AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE

Assembly Member Wilmer Amina Carter, Chair

TUESDAY, APRIL 13, 2010
STATE CAPITOL, ROOM 444
9:00 AM

OVERVIEW OF THE GOVERNOR'S 2010-11 BUDGET PROPOSALS: CHILD CARE & DEVELOPMENT PROGRAMS

6110 CALIFORNIA DEPARTMENT OF EDUCATION (CDE)

ISSUE 1: BACKGROUND ON CHILD CARE & DEVELOPMENT PROGRAMS

The issue before the Subcommittee is background information regarding the Child Care and Development Programs.

BACKGROUND

Under current law, the state makes subsidized child care services available to: (1) families on public assistance and participating in work or job readiness programs; (2) families transitioning off public assistance programs; and (3) other families with exceptional financial need.

Child care services provided within the California Work Opportunity and Responsibility to Kids (CalWORKs) program are administered by both the California Department of Social Services (DSS) and the California Department of Education (CDE), depending upon the "stage" of public assistance or transition the family is in.

CalWORKs Stage 1 child care services are administered by the DSS for families currently receiving public assistance, while Stages 2 and 3 are administered by the CDE. Families receiving ***CalWORKs Stage 2*** child care services are either (1) receiving a cash public assistance payment (and are deemed "stabilized") or (2) in a two-year transitional period after leaving cash assistance. Child care for this population is an entitlement for twenty four months under current law. The state allows counties flexibility in determining whether a CalWORKs family has been "stabilized" for purposes of assigning the family to either Stage 1 or Stage 2 child care. Depending on the county, some families may be transitioned to Stage 2 within the first six months of their time on aid, while in other counties a family may stay in Stage 1 until they leave aid entirely.

If a family is receiving ***CalWORKs Stage 3*** child care services, they have exhausted their two-year Stage 2 entitlement. The availability of Stage 3 care is discretionary and contingent upon the amount of funding appropriated for the program in the annual Budget Act.

Non-CalWORKs Programs. In addition to CalWORKs Stage 2 and 3, CDE administers general and targeted child care programs to serve non-CalWORKs, low-income children at little or no cost to the family. The base eligibility criterion for these programs is family income at or below 75 percent of State Median Income (SMI) relative to family size. Because the number of eligible low-income families exceeds available child care slots, waiting lists for this care are common.

Both CalWORKs and non-CalWORKs programs are funded with a combination of Proposition 98 and federal Child Care & Development Fund monies. In the 2009-10 Budget Act, as well as the Governor's 2010-11 budget proposal, these programs continue to receive one-time funds from the American Recovery and Reinvestment Act (ARRA) that total $110 million.

Child care providers are paid through either (1) direct contracts with CDE or (2) vouchers through the Alternative Payment Program.

- *Direct Contractors* receive funding from the state at a Standard Reimbursement Rate, which pays for a fixed number of child care "slots." These are mostly licensed child care centers but also include some licensed family child care homes (FCCH). These caretakers provide an educational component that is developmentally, culturally, and linguistically appropriate for the children served. These centers and FCCH also provide nutrition education, parent education, staff development, and referrals for health and social services programs.

- *Alternative Payment Programs (APs)* act as an intermediary between CDE, the child care provider, and the family, to provide care through vouchers. Vouchers provide funding for a specific child to obtain care in a licensed child care center, licensed family day care home, or license-exempt care (kith and kin). With a voucher, the family has the choice of which type of care to utilize. Vouchers reimburse care providers based on the market rates charged by private providers in their region.

2009-10 BUDGET ACT

The 2009-10 Budget Act included nearly $3.1 billion for child care and development (CCD). Of that total, nearly $2.6 billion is for Child Care & Development (CCD) programs administered by the California Department of Education (CDE). Total CCD funding decreased by just over 3 percent compared to the revised 2008-09 level of spending.

Programmatic Reductions. Most of the year-to-year reduction can be attributed to policy changes in the CalWORKs program that are expected to reduce demand for Stage 1 child care in 2009-10. The 2009-10 Budget Act also eliminated the Extended Day/Latchkey Program, effective August 31, 2009, to achieve $27 million in savings. This program was largely redundant to the after school programs, which were expected to provide services to displaced children. The apportionments and number of children expected to be served in the remaining CCD programs were held virtually flat from 2008-09 levels.

