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# SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

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**Bill No:** AB 1754 **Hearing Date:** June 27, 2018  
**Author:** McCarty  
**Version:** June 18, 2018  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Olgalilia Ramirez

**Subject:** State full-day preschool program: eligibility for enrollment: low income schools.

**NOTE:** This bill has been amended to replace its contents and this is the first time the bill is being heard in its current form.

## SUMMARY

This bill modifies eligibility requirements for certain full-day California State Preschool Programs (CSPP), as specified. This bill also requires the California Department of Education (CDE) to develop and implement a process to use participation data from the Medi-Cal program to directly certify children whose families meet the applicable income criteria into the full-day preschool programs operated by Title I schools.

## BACKGROUND

Existing law:

- 1) Establishes the CSPP for purposes of providing part-day and full-day developmentally appropriate programs designed to facilitate the transition to kindergarten for three- and four-year old children in educational development, health services, social services, nutritional services, parent education and participation, evaluation, and staff development.  
(Education Code § 8235)
- 2) Defines "income eligible" as a family whose adjusted monthly income is at or below 70 percent of the state median income (SMI), adjusted for family size, and adjusted annually. For purposes of establishing ongoing eligibility, a family's adjusted monthly income must be at or below 85 percent of the SMI, adjusted for family size. Specifies that the Department of Finance (DOF) will calculate the applicable SMI by family size annually and provide the updated data to the CDE by March 1 of each year. (EC Section 8263.1)
- 3) Authorizes a part-day CSPP to provide services to children in families with incomes up to 15 percent above the income eligibility threshold, as specified, provided all other eligible three- and four-year-olds have been enrolled. Further specifies that no more than 10 percent of the children enrolled under a provider's entire contract can be children in families above the income eligibility threshold.  
(EC § 8235)

- 4) Authorizes a part-day California State Preschool Programs (CSPP) to, after all otherwise eligible children have been enrolled, provide services to three- and four-year-old children whose families earn incomes above the eligibility threshold if the children have been identified as “children with exceptional needs” and specifies that these children not be counted toward the cap in (15) above. (EC § 8235)
- 5) Requires, for CSPPs operating with funding that was initially allocated in a prior fiscal year, at least half of the children enrolled at a preschool site to be four years old, with certain exceptions. (EC § 8236)
- 6) Specifies that in order to be eligible for federal and state subsidized child development services, families must meet at least one requirement in each of the following two areas:
  - a) A family is:
    - i) A current aid recipient.
    - ii) Income eligible.
    - iii) Homeless.
    - iv) One whose children are recipients of protective services, or whose children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited; and,
  - b) A family needs the child care services:
    - i) Because the child is identified by a legal, medical, social services agency, a local educational agency liaison for homeless children and youth, a Head Start program, or an emergency or transitional shelter as a recipient of protective services, or being neglected, abused, or exploited, or at risk of neglect, abuse or exploitation, or is homeless.
    - ii) Because the parents are engaged in vocational training leading directly to a recognized trade, paraprofession or profession; engaged in an educational program for English language learners or to attain a high school diploma or general educational development certificate; employed or seeking employment; seeking permanent housing for family stability, or incapacitated (EC Section 8263).
- 7) Provides that three- and four-year-old children are eligible for State Preschool if the family meets one of the criteria in 5) above. (EC § 8235)
- 8) Provides that three- and four-year-olds are eligible for wraparound child care services to supplement part-day State Preschool if the family is eligible for State Preschool and the parents need care for at least one of the following reasons:
  - a) The child is a recipient of protective services, or at risk.

- b) The parents are engaged in vocational training, as specified, employed or seeking employment, seeking permanent housing, or are incapacitated. (EC § 8239)
- 4) Provides that priority for California State Preschool be given to 1) three or four year olds neglected who are recipients of protective services, or children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited and 2) income eligible three- and four-year-olds with four-year-olds having priority. (EC § 8236)
- 5) Requires the California Department of Education (CDE), in consultation with the Department of Health Care Services (DHCS), to develop and implement a process to use Medi-Cal data to directly certify children whose families meet the income criteria into the school meal program; requires school districts and county offices of education with high poverty schools and high poverty charter schools currently participating in the breakfast or lunch program to provide breakfast and lunch free of charge to all students at those schools; and, authorizes a school district, county office of education or charter school to opt-out due to fiscal hardship. (EC § 49564)

## ANALYSIS

This bill modifies eligibility requirements for full-day preschool programs (state preschool) operated at any California public schools (Title I schools) , including a charter school, that has at least 40 percent of its children being from low-income families, or a community based organization that contracts with the specified public school or school district. Specifically, it:

