

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 1

Agenda

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



Tuesday, March 1, 2022
9:00 a.m.
State Capitol - Room 3191

Consultant: Elisa Wynne and Yong Salas

6100 Department of Education2
 Issue 1: Expansion of Transitional Kindergarten2
 Issue 2: California State Preschool Program Eligibility Changes5
 Issue 3: Supporting Preschool-Aged Students with Disabilities9

Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

6100 DEPARTMENT OF EDUCATION**Issue 1: Expansion of Transitional Kindergarten****Panel I:**

- Lina Grant, Department of Finance
- Edgar Cabral, Legislative Analyst's Office
- Sarah Neville-Morgan, Deputy Superintendent for Opportunities for All Branch, Department of Education

Panel II Local Perspectives:

- Rebeca Andrade, Superintendent, Salinas City Elementary School District
- Tandy Taylor, Executive Director, Educational Services, Cypress School District
- Jennifer Hicks, Assistant Superintendent - Educational Services, Placer County Office 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.

The 2021 Budget gradually expands TK eligibility from 2022-23 to 2025-26 so that by 2025-26, a child who has their fourth birthday by September 1 will be eligible for TK. In addition to expanding TK, the 2021 Budget also established the Expanded Learning Opportunity Program, which requires local educational agencies to offer a nine-hour school day, including before and after school services. Whether TK and Kindergarten is offered for half-day or full-day classes is determined by the local educational agency.

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 LAO¹).

¹ <https://lao.ca.gov/reports/2021/4350/Transitional-Kindergarten-Proposals-020521.pdf>

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.

	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

Universal Prekindergarten Planning and Implementation Grant Program. The 2021 Budget provided \$300 million in one-time Proposition 98 for the California Pre-Kindergarten Planning and Implementation Grant Program. Of the total, \$200 million is provided to local educational agencies for costs associated with creating or expanding California state preschool programs or transitional kindergarten programs, or to establish or strengthen partnerships with other providers of prekindergarten education for costs including but not limited to planning, hiring and recruitment, staff training and professional development, classroom materials, and supplies. The remaining \$100 million is provided for competitive grants to local educational agencies to increase the number of highly-qualified teachers and administrators available to serve California state preschool programs and transitional kindergarten pupils, including for related professional development.

Governor's Budget

Pursuant to the 2021 Budget plan, the proposed budget includes \$639.2 million General Fund to expand eligibility for transitional kindergarten, from all children turning five-years-old between September 2 and December 2 to all children turning five-years-old between September 2 and February 2, beginning in the 2022-23 school year. These funds will increase the Proposition 98 Guarantee through the process of rebenching.

The proposed budget includes \$383 million Proposition 98 General Fund to add one additional certificated or classified staff person to every transitional kindergarten class so that the student-to-adult ratios more closely align with the State Preschool Program. This investment will bring the student-to-adult ratio to 12-to-1, as required by law; and beginning in 2023-24, the student-to-adult ratio is expected to be 10-to-1, contingent on available funds.

Suggested Questions

- CDE: What is the proportion of which local educational agencies are using their prekindergarten planning and implementation grants to expand state preschool programs versus transitional kindergarten programs?
- DOF: What is the expected cost to bring the student-to-adult ratio to 10-to-1 in 2023-24?
- Local panelists: Is there anything that the state can do to help you as you implement the expansion of transitional kindergarten?

Staff Recommendation. Hold this item open.

Issue 2: California State Preschool Program Eligibility Changes**Panel:**

- Edgar Cabral, Legislative Analyst's Office
- Jodi Lieberman, Department of Finance
- Virginia Early, Education Administrator for Early Education Division, Department of Education

Background

Generally, programs in the early care and education system have two objectives: to support parental work participation and to support child development. Children, from birth to age five, are cared for and instructed in child care programs, State Preschool, transitional kindergarten, and the federal Head Start program.