ISSUE 2: OVERVIEW OF THE GOVERNOR'S 2010-11 BUDGET PROPOSALS

The issue for the Subcommittee to consider is the Governor's 2010-11 budget proposals for the child care and development programs.

PANELISTS

- Sara Swan – Department of Finance
- Rachel Ehlers – Legislative Analyst's Office
- Camille Maben – California Department of Education

BACKGROUND

California currently supports a variety of Child Care & Development (CCD) programs using state and federal funding. The CDE administers all programs, with the exception of CalWORKs Stage 1 child care, which is administered by the Department of Social Services, as well as a small portion of the Stage 2 child care that is run by California Community Colleges (CCC). The Governor's 2010-11 CCD proposed budget totals $2.8 billion, which is $316 million lower than the 2009-10 level. These funds would support CCD services for almost 415,000 children from birth through age 12 (or longer for children with special needs).

Like his proposal for K-12 and Community College programs, the Governor proposes to capture $6 million in savings by applying a -0.38 percent Cost-of-Living Adjustment (COLA) to the Child Care and Development programs. The January budget does not include funding adjustments for enrollment/caseload growth in non-CalWORKs child development programs (participation in these programs is capped based on whatever level of funding is included in the budget). Growth adjustments in the CalWORKs child care programs are based and funded on actual CalWORKs caseload adjustments, which are coordinated between the DSS and CDE; these caseloads will be updated in the May Revision process.

California Child Care and Development Programs

2010–11 (Dollars in Millions)

	2008–09 Actual	2009–10 Revised	2010–11 Proposed	Change From 2009–10	
				Amount	Percent
CalWORKs Child Care					
Stage 1	$616	$547	$444	–$103[a]	–18.8%
Stage 2[b]	505	476	436	–41	–8.5
Stage 3	418	409	262	–147	–36.0
Subtotals	($1,539)	($1,432)	($1,141)	(–$291)	(–20.3%)
Non–CalWORKs Child Care					
General child care	$780	$797	$794	–$3	–0.4%
Other child care programs	329	321	303	–18	–5.6
Subtotals	($1,109)	($1,118)	($1,097)	(–$21)	(–1.9%)
State Preschool	$429	$439	$437	–$2	–0.4%
Support Programs	106	109	106	–2	–2.2
Totals	**$3,183**	**$3,098**	**$2,782**	**–$316**	**–10.2%**
State Funds					
Proposition 98	$1,690	$1,824	$1,677	–$147	–8.1%
Non–Proposition 98	28	29	28	–2	–5.3
Other state funds[c]	339	66	—	–66	–100.0
Federal Funds					
Child Care and Development Fund	$528	$541	$540	–$1	–0.1%
TANF[d]	598	528	427	–101[a]	–19.2
ARRA[e]	—	110	110	—	—

a Includes $47 million transferred to county CalWORKs fund, where counties have the option to continue using the funds for child care or another CalWORKs activity.

b Includes funding for centers run by California Community Colleges.

c Includes prior–year Proposition 98 carryover and redirected Child Care Facilities Revolving Fund monies.

d Temporary Assistance for Needy Families.

e American Recovery and Reinvestment Act.

SOURCE: LAO

ISSUE 3: REDUCTION IN PROVIDER REIMBURSEMENT RATES

The issue for the Subcommittee to consider is the Governor's proposal to reduce providers' reimbursement rates to generate $77 million in Proposition 98 savings.

PANELISTS

- Sara Swan – Department of Finance
- Rachel Ehlers – Legislative Analyst's Office
- Camille Maben – California Department of Education

BACKGROUND

The Governor proposes lowering the maximum reimbursement rate from the 85th percentile to the 75th percentile of regional market rates, based on the *2005* Regional Market Rate (RMR) survey. The Governor also proposes to lower the maximum reimbursements for license-exempt providers from 90 percent to 70 percent of the licensed rate. In combination, the Governor estimates these rate reductions would generate $132 million in savings, of which $77 million is in Proposition 98 savings. Under this proposal, the state would continue to pay for the same number of child care slots, but the maximum rate it would pay would be less for each slot. A breakdown by child care Stages and estimated savings is provided below.

