total, \$5 million shall be used to provide grants to local educational agencies to implement enhanced survey instruments and support start-up costs associated with conducting annual school climate surveys.
- Provide training for LEAs on interpreting data and using responses collected to inform continuous improvement efforts.

Suggested Questions:

- Has the Administration explored the possibility/ cost of creating a module related to the impact of the COVID-19 pandemic within the existing Healthy Kids Survey?
- How will the surveys developed differ from recent efforts by the CDE through the Cal-SCHLS to provide relevant survey tools during the pandemic?

Staff Recommendation:

Hold Open.

Issue 5: School Nutrition Update – Information Only

Panel:

- Elly Garner, Department of Education
- Kim Frinzell, Nutrition Services Director, Department of Education

Background:**School Nutrition Programs (SNP)**

Local Educational Agencies are required to provide meals to students who are eligible for free and reduced price meals under California’s education code.

Education Code Section 49550 requires school districts and county offices of education (COE) to provide nutritionally adequate meals to pupils who are eligible for free and reduced-price (F/RP) meals every school day. Education Code Section 47613.5 extends this requirement to charter schools. Charter schools offering nonclassroom-based instruction must also offer at least one nutritionally adequate meal for eligible pupils on any school day that the pupil is scheduled for educational activities lasting two or more hours at a school site, resource center, meeting space, or other satellite facility operated by the charter school.

Education Code Section 49550(c) defines “school day” as any day that pupils in kindergarten or grades 1 to 12, inclusive, are attending school for purposes of classroom instruction, including, but not limited to, pupil attendance at minimum days, state-funded preschool, transitional kindergarten, summer school including incoming kindergarten pupils, extended school year days, and Saturday school sessions.

Section 34 of the 2020 Budget Act established Education Code Section 43503 that adds distance learning as an instructional model and requires school districts, COEs, and charter schools to provide nutritionally adequate meals for eligible pupils during schooldays in which those pupils participate in distance learning. This requirement allows flexibility in how food is distributed as long as students eligible for F/RP meals have access to a nutritionally adequate meal during each school day.

A nutritionally adequate meal (breakfast and lunch) must meet the federal meal pattern requirements and qualify for federal reimbursements.

Types of Meal Programs

The California Department of Education (CDE) administers school meal programs overseen by the United States Department of Agriculture (USDA). The main programs are as follows:

National School Lunch Program (NSLP) – The National School Lunch Program is a federally funded program that assists schools and other agencies in providing nutritious lunches to children at reasonable prices. In addition to financial assistance, the program provides donated commodity foods to help reduce lunch program costs. The National School Lunch Program is operated on a reimbursement basis, with agencies paid on the number of meals served. Agencies that participate in

the program are reimbursed from two sources: the USDA and the State of California. State reimbursement is paid for all free and reduced price meals. Federal reimbursement is paid for all free, reduced price, and paid meals. The National School Lunch Program (NSLP) also offers reimbursement to schools serving nutritious snacks to children participating in after-school care programs.

School Breakfast Program – Local Educational Agencies may also choose to participate in the School Breakfast Program. The School Breakfast Program is a federally funded USDA program which assists schools and other agencies in providing nutritious breakfasts to children at reasonable prices. Similar to the National School Lunch program, the School Breakfast Program must be open to all enrolled children. If a child already qualifies for free or reduced-price lunches, then the child would also qualify for free or reduced-price breakfasts. The School Breakfast Program is operated on a reimbursement basis, with agencies paid on the number of meals served multiplied by the appropriate reimbursement rate. State reimbursement is paid for all free and reduced price meals. School sites may qualify for higher reimbursement rates if they are designated to be in severe need (if, two years prior, 40 percent or more of the lunches served at the site were free or reduced-price). Sites must annually re-establish their eligibility for the Severe Need Breakfast Reimbursement.

Summer Food Service Program - The Summer Food Service Program (SFSP) is a U.S. Department of Agriculture (USDA) federally funded program that reimburses sponsors for administrative and operational costs to provide meals for children 18 years of age and younger during periods when they are out of school for fifteen (15) or more consecutive school days. Sponsors may operate the SFSP at one or more sites, which are the actual locations where meals are served and children eat in a supervised setting. Eligible sites are those that serve children in low-income areas or those that serve specific groups of low-income children. Sponsors must provide documentation that proposed sites meet the income eligibility criteria required by law. There are three common types of sites: open sites, camps (residential and nonresidential), and closed enrolled sites.

