

Senate Budget and Fiscal Review Committee

Thursday, January 19, 2012

Senator Simitan: Ok, let me change subjects, uh, if I may, uh transitional kindergarten. The Governor's budget proposes to save \$223.7 million in the first year by eliminating the transitional kindergarten program. Rising I assume, and I want to check this because really there is very little language in the initial budget proposal, I expect we'll see more from your office in the weeks ahead, rising to \$700million more or less over the course of the three year implementation. Just to be clear, what is the proposal? Is it to eliminate transitional kindergarten? Is it to make it a local option? What's the proposal?

Michael Cohen: To eliminate the proposal and basically take those dollars and reinvest them in other education programs, so they would go out...

Senator Simitian: Let's stop right there. In fact, what you're talking about is \$700 million a year that would not be paid because you have 125,000 fewer students entering the program. Is that correct?

Michael Cohen: We would have, certainly, less students, but, um... why don't I have, Thomas Todd here kind of walk you through more the details.

Senator Simitian: So what we're talking about, based on your initial comment, Mr. Cohen, is a, essentially telling 125,000 kids and 250,000 parents who otherwise would have been eligible to start kindergarten that by virtue of their age, they are no longer going to be able to start kindergarten. But, contrary to existing law, they would no longer be eligible for transitional kindergarten program. So the \$700 million you're saving, \$224 million in the first year, is a function of reduced enrollment for which state funds would then no longer flow to 1,000 school districts around the state. Have I misunderstood the proposal?

Thomas Todd: The actual proposal is to actually eliminate the requirement to provide transitional kindergarten...

Senator Simitian: Let's stop for just a minute because that's not what Mr. Cohen said. So which, these are two very different things folks.

Michael Cohen: Mr. Todd's language is going to be more precise than mine, so follow his lead.

Thomas Todd: Ok, so, under the proposal we would eliminate the requirement that it be offered. Ok, so there's a distinction there. So to the extent that a local district wants to continue to provide a transitional kindergarten, under the parameters of your legislation, which is sort of a tiered roll back of the start date, they can do that. They would have to do that though, on their own dime. You know, the dollars would not follow, to actually support that additional ADA to the extent that they choose to offer the transitional kindergarten.

Senator Simitian: Now this is a very important point, and, respectfully, the feedback we've gotten from the department has been inconsistent over the last couple of weeks. So I want to be very clear, and I want to ask you to make sure that you're both on the same page on this. So are you saying that the reason you're prepared to say you can score \$223.7 million in savings is because you are absolutely positively not going to fund youngsters who show up for school at that age. There is no funding to follow them because you're not going to count them as average daily attendance.

Thomas Todd: There is no funding to follow those students that would attend a transitional kindergarten under the provisions of your bill, to the extent that a student shows up, under current law, so lets ... so separate the effect of your legislation that offers the transitional kindergarten over this three year period phase in. Under current law, a student can show up to kindergarten, you know, at age four. They can be admitted physically. They can be allowed to attend the kindergarten. The school does not get paid for that student until they turn five. That is still in place. So to the extent the parent wants to have their child attend a kindergarten at age four, they can petition. There's a waiver process that they have to petition the local school district to do this, but they can do this under existing law, and under existing law...

Senator Simitian: But under existing law, Sir, there is already a transitional kindergarten in place in many districts, some places call it young fives. You're telling me that that opportunity would continue to exist. Young telling me that youngsters and that districts throughout the state could expand the program if they wanted to...

Thomas Todd: At their discretion, yes...

Senator Simitian: At their discretion... that the young fives who showed up wouldn't generate ADA for the first up to three months because they wouldn't be five, but then two thirds of the cost would be paid, yes?

Thomas Todd: That's how it worked under current law, exactly.

Senator Simitian: So then the question is, by definition, how can you show 100% cost recovery of \$224 million for all of those kids, since you just indicated that all of those kids under existing law could still show up if the districts chose to take them and that two thirds of the cost would in fact be recoverable to the districts, pursuant to state law.