CalWORKs Stage 1 (DSS)
Centers: $1.6 million
Family Child Care homes: $54.9 million
License-Exempt: $51.9 million
Total: $54.8 million

CalWORKs Stage 2
Centers: $2.1 million
Family Child Care homes: $1.8 million
License-Exempt: $33.1 million
Total: $37 million

CalWORKs Stage 3
Centers: $2.8 million
Family Child Care homes: $2 million
License-Exempt: $23.3 million
Total: $28.1 million

Alternative Payment Program
Centers: $1.9 million
Family Child Care homes: $1.2 million
License-Exempt: $8.9 million
Total: $12 million

Many families in the state's subsidized child care system – including families in the CalWORKs program as well as low-income families eligible for non-CalWORKs programs – receive care using state funded vouchers. Currently, these vouchers reimburse licensed child care providers at a maximum rate equivalent to the 85th percentile of the rates charged by all providers in the region. Every two years, the state conducts a regional market rate (RMR) survey to collect data on these changes. License-exempt providers – typically relatives providing care without a license – are reimbursed at 90 percent of the maximum licensed rate.

Provider rate reductions have been proposed by the Administration in prior years. During previous subcommittee hearings on this topic, child care providers testified that rate reductions could make it very difficult for licensed family child care providers and centers that accept families with subsidies (and are reimbursed through the voucher system) to stay in business and provide high quality services.

The chart below compares various counties and changes to the reimbursement rate for Preschool care under this proposal from current law.

Comparison of Regional Market Rate Survey Data

Monthly Full Time Preschool Rates at Child Care Centers

	2005 RMR 85th Percentile	2005 RMR 75th Percentile (Gov's Proposal)		
			Change from Current Law	
County	Current Law Rate Ceiling	New Rate	dollar	percent
ALAMEDA	$859	$777	-$82	-10%
FRESNO	$661	$570	-$91	-14%
HUMBOLDT	$681	$597	-$85	-12%
LOS ANGELES	$744	$660	-$84	-11%
RIVERSIDE	$684	$597	-$87	-13%
SACRAMENTO	$686	$608	-$78	-11%
SAN BERNARDINO	$676	$581	-$94	-14%
SAN FRANCISCO	$974	$881	-$93	-10%
SAN JOAQUIN	$680	$582	-$98	-14%
TULARE	$644	$564	-$80	-12%
VENTURA	$755	$704	-$51	-7%

Source: LAO

LAO ALTERNATIVE PROPOSAL

The Legislative Analyst's Office believes that, in concept, the Governor's proposals to lower provider reimbursement rates have merit. Lowering the licensed provider reimbursement ceiling to the 75th percentile would be consistent with the federally suggested rate (which the state currently exceeds). Reimbursing license-exempt providers at 70 percent of the licensed rate also seemed reasonable, as these providers have lower overhead costs and might be of lower quality – as they do not need to meet licensing requirements.

California's current standard for license-exempt reimbursements also is significantly higher than in other states, where the license-exempt rates typically range between 50 percent and 70 percent of the licensed rate.

Outdated Survey Data. Provider reimbursement rates are based on regional market data in order to reflect current market conditions and ensure that state-subsidized families, regardless of where they live, have access to the same quality care as most private-paying families.

The LAO believes using the 2005 RMR survey runs counter to this policy goal and underestimates the actual child care market rates that state-subsidized families and providers currently face. While the Governor claims to be following federal guidance by using the 75th percentile of the RMR, what the federal government actually requires is that payment rates "reflect the child care market." The Governor's proposal reflects the market of 2005, not 2010.

LAO Recommendation. LAO recommends the Legislature use the 2009 RMR survey and set licensed provider reimbursement ceilings at whatever level is roughly comparable to current-law rates. LAO estimates this would be at about the 60th percentile.

LAO recommends that the Legislature adopt the Governor's proposal to reduce reimbursement rates for licensed-exempt providers from 90 percent to 70 percent of the licensed rate. Because the LAO's recommended rate for licensed providers is higher compared to the Governor's proposal, licensed-exempt providers would still be reimbursed at higher rates under the LAO's plan. The savings is estimated at about $80 million ($45 million Proposition 98) compared to the Governor's $113 million.

SUGGESTED QUESTIONS

1. Request that CDE provide legislative staff with a briefing on the 2009 RMR survey for consideration in May Revise.

2. Recommend that DOF, LAO, and CDE examine fiscal impacts of maintaining reimbursement rates at: 60th, 70th, 75th and 85th using the 2005 and 2009 RMR survey and report back during May Revise for subcommittee's consideration.