Commencing July 1, 2021, the administration of child care programs transitioned to the Department of Social Services (DSS), with the exception of the California State Preschool Program, which continues to be administered by the Department of Education (CDE).

California State Preschool Program. State Preschool provides both part-day and full-day services with developmentally-appropriate curriculum, and the programs are administered by local educational agencies (LEAs), colleges, community-action agencies, and private nonprofits. State preschool can be offered at a child care center, a family child care network home, a school district, or a county office of education (COE). The State Preschool program serves eligible three- and four-year old children, with priority given to four-year olds whose family is either on aid, is income eligible (family income may not exceed 85 percent of the SMI), is homeless, or the child is a recipient of protective services or has been identified as being abused, neglected, or exploited, or at risk of being abused, neglected or exploited. Providers of State Preschool must comply with Title 5 of the California Code of Regulations including requirements, such as development assessments for children, rating scales, and staff development.

Preschool-aged children may also be served in other settings, such as other child care settings, federal Head Start programs, or Transitional Kindergarten if the child is age-eligible.

Funding. As CSPP programs are run by both LEAs and Non-LEAs, the fund sources for the programs have changed over time. However, since the 2019-20 Budget Act all non-LEA state preschool and wrap care are funded with non-Proposition 98 General Fund and LEA state preschool and wrap care are funded with Proposition 98 General Fund. State Preschool providers contract with and receive payments directly from CDE. Prior to 2022, CSPP programs received the same standard reimbursement rate (SRR) no matter where in the state the program is located. The rate is increased by a statutory adjustment factor for children with exceptional needs, severe disabilities, cases of neglect, and English learners.

The Budget Act of 2021, included a provision that required, commencing January 1, 2022, all early education providers would receive the higher of the SRR, adjusted by COLA, or the 75th percentile of the 2018 regional market rate survey. This change was an attempt to better align rates for early care and education across all providers and care types to allow for movement towards a single reimbursement rate system. In January 2022, the CDE released management bulletin 22-01, detailing these calculations and informing CSPP providers of the change. The 2021-22 budget package also provided \$130 million Proposition 98 General Fund to increase State Preschool slots for school districts and county offices of education.

CSPP Eligible Population and Children served:

Overall, in 2019, there were about 1 million three- and four-year old children eligible for CSPP. Of this, 620,520 of those children were eligible for CSPP based on being from families with incomes below 85 percent of the state median income. This was estimated using data from the 2019 Census' American Community Survey and the specific income thresholds for CSPP and this does not capture children who may be eligible to receive CSPP based on local factors, like whether their program participates in the flexibilities allowed for programs operating in the attendance boundary of an elementary school where 80% or more of students are eligible for free or reduced-price meals.

Overall, about 142,067 three- and four-year old income eligible children were served in October 2019 in CSPP (23 percent of all eligible). Percentage of eligible children served varies by age:

- 40,484 three-year old children served out of 303,603 income eligible three- year old children (13 percent)
- 101,583 four-year old children served out of 316,917 income eligible four-year old children (32 percent)

In addition, the CDE notes that while about 12 percent of students in public K-12 schools statewide have an identified disability, only approximately 4 percent of the students participating in State Preschool are children with disabilities.

Governor's Budget Proposal:

The Governor's Budget includes the following changes to the CSPP:

- Provide an ongoing increase of \$197.8 million Proposition 98 General Fund and \$110.6 million non-Proposition 98 General Fund to increase State Preschool Program adjustment factors for students with disabilities and dual language learners. These adjustment factor increases are intended to fund new requirements for State Preschool providers to:
 - serve at least 10 percent students with disabilities, and
 - provide additional supportive services for dual language learners.
- Additionally, all students participating in State Preschool will maintain continuous eligibility for 24 months (increased from 12 months) after eligibility is confirmed, children with an individualized education program will be categorically eligible to participate in State Preschool, and State Preschool providers that have served all eligible three- and four-year-olds in their service will be allowed to serve two-year-old children.