- 1) Establishes, commencing with the 2019-20 school year, priorities for enrollment of three-and-four year old children in preschool programs operated by the specified schools as follows:
  - a) First priority is given to children meeting neglected or abused children who are recipients of child protective services as required under current law for state preschool.
  - b) Second priority is given to children from families meeting existing income eligibility requirements for state subsidized child care services but no longer gives priority to four year olds.
  - c) Third priority is given to children certified through the Medi-Cal match process established by the bill.
  - d) Remaining slots are open to enrollment without any requirement to substantiate income eligibility.
- 2) Requires the CDE, in consultation with the State DHCS, to develop and implement a process to use the participation data from the Medi-Cal program to verify income and directly certify applicable income criteria into the full-day

preschool programs operated at the specified school or community-based organization.

- 3) Requires the California Department of Education (CDE) share the participation data described above in 3) with local educational agencies. Specifies that a local educational agency that participates in a full-day preschool program at the specified school use participation data commencing with the participation data of children in the 2019-20 school year, to directly certify children eligible for full-day preschool.
- 4) Requires CDE, in the operations of this process, limit the information need for the State Department of Health Care Services (DHCS) to identify families whose income falls below the eligibility cutoff of full-day preschool, and utilize the least amount of information needed to facilitate a match of local school records. Requires the DHCS to conduct the data match of local school records, and return a list to the department, including only the data fields submitted by the department and an indicator of program eligibility, as required.
- 5) Requires, The CDE and the State DHCS, design this process to maintain children privacy and privacy of Medi-Cal recipients by establishing privacy and confidential procedures. Requires local education agencies (LEAs) to maintain children's privacy and educational agencies utilize appropriate technical and security safeguards to ensure that any Medi-Cal participation data is protected.
- 6) Exempts the specified participation data from the disclosure requirements of the California Public Records Act. Requires that the specified participation data be used only for purposes of direct certification, not be open to the public for inspection, and it not be disclosed to any other party with the written consent from the parent, except for the purpose of directly certifying children for full day preschool.
- 7) Specifies that the bill's provision does not prohibit the disclosure of aggregate data that does not reveal personally identifying information about a child or his or her family.
- 8) Requires CDE to ensure the process, and use and sharing of participation data from Medical program conforms with federal law by using strategies employed by other states' Medicaid verification projects or by developing a new strategy that ensures conformity, if applicable, as specified.
- 9) Requires CDE to seek all necessary approvals to establish this process and apply for available federal funds to support the work of this process.
- 10) Makes implementation of the Medi-Cal verification process contingent upon receipt of federal funds to assist the state in implementing the bill.

#### STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "A powerful body of research shows that investing in quality early education is highly effective in promoting student

academic success. Early intervention in a child's education increases cognitive, language, social, and emotional development. This leads to increased high school graduation rates, college attendance, decreasing crime, and builds a stronger middle class.

By the age of two, low-income children are six months behind in language development and by age five are more than two years behind in language development relative to their higher income peers.

Children who are not reading proficiently by the end of 3rd grade are four times more likely to not graduate from high school on time. Further, only 46 percent of California 3rd graders test proficient or better in English-language arts.

Studies also show that high quality preschool decreases costs in criminal justice and welfare. At-risk children who attended preschool are 46 percent less likely to end up in prison and 29 percent more likely to graduate from high school. California must seek smarter approaches to reduce the number of kids who end up in the prison system.

California's FY 2015–16 Budget included a \$46.3 million investment increase to create an additional 9,530 California State Preschool Program (CSPP) slots. However, every year thousands of CSPP slots go unfilled, resulting in school district send millions of dollars back to the Department of Education and children missing out on these important programs. Many of these unfilled CSPP slots are in high poverty Title I schools where median family income is only marginally above the CSPP income eligibility requirements. The state has been clear in its priority to support students with the opportunity of CSPP by funding these programs in the budget year after year. Unfortunately, thousands of children who could benefit from these programs miss these opportunities, while CSPP seats go unfilled.

Ensuring preschool aged students from underserved communities can take advantage of the opportunities afforded to them is important for students and families, but also fulfills the priorities of the state.”

- 2) ***Recent gut and amend.*** This bill was recently amended to replace its entire contents. As heard and passed in the Assembly, this bill required the state to provide all eligible low-income four-year old children with access to early care and education programs. The recently added provisions of the bill expand eligibility criteria for enrollment in a preschool program operated by Title I schools to children who attend a Title I school but who are not necessarily from low-income families. This bill also requires schools to directly certify Medi-Cal eligible children as eligible for state preschool. This is the first time these provisions have been reviewed by a policy committee.
- 3) ***California State Preschool Program.*** State Preschool provides both part-day (at least 3 hours per day) and full-day (at least 6.5 hours per day) services to eligible three- and four-year-olds, including: developmentally appropriate curriculum, parent education, meals and snacks, and referral to social and health services for families. State Preschool can be offered in various settings,

including child care centers, family child care network homes, school districts, or county offices of education. Approximately two-thirds of children in State Preschool are served by local education agencies (LEAs), and the remaining one-third are served by community-based organizations.