3. DOF: Has DOF assessed the fiscal impact of this proposal to the economy and child care businesses?

4. DOF/CDE: Does DOF expect that child care providers will raise family co-payments to recover lost revenue?

5. DOF/CDE: Understanding that a child care characteristics study is underway, does DOF or CDE know how many providers charge at the maximum reimbursable rate?

ISSUE 4: REDUCTION OF CALWORKS STAGE 3 PROGRAM

The issue before the Subcommittee to consider is the Governor's proposal to reduce CalWORKs Stage 3 program by one-third, or $123 million in Proposition 98 savings.

PANELISTS

- Sara Swan – Department of Finance
- Rachel Ehlers – Legislative Analyst's Office
- Camille Maben – California Department of Education

BACKGROUND

The Governor proposes to reduce the CalWORKs Stage 3 program by $123 million – eliminating about 18,000, or one-third, of all Stage 3 slots. The administration estimates roughly 11,000 of these slots could be eliminated by not backfilling for normal Stage 3 attrition and 7,000 children would have to be disenrolled from current Stage 3 placements, with lower-income families receiving priority for maintaining care.

Proposal Would Displace Neediest Families. Presumably, the displaced CalWORKs families would instead seek care from the state's subsidized non-CalWORKs programs. However, because roughly 200,000 children are on waiting lists for non-CalWORKs slots, the families displaced by the Stage 3 change would not be guaranteed subsidized care. There are concerns about what this might mean for transitioning Stage 2 families who have recently worked their way off of cash aid, likely earn well below the State Median Income, and could be at risk of going back to CalWORKs aid if they suddenly lose their child care.

LAO ALTERNATIVE PROPOSAL

Reject Governor's proposal, instead Lower Eligibility Ceiling. Because it would terminate child care for some of the state's lowest income families and put them at risk of renewed dependency on state aid, the LAO recommends rejecting the Governor's Stage 3 proposal. Instead LAO recommends the Legislature achieve child care and development savings by lowering the eligibility criteria for Stage 3 subsidized child care from 75 percent to 60 percent of the Stage Median Income (SMI). This would mean the highest income Stage 3 families would lose care, but services for the lowest income families would be protected. The LAO estimates 4,000 children currently receiving Stage 3 care are from families who earn more than 60 percent of the SMI (60 percent of the SMI equates to a monthly income of about $3,350 for a family of four). The LAO estimates this change would lead to about $15 million in Proposition 98 savings.

Lower Eligibility Ceiling for Non-CalWORKs programs. The LAO recommends the Legislature make the same change to the eligibility ceiling for non-CalWORKs subsidized child care. We estimate this would displace approximately 14,000 children from the highest income families currently being served and reduce associated costs by $115 million. Of this amount, LAO recommends the state capture $60 million in savings while redirecting $55 million in freed-up funds to serve more of the neediest children. This redirection would expand access for 5,000 to 6,000 children from the lowest income families currently waiting for care. LAO believes such a redirection would be appropriate because the unmet demand from very low-income families for non-CalWORKs care is so high.

SUGGESTED QUESTIONS

1. DOF: Understanding that there is a long waitlist for non-CalWORKs services, how realistic is it that these families will receive any form of service? Will this reduction impact families' ability to maintain their employment?

2. If the Legislature lowers the State Median Income, how does that impact revenues generated from family fees paid by families at the higher income thresholds?

3. CDE: When would families receive notification that they no longer qualify for services, after an enacted budget and adoption of this proposal?

4. DOF: Does DOF expect a temporary increase in workload for CDE of displaced families requesting referrals and assistance to access other child care services?

ISSUE 5: NEGATIVE COST-OF-LIVING ADJUSTMENT PROPOSAL

The issue before the Subcommittee to consider is the Governor's proposal to reduce the Child Care and Development Programs by $6 million due to a -0.38 percent COLA.

PANELISTS

- Sara Swan – Department of Finance
- Rachel Ehlers – Legislative Analyst's Office
- Camille Maben – California Department of Education

BACKGROUND

As discussed in the March 16, 2010 Proposition 98 Overview hearing, current law requires that a COLA be applied annually to revenue limits and most K-12, Child Care programs, and Community Colleges categorical programs in order to reflect the higher costs that schools face due to inflation.

The statutory K-12 COLA is based on an index that measures changes in costs experienced by state and local governments. School districts generally use COLAs to provide annual increases to employee salaries and address cost increases for local operating expenses, including employee benefits, utilities, materials, and supplies.