Open sites are meal sites where meals are available to any child from the community. Open sites are located in needy areas where 50 percent or more of the children residing in the area are eligible for free or reduced-price (F/RP) school meals, enrollment in a program is not required. Meals are made available to all children in the area on a first-come, first-serve basis. Camp sites are those that offer regularly scheduled food service along with organized activities for enrolled residential or day campers. The camp receives reimbursement only for meals served to enrolled children who qualify for F/RP meals. Closed sites are open only to enrolled children or to an identified group of children, as opposed to the community at large. Closed enrolled sites must also establish their eligibility through the individual income eligibility of the children attending the site.

LEAs may also choose to operate a Seamless Summer Option through the National School Lunch (NSLP) or School Breakfast Programs (SBP). School Food Authorities (SFA) follow the same meal service rules and claiming procedures used during the regular school year. Meals served are reimbursed at the NSLP and/or SBP “free” rates.

Eligibility

Under federal USDA school meal programs, all school-aged children in income-eligible households are eligible for school meal benefits regardless of a child’s immigration status. The family-size income levels are prescribed annually by the Secretary of Agriculture for determining eligibility for free and

reduced price meals and free milk. The free guidelines are 130 percent of the Federal poverty guidelines. The reduced price guidelines are 185 percent of the Federal poverty guidelines.

LEAs may identify eligible children in a few different ways. They must notify all families of free and reduced price meals and provide applications for families to complete. In addition, LEAs may directly certify student eligibility by using information from other means-tested programs, including Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) or by determining that a child is eligible due to identification as homeless, runaway, migrant, or foster child, or enrollment in federal Head Start or comparable state program. LEAs must provide households with notification of direct certification or provide an application.

Community Eligibility Provision (CEP) - The CEP was implemented by the Healthy, Hunger-Free Kids Act of 2010. The CEP allows high-poverty schools to eliminate the administrative burden of school meal applications and still serve breakfast and lunch at no charge to all students. Schools that have implemented the CEP have experienced striking increases in school meal participation, and many reported improved attendance. The CDE highly encourages participation in the CEP for a school or group of schools with an Identified Student Percentage (ISP) over 40 percent, and can include directly certified children.

Identification of children for free and reduced price meals is also important as the data is used as a proxy for low income in the state's school funding formula, the Local Control Funding Formula (LCFF) and generates additional education funding.

COVID -19 Related Changes

Typically an LEA must operate under specific rules related to the meal programs they are participating in to receive reimbursement. This means that during the school year, LEAs participating in school meals program provide meals at specified times, sites, and settings. During the summer, when school is out of session, LEAs may continue to participate in meal programs that allow for more flexibility in the methods of food distribution as described above. During the current pandemic, the USDA has issued nationwide waivers, that now extend through June 30, 2021, to allow non-congregate feeding and meal service time flexibility during the school year, consistent with flexibilities typically allowable under summer meal programs.

As reimbursement based programs, school meal programs rely on the scale of meals served to generate revenues to cover program costs, food, labor, and equipment/operations. During the initial shut down of schools starting in mid-March 2020, LEAs reported significant drops in meals served as they struggled to adjust to serving meals to students in new formats. Many LEAs began to serve more meals during the summer and into the fall, but most have not reached the levels served during the regular school year in 2019-20.

In response to the concerns that LEAs' nutrition programs were struggling to cover costs, the 2020-21 budget provides \$192 million in one-time Federal Elementary and Secondary Schools Emergency Relief for LEA school meal reimbursements during summer break and COVID-19 school closures through August 30, 2020, at a rate of up to an additional 75 cents per meal. It also allowed state reimbursement funds from 2019-20 to be used for disaster relief for LEAs who did, or attempted to, serve student meals during the school closure period.

More recently, on January 26, 2021, the USDA released a policy memo announcing a special emergency reimbursement funding for Child Nutrition Programs for March- June 2020. The intent of this funding is to help address lost meal reimbursement and increased operational costs due to COVID-19. Funding will be based on a specific formula that accounts for the difference in meal claims in March, April, May and June 2019 compared to the same months in 2020. The difference in meals served is then multiplied by 55 cents to determine the reimbursement amount for each eligible sponsor. Once USDA approved a state plan for the funds (due April 2021) reimbursement funds will be allocated to the CDE to distribute. The USDA expects state agencies to begin releasing the funding by June 2021. CDE notes that while these funds will provide some relief to LEAs, they only cover costs through June 2020 and not the remainder of the pandemic.