The bill creates a new process that would automatically deem Medi-Cal eligible children eligible for full-day state preschool. In so doing, expands access for state preschool to all children served by qualifying schools. Under this measure, the authority to directly certify eligibility and enroll those eligible through the Medi-Cal match is limited to state preschool programs operated at school districts and schools with 40 percent or more low-income students (i.e. Title I schools) and providers that contract with these schools. Other preschool programs operated by non-LEAs are not authorized by this bill to directly certify Medi-Cal eligible children.

*Things to consider:*

- Could streamlining eligibility for some state preschool programs and not others further complicate an already confusing child care system for parents?
  - This bill would allow qualifying schools to serve more children. Without the ability for other non-profit state preschool providers to gain slots or state resources, could these providers lose slots and as a result possibly reduce (forced to close their doors) the number of preschool providers in the system?
  - How would the new changes impact Head Start Programs? Head Start programs offer comprehensive family services and most frequently offer services to Title I communities.
  - This bill eliminates the priority to serve four year olds before serving 3 year olds. Given that LEAs have primarily focused on serving 4 year-old children in state preschool, how will the proposed changes impact access to state preschool for both age groups?
  - The budget agreement authorized LEA's to commingle 4 year-old children enrolled in state preschool into a transitional kindergarten classroom. How will the proposed changes interact with this new authority?
  - Should streamlined eligibility for families be expanded universally to all state preschool programs?
- 4) ***New priority enrollment criteria.*** Under current law, priority for the state preschool school program is extended to child who are neglected or abused and income eligible four-year olds followed by income eligible three-year olds. This bill maintains that children who are neglected or abused have first priority followed by children from families meeting existing income eligibility requirements for state-subsidized child care service. However, this bill eliminates the

requirement that four-year olds receive priority over three-year olds. *Could this have a negative effect on the enrollment of four-year olds in state preschool?*

This bill establishes two new categories for determining priority enrollment. Third priority is given to children certified through the Medi-Cal process pursuant to this bill. Fourth priority for the remaining open slots may be offered to families who are not necessarily low-income (do not have to prove income eligibility).

- 5) ***Remaining open slots not subject to income eligibility requirements.*** This bill would extend eligibility for state preschool to children from families regardless of income level. Under current law, income eligibility for families is established, initially, at 70 percent of state median income. Families remain income eligible until their adjusted monthly income exceeds 85 percent of the most recent state median income, adjusted for family size. Existing law allows some exceptions for families above the income eligible threshold but caps enrollment at 10 percent of the programs entire contract. It appears that no such cap placed on the proposed program.

Presently, if a preschool program does not have enough income eligible children to fill slots, funds are forfeited and returned to the state for possible reallocation to other areas where there is need, or in the case of the counties with individualized childcare plans, can be redistributed to other providers in the same county who have a need. This bill could result in using limited state dollars to fund slots for higher income families. Though this may raise concerns for some, other child care advocates believe that opening eligibility in this manner may also serve more vulnerable children in preschool that are above the income limit but are still low-income. Additionally, others argue that low-income children benefit from being in an integrated setting with their peers.

According to information provided by the County of Sacramento on the prior version of this bill, approximately 40,000 low-income 4-year-olds in the state do not have access to preschool or transitional kindergarten before they enter kindergarten. *While preserving child care slots for families exceeding income eligibility may seem reasonable, the committee may wish to consider whether policy should focus on expansion of eligibility to include higher income and younger children, or whether the state should continue to allow for the reallocation of slots (i.e. redistribution of funds) to providers who are unable to serve all income eligible families.*

- 6) **Direct certification process.** Similar to process proposed in this bill, the California Department of Education and the California Department of Health Care Services currently conduct the Medi-Cal match to directly certify students for free and reduced-price meals. The Medi-Cal match has been conducted and available to public school districts, county offices of education, and charter schools since July 1, 2017.
- 7) **Related legislation.** AB 2626 (Mullin, 2018) makes a number of statewide changes to subsidized child care and development programs, including raising the income eligibility threshold for families; changing the age restrictions for

California State Preschool Programs; providing opportunities for staff training;  
and increasing flexibility in the use of contracted funds.

**SUPPORT – June 18, 2018 version**

Advancement Project  
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**OPPOSITION**

None received

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