Due to the state budget crisis, the state has not provided COLAs in recent years – foregoing K-12 COLAs of 5.66 in 2008-09 and 4.25 percent in 2009-10.

LAO RECOMMENDATION

The LAO recommends rejecting the Governor's proposal. According to the LAO, adjusting program funding for a negative COLA after two consecutive years of the state not providing positive COLAs is unreasonable.

SUGGESTED QUESTIONS

1. CDE: How would the child care and development programs be impacted by a negative COLA? What would be some of the programmatic implications of this reduction?

2. DOF: How does DOF intent for the child care and development programs to absorb this reduction?

ISSUE 6: LAO ALTERNATIVE RECOMMENDATIONS

The issues before the Subcommittee to consider are the LAO alternative solutions to capture savings without programmatic impacts.

PANELISTS

- Rachel Ehlers – Legislative Analyst's Office
- Camille Maben – California Department of Education

BACKGROUND

1. Reduce Appropriation for the Migrant Child Care Program. The LAO recommends adjusting funding for the Migrant Child Care program due to low participation rates. According to CDE, the state's child care program for children of agricultural workers consistently has unspent funds due in part to the changing demographics of the state, with a trend toward fewer eligible parents. LAO believes ongoing funding for the program can be reduced by $3.5 million (from $36 million to $33.5 million) without affecting services or slots.

2. Place After-School Education and Safety (Proposition 49) on the ballot. Ask voters through the ballot initiative process to repeal certain provisions of Proposition 49 and include this program in K-12 flex item.

The ASES program was created by Proposition 49 in 2002, which 49 expanded and renamed a preexisting after school program and required the state to dramatically increase funding for this program. The ballot measure restricts the types of changes that can be made to its provisions absent voter approval. The Legislature was able to clarify and modify certain provisions of ASES (and 21st Century) via Chapter 380, Statutes of 2006 (SB 638, Torlakson).

Proposition 49 requires a certain amount to be spent on after school programs, essentially without regard to the state's fiscal situation or other budget priorities. Without going back to the voters for reform of Proposition 49, the state is required to fully fund ASES at $550 million. The only exception is if (1) the state is facing a "Test 3" year for purposes of calculating Proposition 98, and (2) year–to–year spending on Proposition 98 is decreasing. California has only experienced this situation once in the history of Proposition 98.

The initiative prohibits legislative amendments to key portions of the measure. The Legislature would need to seek voter approval if it wanted to: (1) change the amount of funds provided or (2) change the provisions regarding how the initiative interacts with the requirements of Proposition 98.

SUGGESTED QUESTIONS

1. CDE: What do you attribute the decrease in expenditure for the Migrant Child Care Program?

2. CDE: Are there eligibility requirements that may prevent families from qualifying for this service that could help the program fully expend its appropriation?

3. CDE: How has the ASES program been performing since its inception in terms of expediting its funding? How many students does the ASES program serve?

4. LAO: Describe the ASES' proposal and recommendations. What are the implications of placing ASES under the K-12 "flexibility items?"

5. CDE: What would be the programmatic implications of adopting the LAO proposal?

ISSUE 7: LAO PROPOSAL: KINDERGARTEN START DATE

The issue before the Subcommittee is the Legislative Analyst's Office (LAO) proposal for the Legislature to act in 2010-11 to move the age of admission to kindergarten back to September 1 starting in the 2011-12 school year. The LAO estimates associated savings of approximately $700 million (Proposition 98).

PANELISTS

- Rachel Ehlers - Legislative Analyst’s Office
- Carol Bingham – California Department of Education
- Nick Schweizer – Department of Finance

BACKGROUND

Current law does not require children to attend kindergarten however, if enrolled, a child must meet certain age eligibility requirements. A child must turn five years of age on or before December 2 of the school year to attend kindergarten. Current law also allows children to be admitted to kindergarten early on a case-by-case basis at the discretion of the district.

Kindergarten age requirements in other states. States have seen a trend over the last several years to establish a cutoff date earlier in the year for children entering kindergarten. According to the Education Commission of the States, as of November 2008, California, Michigan, Connecticut and Vermont are the only states to have cut-off dates between December 1 and January 1. Hawaii passed legislation to change the cut-off date from December 31 to August 1, beginning with the 2006-07 school year. Thirty-five states and Puerto Rico have kindergarten entrance cut-off dates between August 31 and October 16. Six states (Colorado, Massachusetts, New Hampshire, New Jersey, New York and Pennsylvania) leave the entrance-age question up to local district decision.