Specifically for the additional requirements on children with exceptional needs, the higher adjustment factor will be applied to 10 percent of funded enrollment for each agency to ensure that funded slots are available at any time during the fiscal year. Trailer bill language further specifies that agencies not meeting the requirement to fill 10 percent of funded enrollment with children with exceptional needs shall conduct community outreach to special education partners to recruit additional children with exceptional needs into their programs. Beginning July 1, 2025, any agency not meeting the requirement may be put on a conditional contract or apply for a waiver through a process determined by the Superintendent.

The eligibility proposals make changes to the eligibility order as noted in italics below:

- The first priority for services shall be given to three-year-old or four-year-old children who are recipients of child protective services or who are at risk of being neglected, abused, or exploited and for whom there is a written referral from a legal, medical, or social service agency.
- *The second priority is additional three- and four-year old children with exceptional needs interested in enrolling beyond those already enrolled in the 10 percent requirement from families with incomes below the income eligible threshold.*
- The third priority for services shall be given to eligible four-year-old children who are not enrolled in a state-funded transitional kindergarten program, with lowest-income children served first.
- The fourth priority for services shall be given to income-eligible three-year-old children, with lowest-income children served first.
- The fifth priority, after all otherwise eligible children have been enrolled, shall be a child with exceptional needs whose family's income is above the income eligibility threshold.
- The sixth priority, after all otherwise eligible children have been enrolled, shall be children from families whose income is no more than 15 percent above the eligibility income threshold. Within this priority category, priority shall be given to four-year-old children before three-year-old children.
- After priorities (1) through (6) are completed:
 - A CSPP site operating within the attendance boundaries of a qualified free and reduced priced meals school may enroll any *three-year-old* or four-year-old children whose families reside within the attendance boundary of the qualified elementary school, with lowest-income children served first.
 - *CSPP programs may enroll children to provide expanded learning and care to transitional kindergarten or kindergarten pupils.*
 - *After all eligible three- and four-year-old children have been enrolled, providers may enroll eligible two-year-old children, with lowest-income children served first.*

LAO Comments:

Consider Ways to Monitor Implementation and Address Barriers to Access. While we think the 10 percent requirement is a reasonable starting point, the Legislature may want to reassess this threshold in a few years, particularly in light of the major changes that will be occurring in early education with the expansion of TK. At that time, the Legislature may want to increase or decrease

the requirement. To the extent that providers have difficulty implementing the 10 percent requirement, the Legislature will also want to consider ways to change the existing program to help address the key barriers that providers face. The Legislature could monitor these issues in a variety of ways, such as by requiring CDE to report to the Legislature or contracting with an external agency to follow the implementation more closely.

Trade-Offs Associated With Allowing Two-Year Olds. Allowing State Preschool to serve two-year olds would give providers more flexibility to ensure that their programs are fully enrolled. This flexibility could be particularly beneficial for providers who also have General Child Care contracts with the state and serve two-year olds in those programs. Serving two-year olds in State Preschool, however, would create some administrative challenges. Providers would be required to increase staffing, as the child-to-staff ratios for two-year olds are half the ratio for preschoolers (4-to-1 and 8-to-1, respectively). Providers may also need to modify their facilities to address the unique needs of smaller children. (For example, by installing diaper changing stations.) Moreover, the Governor's proposal is not clear on whether two-year olds enrolled in State Preschool would be funded at the same rate as three- and four-year olds, or if they would be funded at the higher rate for toddlers that is used in General Child Care. Given the complexities of such a change, the Legislature may want to wait a few years and see how the expansion of TK affects State Preschool enrollment before deciding to adjust eligibility in this way.