California Department of Education Update:

The Nutrition Services Division of the CDE oversees the state and federal meal programs. CDE has provided the following information:

Reduced Participation in Meal Programs: A 2019-20 comparison of breakfast and lunches under the National School Lunch, School Breakfast, Seamless Summer Option and Summer Food service Programs shows a drastic reduction in meals served. On average there is a **30 percent reduction** in meals served. Summer months are usually much lower in meal counts, as evidenced by the 2019 meal totals provided below. However CDE believes there was an increase in meals served in the summer months during the pandemic due to the federal flexibilities provided around meal service, including area eligibility and non-congregate waivers, in addition to the state of the economy.

Month	2019 Total Meals	2020 Total Meals	% Reduction
January	74,199,286	75,708,926	2.03%
February	81,434,836	81,251,374	-0.23%
March	88,108,268	65,024,210	-26.20%
April	79,303,159	54,954,369	-30.70%
May	98,600,711	54,216,387	-45.01%
June	24,961,165	41,640,607	66.82%
July	7,906,222	36,367,146	359.98%
August	51,306,254	26,863,861	-47.64%
September	89,217,546	43,862,514	-50.84%
October	99,420,874	56,544,564	-43.13%
November (still have one month to submit claim)	68,865,226	48,171,600	-30.05%
December (still have 2 months to submit claim)	63,702,236	30,967,018	-51.39%
Grand Total	827,025,783	615,572,576	

CDE Comments:

LEAs continue to need funding to help address the lost meal reimbursement due to COVID-19. Overall schools statewide are experiencing an average of a 30 percent decrease in the number of meals claimed for reimbursement. Not only is access to healthy meals a concern, but also the financial deficit school food service operations are experiencing. The \$192.2 million (\$112.2 million in federal ESSER funds and \$80 million in Prop 98 State Funds) provided in the 2020 Budget for the months of March-August helped cover increased food, personnel, equipment and supply costs. And while child nutrition programs will further benefit by the forthcoming federal funds, which will cover 55 percent of the difference in meals served between 2019 and 2020, these funds only cover the months March through June 2020.

CDE will utilize approximately \$20 million that remains from the FY 2019 budget, pursuant to SB 820, to help fill the remaining gap for the months March through August 2020. CDE does not currently have an estimate on the amount of funding needed, but does believe a gap will remain between costs that programs have incurred compared to the reimbursements they have or will receive for this time period.

Schools are still experiencing a shortfall. Prior to COVID-19 approx. 40 percent of our schools participating in the federal meal programs encroach on their district's general fund to help support their food service operations. Unfortunately COVID-19 continues to strain the school food service accounts.

Finally, these are not single year issues, CDE notes that it will take several years to help level the impact of COVID-19 on the Child Nutrition Programs. In addition to the 30 percent decrease in meal reimbursement, LEAs are facing potential declines in public school enrollment, changes in learning models, and federal waivers set to expire June 30, 2021 that make future funding of these programs uncertain. In addition, entitlements for access to USDA foods that LEAs use to reduce food costs are based on meals served in prior years, and these years of low meals will impact those entitlements in future years.

Staff Recommendation:

Information Only

Issue 6: Transitional Kindergarten Incentive Programs

Panel:

- Sarah Burtner, Department of Finance
- Jennifer Kaku, Department of Finance
- Sara Cortez, Legislative Analyst's Office
- Elly Garner, Department of Education
- Sarah Neville-Morgan, Department of Education

Background:

Transitional Kindergarten (TK). SB 1381 (Simitian), Chapter 705, Statutes of 2010, enacted the “Kindergarten Readiness Act” and established the transitional kindergarten (TK) program, beginning in 2012-13, for children who turn five between September 2 and December 2. TK is the first year of a two-year kindergarten program that uses a modified, age and developmentally appropriate curriculum. It is intended to be aligned with California Preschool Learning Foundations developed by the California Department of Education. Each elementary or unified school district must offer TK and kindergarten for all eligible children, regardless of family income. TK is funded through the Local Control Funding Formula (LCFF) allocation. In 2018-19, 91,000 students in California were enrolled in TK. In addition to an elementary teaching credential, starting August 2021, TK teachers are required to have either 24 units in early childhood education and/or child development, a child development permit, or comparable experience in a classroom setting.

Early Transitional Kindergarten. Starting in the 2015-16 school year, local education agencies (LEAs) were allowed to enroll children in TK that do not meet the age criteria if they will turn five by the end of the school year. However, these students do not generate state funding until they turn five. LEAs are not required to provide early TK, and if they do, they are allowed to set their own age criteria. Uptake of this optional program varies widely; some LEAs enroll all children who will turn five by the end of the school year, and some do not offer it at all.

