
6C

Information

Legislative Committee of the Whole

Items of Interest to the Commission

Executive Summary: Staff will present an update on the activities of the Legislature.

Possible Action: None—Information

Presenter: Bonnie Parks, Director, Office of Governmental Relations

Strategic Plan Goal: 4

Continue effective and appropriate involvement of the Commission with policymakers on key education issues.

Sustain productive relations with key policymaker's and staff.

Items of Interest to the Commission

AB 1988 (Coto)

Location: Assembly Appropriations

Sponsor: Assembly Member Coto

Support: None on file

Opposition: None on file

Fiscal Impact: As written the Commission would need \$30,000 to develop a 10-hour English language learner professional development module.

As it relates to the work of the Commission, AB 1988 would require the Commission to develop a 10-hour English language learner professional development module. Under the provisions of the bill, commencing on September 1, 2008 the Commission would be required to ensure that this module is successfully completed for issuance of a preliminary teaching credential. The Commission would further be required to incorporate the module into all induction programs for “first, second and third year teachers.”

Additionally, commencing on June 30, 2008, AB 1988 would mandate that the California Department of Education, in consultation with the Commission, require each school district to report to the department regarding teacher proficiency in English language learner teaching knowledge and skills, including, but not limited to, disaggregated lists of teachers who have completed the module developed by the Commission.

AB 2913 (Frommer)

Location: Assembly Appropriations Committee

Sponsor: Assembly Member Frommer

Support: None on file

Opposition: None on file

Fiscal Impact: Minor/Absorbable for the development of an expenditure plan.

AB 2913 would require the Commission to submit an expenditure plan for the development of a subject matter examination in the Armenian language to the Department of Finance no later than January 1, 2007. Upon approval of the expenditure plan by the Department of Finance and the Secretary for Education, and subject to an appropriation in the Budget Act of 2007 for this purpose, the Commission would be required to contract for the development of the examination to be administered no later than September 1, 2009.

AB 2913 is nearly identical to AB 420 (Horton, Chapter 390, Statutes of 2005), which required the Commission to submit to the Department of Finance and the Secretary for Education an expenditure plan for the development of a California Subject Examination for Teachers (CSET) in the Filipino language. The Commission approved the expenditure plan and it was submitted in January 2006. Funds were not included for this purpose in the Governor's initially introduced budget. As of this writing, the May revision of the Governor's budget (May Revise) has not been released.

In the meantime, the Commission, at its April 5, 2006 meeting, directed staff to work with its current CSET contractor, National Evaluation Systems, to develop an alternative examination template for the purpose of assessing teacher subject matter knowledge in less commonly taught languages.

SB 1124 (Torlakson) Teacher Recruitment, Training and Retention

Location: Senate Appropriations Committee

Sponsor: Senator Torlakson

Support: California ACORN, California Church IMPACT, California Language Teachers Association, California State University

Opposition: None on file

Fiscal Impact: Unknown amount to contract for a study of the California Teacher Cadet Program. Unknown amount to track teachers in the teaching fellowship program.

SB 1124 is the companion measure to SB 1209 (Scott). The bill includes several of the recommendations from The Center for the Future of Teaching and Learning Report: *The Status of the Teaching Profession, 2005*, relative to teacher recruitment, training and retention. Specifically, the bill proposes the following:

- Increase the State Teacher Retirement system earnings limit for retired teachers who agree to mentor teachers in low performing high priority schools;
- Authorize grants to teachers to defray the cost of obtaining national board certification;
- Allow fully credentialed retired teachers to return to teaching without having to take the California Basic Educational Skills Test (CBEST);
- Re-establish the Governor's Teaching Fellowship program to be administered by the Student Aid Commission;
- Create the Teacher Cadet Program to encourage high school students to consider teaching careers.

The bill currently requires the Commission to contract for a study of the California Teacher Cadet Program, subject to funds being included in the budget for this purpose. SB 1124 would also require the Commission to certify the service obligation of teachers for the Governor's Fellowship Program to the Student Aid Commission. The Senator's staff has indicated that they will propose amendments to assign both of these tasks to the administering agencies rather than the Commission in the Senate Appropriations Committee.

SB 1614 (Simitian) Teacher Data System

Location: Senate Appropriations Committee

Sponsor: Senator Simitian

Support: Ed Voice

Opposition: None on file

Fiscal Impact: Unknown amount for the Commission to participate in the new data system.

SB 1614 would require the California Department of Education, in collaboration with the Commission on Teacher Credentialing, to contract for the development of a teacher data system to be known as the California Longitudinal Teacher Integrated Data System. This new teacher data system would be integrated into the existing California Education Information System (CEIS), as specified. The teacher data system would serve as the central state repository of information regarding the teacher workforce in the state for purposes of developing and reviewing state policy, identifying workforce trends and identifying future needs in the teaching workforce.