Recommend Adopting 24-Month Eligibility. Providers in several counties that have been granted flexibility from certain state policies have implemented 24-month eligibility for several years. The policy allows three-year olds enrolled in State Preschool to continue participating in the program until they are eligible for kindergarten, helping to ensure the child is prepared for kindergarten. The change also reduces some administrative burden without adding cost pressure to the program. Applying this policy statewide also would create consistency for children and families

Suggested Questions:

- How will CSPP programs meet the 10 percent requirement for serving students with special needs? Are there barriers programs may face in reaching and maintaining this percentage? What support does CDE or the Administration envision being needed to help transition CSPP to this standard and ensure quality?
- What specific services will CSPP be required to provide to dual language learners?
- How would CSPP differentiate care for two years olds if the age eligibility is expanded for this student group?
- Why does the Administration propose to expand CSPP eligibility to two year olds when only a small portion of eligible three year olds are served? With all of the additional eligibility changes, how many two year olds does the Administration assume would be served in CSPP?

Staff Recommendation: Hold Open.

Issue 3: Supporting Preschool-Aged Students with Disabilities

The Governor's budget proposal includes additional proposals to support preschool-aged children with disabilities:

- \$500 million one-time Proposition 98 General Fund to support an additional infusion of funds into the Inclusive Early Education Expansion Program.
- \$62 million one-time funding (\$2 million General Fund, and \$60 million Proposition 98 General Fund) to incorporate early identification for learning disabilities into the state's preschool assessment tools and provide training on these tools.

Panel:

- Edgar Cabral, Legislative Analyst's Office
- Jodi Lieberman, Department of Finance
- Stephen Propheter, Director for Early Education Division, Department of Education

Inclusive Early Education Expansion Program (IEEEP):

The Budget proposes to provide an additional \$500 million one-time Proposition 98 General Fund to support an additional infusion of funds into the Inclusive Early Education Expansion Program to provide additional grants. Funds would be allocated according to the same parameters of the existing program, however of the total, \$50 million would be provided to an LEA provide broad technical assistance to grantees and to support efforts to offer aligned early education programs.

The Inclusive Early Education Expansion Program (IEEEP) was initially funded in the 2018-19 Budget Act, at \$167.2 million in Proposition 98 funding for the Inclusive Early Education Expansion program. Under this program; grants were provided to LEAs (a combination of county offices of education and school districts received funding) to increase access to subsidized early care and education programs for children from ages zero to five. Priority for grants was given to applicants that demonstrated a need for expanded access to inclusive early care, and to serve low-income communities, leverage local partnerships, serve a broad range of disabilities, and work towards serving children with disabilities in proportion to the rate of identification similar to LEAs in their area.

Funds were to be used for the following one-time infrastructure costs, adaptive equipment, and professional development, and grantees must provide a 1/3 local match:

- Facilities: Funding can be used by a Local Education Agency (LEA), either for its early learning and care (ELC) programs or for ELC programs operated by a consortium of ELC providers; for facility repairs and renovations that will assist children with disabilities, including children with severe disabilities, in increasing access to inclusive ELC programs. Funding for new facility construction can only be used by LEAs to improve its own facilities.
- Adaptive Equipment: LEAs or ELC consortium providers may use the IEEEP funds to improve the accessibility for indoor and outdoor environments by building or purchasing

adaptive equipment in order to increase participation of children with disabilities, including severe disabilities.

- Professional Development: Funding can be used by LEAs and ELC consortium providers for professional development to ensure that ELC staff are prepared to serve children with a broad range of disabilities, including children with severe disabilities. Grantees are required to use training funds over the initial 24-month period of the grant, which is through June 15, 2022

According to the CDE, the IIEEP Request for Funding Application (RFA) response rate and funding requests from applicants in the initial round of funding provided in the 2018 Budget Act indicated a broader need among the field to expand or implement inclusive early education programs. Over 200 LEAs submitted a letter of intent to submit an RFA for funding; however only 107 applied. Despite this, of the 79 applicants who received a fundable score from the application scoring process, the total funding requested by all applicants was over \$303 million. Because of this, CDE developed a methodology of funding awards based on priority needs (i.e., low-income communities, applications as consortiums with local partners, programs serving a broad range of disabilities, and local priority needs) which resulted in 65 grantees being awarded funding, 16 of which received a reduced award amount than what was originally requested in their application. The California Department of Education (CDE) is administering the existing program, and will conduct an evaluation.