Preschool for four-year-olds. Currently, four-year-olds are served by a mixture of State Preschool (for income-eligible students) and early TK (if provided). In 2018-19, 143,000 three- and four-year-olds were enrolled in State Preschool. Four-year-olds make up 63 percent of that enrollment. Aside from income eligibility, these programs vary in other ways, including teacher credentialing requirements and length of school day (see table below from the LAO³). Income-eligible four-year-olds end up in either preschool or TK due to combination of these factors, availability of early TK in their area, and available State Preschool slots.

The Governor’s Master Plan on Early Learning and Care set a goal to provide all income-eligible three-year-olds and all four-year-olds with preschool. The initial step is aligning preschool and TK standards. Eventually, all four-year-olds would be eligible for TK programs, and all income-eligible three-year-olds would be served by state preschools.

³ <https://lao.ca.gov/reports/2021/4350/Transitional-Kindergarten-Proposals-020521.pdf>

	Transitional Kindergarten	State Preschool
Age	Four-year olds with birthdays between September 2 and December 2, with option to serve some younger students.	Three- and four-year olds.
Income Eligibility	None.	A family of three must generally earn at or below \$73,885.
Program Duration	Must operate at least 180 days per year, at least three hours per day but determined by district.	Must operate at least 246 days per year, 6.5 hours per day for full-day program; at least 175 days per year, 3 hours per day for part-day program.
Work Requirement	None.	None for the part-day program. Working families are prioritized for the full-day program.
Staffing Ratio	1 to 33 maximum teacher-child ratio.	1 to 24 maximum teacher-child ratio and 1 to 8 maximum adult-child ratio.
Funding Source	Proposition 98 General Fund.	Proposition 98 and Non-Proposition 98 General Fund.
Providers	School districts.	School districts, county offices of education, community colleges, and community-based organizations.
Teacher Requirements	Bachelor's degree, multiple subject teaching credential, and a Child Development Teacher Permit or at least 24 units of ECE/CD or comparable experience. ^a	Child Development Teacher Permit (24 units of ECE/CD plus 16 general education units).

^a Child Development requirements effective August 1, 2021.
ECE/CD = Early Childhood Education/Child Development.

Source: Legislative Analyst's Office

Full-day kindergarten (FDK) facilities grants. TK and Kindergarten facilities have additional requirements compared to other school facilities, such as restrooms that must be self-contained in the classroom or separate from those of older students and an easily supervised play area. A lack of space meeting these requirements may prevent schools from expanding their kindergarten offerings. The 2018-19 budget provided \$100 million in one-time non-Proposition 98 General Fund for the Full-Day Kindergarten Facilities Grant Program. The Office of Public School Construction, with approval by the State Allocation Board, allocated grants to LEAs for schools that did not have enough classroom space to provide FDK or had an existing FDK space that did not meet regulations. Priority for the grants was provided to districts with financial hardship or districts that have a high population of low-income students. The grants required a local match of 50 percent of the cost of new construction and 40 percent of the cost of renovation, except for those districts that met the financial hardship requirements. Savings from projects awarded as a result of this funding were available for professional development or instructional materials to build capacity for the implementation of a full-day kindergarten program or for other high priority local facility needs. Applicants had to provide anticipated and three preceding years of enrollment data to verify need for new construction. Participation in the Full-Day Kindergarten Facilities Grant Program did not impact a school district's participation in the School Facilities Grant Program. According to administration, the Office of Public School Construction received over \$405 million worth of applications during the second and final application round for this program. In 2019-20, another \$300 million in funding was provided to support three additional rounds. However, this money was rescinded in spring 2020, at the beginning of the COVID-19 pandemic.

Governor's Budget Proposal:

The Governor's proposal includes three sources of one-time funding intended to expand TK offerings: \$250 million Prop 98 funding for an incentive grant program for early TK, \$50 million Prop 98 for a TK and kindergarten teacher training program, and \$200 million General Fund for facilities grants for TK and FDK programs.

The California Transitional Kindergarten Incentive Grant Program. The proposed budget includes \$250 million one-time Proposition 98 General Fund to provide grants to LEAs that increase early access to transitional kindergarten, to help them cover up-front costs associated with expanding programs. Schools would plan and apply in 2021-22, and funding would be released in 2022-23 and 2023-24. Grants would be distributed through a competitive process, prioritizing schools that plan to increase early TK enrollment. Additional priority would be given based on factors such as the proportion of dual language learners, a plan to create inclusive classrooms, and the ability to connect the TK program with extended-day services. Selected LEAs would receive funding based on the amount of increased enrollment between 2021-22 and 2022-23. The funding would be equivalent to half of the LCFF rate for each additional early TK student. Schools that achieve their early TK expansion goals would be eligible for additional funding in 2023-24, depending on availability of funds.