LAO PROPOSAL

According to the LAO, in recent years, the California Performance Review, the Governor’s Committee on Education Excellence, and numerous legislative proposals have suggested moving the kindergarten entrance date back to September 1. The LAO recommends the Legislature take action in 2010-11 to make this change beginning in the 2011-12 school year. (As is current policy, the LAO recommends allowing parents to seek a waiver if they want to enroll a younger child.)

According to the LAO, many have argued that entering kindergarten before turning five years of age is too young, and beginning school at an older age would benefit children’s academic performance and social development. Data suggest children who are older when they start kindergarten tend to perform better on standardized tests. Some research suggests this change also may lead to other positive student outcomes, including less chance of grade retention and higher earnings as an adult. The research is somewhat varied on the factors that contribute to these positive effects, mentioning family characteristics, preschool experience, and the relative age of the child as important influences on later student outcomes.

According to the LAO, taken together, this body of research suggests that changing the kindergarten entry age would be generally positive, with no overall negative effect on children's academic achievement.

Change Could Lead to Budgetary Savings. The LAO's economic forecast suggests the state and schools will face another tight budget situation in 2011-12. Because of the ambiguity surrounding the Proposition 98 minimum guarantee, the LAO is not certain that changing the kindergarten start date would have any effect on the amount the state is required to spend on schools in 2011-12. Even if the change does not result in state savings, however, it could help ease the budget crunch for schools. Changing kindergarten eligibility for roughly 100,000 children born between September and December would mean schools would be required to serve fewer students. The LAO estimates that having 100,000 fewer kindergarteners in 2011-12 could free up roughly $700 million from revenue limits and categorical programs. These funds could be redirected for other K-12 purposes, including a portion for subsidized preschool for any affected low-income children.

STAFF COMMENTS

In response to the national accountability movement in recent years involving high-stakes testing, kindergartens across the country have become more demanding. For better or worse, kindergartens have moved from a less formal play-based learning environment to more structured environments focused on literacy and numeracy. These increasing academic demands have contributed to the debate around kindergarten and the appropriate age of admission.

In early 2000, the National Center for Education Statistics assessed 22,000 kindergartners individually and found, in general, older children are better prepared to start an academic kindergarten than the younger ones. The older kids are four times as likely to be reading, and two to three times as likely to be able to decipher two-digit numerals. Twice as many older kids have the advanced fine motor skills necessary for writing. The older kids also have important noncognitive advantages, like being more persistent and more socially adept.

Some child advocacy groups would argue however, that a reassessment of the kindergarten curriculum should be the issue, not the child's age. In a report on kindergarten, the National Association of Early Childhood Specialists in State Departments of Education wrote, "Most of the questionable entry and placement practices that have emerged in recent years have their genesis in concerns over children's capacities to cope with the increasingly inappropriate curriculum in kindergarten."

The Education Commission of the States report *Kindergarten Entrance Ages: A 30 Year Trend Analysis (March 2007)*, note that according to the Society for Research in Child Development, "Requiring children to be older when they enter kindergarten increases teachers' expectations for their ability to handle structured academic work…there is a risk that kindergarten will begin to resemble first grade and be less and less developmentally appropriate. Delaying school entry for children, whether by changing the law or through parents' voluntary decisions may… be disadvantageous for low-income children, who already begin school with relatively poor cognitive skills. First, the evidence is clear that out-of-school time contributes to the racial and social class achievement-gap more than does in-school time. Second, middle-income children are also more likely to attend high-quality preschool or daycare programs, which have been shown to contribute to children's language and other cognitive skills…Children with special needs are especially disadvantaged by delaying entry into a formal education because they are less likely to be identified and receive early intervention."

A 2005 study by the RAND Corporation titled "Delaying Kindergarten: Effects on Test Scores and Childcare Costs" found that delaying kindergarten boosts standardized test scores in math and reading. However, the study also noted that delaying kindergarten can have a negative economic effect on families by imposing additional childcare costs for families. The report suggests that "policymakers may need to view entrance age policies and childcare policies as a package."