Early Identification for Learning Disabilities:

The Governor's budget provides \$2 million one-time General Fund to incorporate early identification for learning disabilities into the state's preschool assessment tools and \$60 million one-time Proposition 98 General Fund to provide training for educators on effective use of these tools.

Specifically, \$2 million is provided to the CDE, available for encumbrance until June 30, 2024, to determine a process and tool for early identification of children at risk for developmental delays and/or learning disabilities. Process and tools shall:

- Allow for immediate identification, further evaluation as needed, support and remediation based on needs of the child, and additional referrals for services as deemed necessary.
- Include a process for research-based early intervention that considers the differing intervention needs children may have in areas of concern.
- Be available for use in all California state preschool programs and available for use in transitional kindergarten programs, and kindergarten pursuant to guidance from the Superintendent.

The \$60 million is available for allocation to a local educational agency or local educational agencies to support statewide systems building activities and to support the alignment of local practices with research-based strategies that best promote student outcomes and program quality while also supporting the local implementation of the processes and tools. This funding shall be available for encumbrance until June 30, 2026. Specific activities supported by this funding shall include, but not be limited to:

- The development of training and resources for the California state preschool program and any interested Transitional Kindergarten and kindergarten programs on the process and tools.
- Provide training and practice-based coaching around the effective use of the process and tools and how to embed their use into the California state preschool program, Transitional Kindergarten, and kindergarten.
- Develop data collection and reporting systems, and a consistent process to enable the data to be used at the local and state level to improve teacher practice, enhance child outcomes, and support program evaluation.
- Provide in-depth coaching and assistance to California state preschool programs identified as needing additional support.

LAO Comments:

LEA-Based Providers Better Positioned to Serve Students With Disabilities. Meeting the requirements proposed by the Governor would be relatively easier for LEA providers. Since school districts are directly responsible for providing special education services to their students, they will find it easier to refer students to their State Preschool program and ensure that providers are coordinating with special education experts. COEs also have special education experts that can assist State Preschool in better serving students. Moreover, unlike non-LEA providers, LEAs would have access to the IEEEP grant funding proposed by the Governor, which would cover one-time costs for training, facility renovations, and equipment.

Recommend Redirecting Funding to Better Support Non-LEA Providers. Because non-LEA providers do not have these same advantages, we think it is likely that they will find serving a larger share of students with disabilities more challenging. This is particularly true of those that do not already operate Head Start. We recommend the Legislature set aside a larger portion of IEEEP funding for state-level assistance and support that can be accessed by non-LEA providers. The Legislature could also consider redirecting others sources of funding for non-LEA training and support. For example, the Legislature could consider redirecting a portion of federal quality improvement funding (currently totaling \$120 million) for this purpose. These funds are currently administered by the Department of Social Services. Similarly, the Legislature may want to ensure a greater portion of the \$60 million proposed by the Governor to be set aside for training on early identification will be available for non-LEAs.

Suggested Questions:

- What data is available at this point on the use of funds or planned use of funds from the original IEEEP allocation?
- How has the Administration determined the additional demand in the field for the IEEEP funds?
- How do the newly proposed early identification tools and training relate to current assessments and supports in early education, such as the Desired Results Developmental Profile?

- What if any, are the roles of the Special Education Local Plan Areas (SELPA) Systems Improvement Leads and SELPA Content Leads, which were funded to support special education systems and practices statewide, in directing or coordinating training on identification or supporting the development of such tools?
- How are these proposals related to or coordinated with the \$10 million proposal in the Department of Developmental Services for preschool aged children?

Staff Recommendation: Hold Open.