Thomas Todd: In our estimate, what we did is we assumed 100% participation in this transitional kindergarten format. That that would essential replace, in other words, people would automatically enroll their children who are less than five, who are not eligible for traditional kindergarten under the start date roll back, they would enroll them automatically. We assumed 100% participation in a transitional kindergarten format, which would have essentially rendered moot this other process in current law.

Senator Simitian: That's right, but now you're assuming, for your budget purposes, 100% non participation, taking 100% of the dollars as savings for the general fund budget, when you have just

indicated that in fact, under the existing law, using the continuance form process, that parents and their kids still show up. That according to the proposal as you've now described it, districts could take them, and they would be able to recover two thirds of the cost of the year. So how do you get 100% savings, when you've just told me that you're going to provide two thirds reimbursement to any and all comers?

Thomas Todd: Well, I guess the 100% savings means it's restricted to this transitional kindergarten format, so, I mean, to the extent, under current law, if somebody shows up that's not five, they are physically admitted, and when they do turn five, they can claim ADA for that child. And in fact, uh, a child can actually attend more than one year of kindergarten, there's a waiver process for that as well, so...

Senator Simitian: So if those kids show up, you're going to pay for them, yes?

Thomas Todd: Correct.

Senator Simitian: Okay, and you're going to pay for them at a young fives or existing transitional kindergarten program up to the two thirds of the year or more that they'd be eligible for. So I ask again, how is it that you believe you're going to have 100% of the savings associated with discontinuing the program if you've just said those kids are going to show up and you've just said you're going to pay for them?

Thomas Todd: I think that the savings estimate is based on a transitional kindergarten in excess of what would have otherwise been provided under current law. I mean, we're happy to look at the numbers...

Senator Simitian: Let me ask you the next question. If all those kids show up, let me take that back, if your assumption is that none of those kids show up, that you're actually successful in telling 125,000 kids a year that they don't get to come to kindergarten even though they were age eligible up until this proposal to attend kindergarten, and it's 40,000 plus kids in the first year, which is what generates your \$224 million in savings, we have a declining enrollment law in California that provides full funding reimbursement during the first year where there's declining enrollment. So you have predicated the savings on the fact that the \$224 million will result in savings from 40,000 kids being excluded from public education during the first year of the Governor's proposal. But in fact, if there is a level of declining enrollment equal to that 40,000 student declining enrollment that you project, we're going to be paying revenue limit for those 40,000 kids under the declining enrollment system, is that right?

Thomas Todd: We tried...

Senator Simitian: Let me ask a question: is that right?

Thomas Todd: Yes. And...

Senator Simitian: Hang on just a second, if that is right, how can you score \$224 million savings in the coming budget year when you've just told us that you're going to have to pay declining enrollment dollars to match the \$224 million that was lost?

Thomas Todd: I think our estimate of 223 was net of declining enrollment cost, but I'm gonna have to, we can look at those numbers and get back to you.

Senator Simitian: Really?

Thomas Todd: That is my understanding of how we calculated that, but you know, we'd have to take a look at it again. We can get back to you on that though.

Senator Simitian: Let me just ask, when can I get a written explanation on the declining enrollment offset from the Department of Finance, which I'd like to see shared with the committee? What's a reasonable time frame?

Michael Cohen: We certainly can get it for you in advance of the Education Committee hearings so you have time to review that, if the...

Senator Leno: Mr. Cohen, that could not be for a month...

Senator Simitian: I was going to say, that could not be for two months...

Michael Cohen: No, there's one on the calendar isn't there, for the full committee, so a week or two before that.

Senator Simitian: If we could get it at least a week before that.

Senator Leno: it's on the 16th, so how about February 8th? Around there?

Michael Cohen: Sounds good.

Senator Simitian: Thank you.