Pending Legislation

AB 1967 (Mendoza) moves up the age of admission to kindergarten from December 1 to September 1, one month each year over a three year period beginning in 2011-12. The bill is scheduled to be heard on April 21, 2010 in the Assembly Education Committee.

SB 1381 (Simitian) moves up the age of admission to kindergarten from December 1 to September 1, one month each year over a three year period beginning in 2011-12. Diverts half of the savings to the State Preschool Program. The bill is scheduled to be heard in Senate Education Committee on April 14, 2010.

Prior Legislation

SB 293 (Runner) moves up the age of admission to kindergarten from December 1 to September 1, one month each year over a three year period. The bill was not heard in 2009 or 2010.

AB 1236 (Mullin), moves up the date by 3 months by which a child must be 5 years old to enroll in kindergarten and 6 years old to enroll in first grade, beginning in 2011-12; makes kindergarten compulsory, beginning in 2010-11; and establishes the Kindergarten Readiness Program, beginning in 2011-12. This bill was held by the Assembly Appropriations Committee in 2008.

AB 2596 (S. Runner), moves up the birthday one month each year and required any savings to be allocated to the State Department of Education to provide reimbursement for child care and development services for eligible (low-income) families. The bill was held by the Assembly Appropriations Committee in 2006.

SB 1764 (George Runner), also changes the age of admission to kindergarten, but requires any savings realized by these changes to be appropriated to increase access to preschool programs for at-risk 4 year olds. The bill was held by the Assembly Appropriations Committee in 2006.

AB 1394 (S. Runner), introduced in 2006, was identical to early versions of AB 2596, but was never heard.

AB 66 (Pavley) would have authorized 23 specified school districts to operate a two-year kindergarten pilot program, a component of which would have allowed a child who has had his or her fifth birthday between September 1 and December 2 of the school year to be admitted to year-one of the program with the approval of the parent or guardian. AB 66 was held on the Assembly Appropriations Committee's suspense file in 2006.

AB 2970 (Pavley) of 2004 would have authorized a school district to offer kindergarten classes at different schoolsites within the district for different lengths of time and authorized a school district to change the age at which a child is admitted to kindergarten. AB 2970 was held on the Assembly Appropriations Committee's suspense file.

AB 810 (S. Runner) of 2003 would have moved up the dates by which a child must be 5 years old to enroll in kindergarten and 6 years old to enroll in first grade. AB 810 failed passage in the Assembly Education Committee.

AB 25 (Mazzoni), Chapter 1022, Statutes of 2000, created the voluntary Kindergarten Readiness Pilot Program to test the effectiveness of changing the kindergarten age of entry. Beginning with the 2001-02 school year, participating school districts could have required a child to be 5 years old before September 1 to enroll in kindergarten. AB 25 provided funding to school districts to compensate for the temporary loss of attendance caused by changing kindergarten enrollment dates, and required school districts to provide pre-kindergarten instruction as a condition of the receipt of that funding. This pilot program has not been implemented because it was not funded. It is scheduled to sunset on January 1, 2011.

AB 513 (Mazzoni) of 1999 would have moved up the dates by which a child must be 5 years old to enroll in kindergarten and 6 years old to enroll in first grade, phased in the change one-month at a time over 3 years, held districts harmless for any loss of revenue caused by this change, required outreach, made kindergarten mandatory, required an assurance that an adequate number of preschool and child care spaces were available from children who would have otherwise been in kindergarten, and required an evaluation of the effects on student performance. AB 513 was held on the Assembly Appropriations Committee's suspense file.

AB 85 (G. Runner) of 1997 would have moved up the dates by which a child must be 5 years old to enroll in kindergarten and 6 years old to enroll in first grade, phased in the change one-month at a time over 3 years, and held districts harmless for any loss of revenue caused by this change. AB 85 failed passage in the Assembly Education Committee.

Staff Recommendation. Given the policy implications of this proposal and given that several related bills are moving through the process, staff recommends the Subcommittee allow the issue to continue to move through the Legislative policy committee process.

SUGGESTED QUESTIONS

1) The LAO estimates state savings of $700 million. Are these savings one-time or ongoing?

2) Would changes to the age of admission affect the Proposition 98 base?

3) Could this proposal increase the demand for state subsidized child care and preschool programs? If so, are there program capacity issues? Facility issues?

4) What are the advantages/disadvantages of implementing this proposal in one year vs. phasing it in over several years?