Early Education Professional Development Grants Program. The Governor's budget includes \$50 million one-time Proposition 98 General Fund to support the preparation of transitional kindergarten teachers and provide both transitional kindergarten and kindergarten teachers with training in providing instruction in inclusive classrooms, support for English language learners, social-emotional learning, trauma-informed practices, restorative practices, and mitigating implicit biases. The funding is one-time in nature but will be available for encumbrance through 2023-24 and available for expenditure until 2027. Grants would be allocated to LEAs through a competitive process. LEAs applying would need to demonstrate a need for TK teachers or TK or kindergarten development, a plan to create inclusive classrooms, and the ability to connect the TK program with extended-day services. Additional priority factors are similar to those for the incentive grants program and include the proportion of dual language learners, children with disabilities, or children in special education served by the LEA, as well as the proportion of full-day kindergarten programs, among others. Allowable uses for these funds include both direct educational costs such as tuition, supplies, or coaching, as well as incident costs such as transportation, childcare, and substitute teacher pay.

Facilities Funding for TK and FDK. The proposed budget includes \$200 million one-time General Fund for school districts to construct new facilities or retrofit existing facilities to support TK. The program is based on the Full-Day Kindergarten Facilities Grant Program described above. Grants would be competitive, and the allocation process would be the same as described for FDK, except that in the first year, priority will be given to LEAs intending to offer and expand TK programs. Further priority will then be given to LEAs qualifying for financial hardship and then LEAs with high populations receiving free or reduced-price lunch. After the first year, priority will be given to LEAs intending to either offer and expand TK programs or convert a part-day kindergarten program to a full-day kindergarten program.

Legislative Analyst's Office Comments:

TK versus State Preschool. The Legislature has historically taken action to expand access to preschool. The Governor's proposal differs from recent legislative action by expanding access through

TK instead of State Preschool. In addition, expanding TK could significantly affect State Preschool enrollment. In some cases, capacity may simply shift from preschool to TK, rather than increasing overall capacity, especially in school districts that currently use classrooms on elementary school campuses for State Preschool. Whether the Legislature wants to expand preschool access through the State Preschool or TK depends on its own specific goals. For example, if the Legislature wants to offer one year of public preschool to all students, then TK could be a better path to expansion. The state could use school district catchment areas as a way to ensure that all eligible children have access to a TK program. If the Legislature wants to offer preschool to three- and four-year-olds from low-income families, then the State Preschool program could be a better path to expansion. Either way, clarifying the role of State Preschool program and making associated programmatic changes would ensure the state's existing programs operate in alignment to best serve children and their families.

TK Expansion Requires Ongoing Funding. School districts expanding TK likely would incur some one-time costs, such as making facilities suitable for TK instruction, helping additional teachers meet the statutory requirements for TK teachers, and making programmatic changes as alluded to in the Governor's master plan. However, most of the costs associated with TK (such as paying for additional teachers) are ongoing. Under the Governor's proposal it is unclear how school districts would sustain programs after 2023-24, when the proposed one-time incentive grants expire. Furthermore, based on our conversations with several school districts, limited-term funding is unlikely to be an incentive for school districts to expand their TK programs. A much greater incentive to achieve universal preschool for four-year-olds would be to allow school districts to generate a full year of attendance-based funding for children born after December 2, including children who turn five after the school year ends. At full implementation, we estimate this approach would cost roughly \$3 billion more than current spending on TK. Based on the Administration's multi-year outlook and associated projections of the Proposition 98 minimum guarantee—and accounting for changes in attendance and cost of living—we think the state would be able to cover the costs of TK expansion within growth in the minimum guarantee. Were the state to take such an approach, however, it likely would be unable to cover the cost of any other major ongoing programmatic K-12 augmentations during the forecast period.

Suggested Questions:

- DOF: How many children are enrolled in early TK now? How many more children, in both TK and early TK, does the Administration hope to serve with these programs?
- DOF: One of the requirements of the incentive grant program is a plan for a financially sustainable, ongoing TK program. How will the LEAs do that using one-time funding?
- DOF: How does the Administration envision State Preschool and early TK aligning? Why is the Administration interested in expanding TK instead of State Preschool?

Staff Recommendation: Hold Open