SB 1824 (Migden)

Location: Senate Appropriations

Sponsor: Senator Migden

Support: None on file

Opposition: None on file

Fiscal Impact: \$100,000 for one full-time consultant

SB 1824 would do all of the following:

- 1) Require, upon the recommendation of the governing board of a school district, the CTC to issue a two-year California Preliminary (CAP) credential to any person recommended by the governing board of a school district who displays knowledge and expertise in math or science demonstrated by all of the following:
 - a) Possession of a post-baccalaureate or graduate degree conferred by a regionally accredited institution of postsecondary education.
 - b) A minimum of five years of practice in the field for which the post-baccalaureate or graduate degree was awarded.
 - c) Basic skills proficiency as measured by passing the CBEST.
 - d) Subject matter competence established by successfully completing the appropriate subject matter examination administered by the CTC and who is considered a highly qualified teacher pursuant to the federal No Child Left Behind Act of 2001 (NCLB).
 - e) Fitness to teach, by successfully passing a criminal background check.
- 2) Specify that the CAP credential is a preliminary single subject teaching credential that authorizes teaching in math or science at a grade level or levels as approved by the Commission.
- 3) Require the governing board of a school district recommending a person for the CAP credential to do the following:
 - a) Enroll the candidate in a preservice training program for a minimum of 40 hours of pedagogical training aligned with the California Standards for the Teaching Profession, and require this training to be completed before the candidate provides classroom instruction. The preservice training shall include the following:
 - i) Preparation in classroom management and organization.
 - ii) Grade-level curriculum content and instructional models.
 - iii) Pupil assessment practices.
 - iv) Literacy development in the subject to be authorized on the credential certificate.
 - v) Equity, access, and diversity training.
 - vi) Appropriate instructional strategies for English language learners and pupils with special needs.
 - b) Develop and implement an individualized program of preparation consisting of at least 150 hours of study designed to assist the candidate in passing the teaching performance assessment and based on the district's Commission-approved teacher preparation program.

- 4) Require CAP credential holders to possess a CLAD or BCLAD. Make CAP credential holders eligible for a professional clear teaching credential upon completion of an induction program.
- 5) Require CTC to report to the Legislature by February 1, 2012, and annually thereafter, on the following:
 - a) The number of CAP credentials issued in each subject area.
 - b) The retention rates of candidates who receive a CAP credential.
 - c) Recommendations for improvements to the CAP credential program.
 - d) A comparative analysis of the retention rate of CAP credential holders versus the retention rate of intern credential holders.
 - e) The number and percentage of CAP credential holders who become CLAD certified.
 - f) The number and percentage of CAP credential holders who obtain a professional clear credential.
 - g) The results of satisfaction surveys administered, if any, to employers and to CAP credential holders.
- 6) Repeal the authorization for the CAP credential as of January 1, 2008, and prohibits the CTC from accepting new applications for the CAP credential after that date.

**PRESCHOOL FOR ALL INITIATIVE
PROPOSITION 82**

At its April 5, 2006, meeting, the Commission requested information about Proposition 82, the Preschool for All Initiative. This initiative is on the June 6, 2006 ballot. The Commission

specifically requested information about the teacher certification requirements outlined in the initiative.

This agenda item includes the following information:

1. Official Summary Prepared by the Attorney General's Office and the Legislative Analyst's Office
2. Appendix A. – Timeline and Funding Related to Teacher Certification
3. Appendix B – Current Requirements for Child Development Permits

**PRESCHOOL FOR ALL INITIATIVE
PROPOSITION 82**

APPENDIX A

Timeline and Funding Related to Teacher Certification

**PRESCHOOL FOR ALL INITIATIVE
PROPOSITION 82**

**ARTICLE 2.
INSTRUCTIONAL STAFF
(SYNOPSIS)**

Credential Timeline

July 1, 2008	The Superintendent of Public Instruction, in collaboration with California public colleges and universities, including community colleges, shall develop an early learning credential and shall submit the credential to the California Commission on Teacher Credentialing for approval and implementation. The Commission may also recognize other early learning credentials.
Prior to July 1, 2014	Preschool for All teachers shall hold an appropriate Child Development Permit issued by the Commission. (See Appendix B for permit requirements)
July 1, 2014	Preschool for All teachers shall have a baccalaureate degree and shall have completed at least 24 units in early learning, and all instructional aides in such programs shall have completed at least 48 units of college-level work, including 24 units in early learning.
July 1, 2016	Preschool for All teachers shall have a baccalaureate degree and an early learning credential. (A teacher who earned a multiple subject credential prior to July 1, 2010 and who has 24 units in early learning may also teach in a Preschool for All program.).

Funding Related to Certification

\$500,000,000 (Available over a ten year period.)	College and University Systems, including the community college system, may apply to the Superintendent of Public Instruction for funding from the Preschool for All Fund to develop, in consultation with other systems and in a manner that promotes articulation, college-level courses and degree programs in early learning, and to provide these courses and degree programs.
\$200,000,000 (Available over a ten year period.)	Financial aid program available through the California Student Aid Commission to support individuals to ensure that a qualified teaching and instructional aide staff becomes available.
Ongoing Funds	Teachers and instructional aides in Preschool for All programs shall be paid increasing levels of compensation in accordance with education and credential status.

**PRESCHOOL FOR ALL INITIATIVE
PROPOSITION 82**

APPENDIX B

Current Requirements for Child Development Permits

OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

Preschool Education. Tax on Incomes Over \$400,000 for Individuals; \$800,000 for Couples. Initiative Constitutional Amendment and Statute.

- Establishes a right to voluntary preschool for all four-year old children.
- Funded by a 1.7% tax on individual incomes above \$400,000; \$800,000 for couples.
- Administered by the state Superintendent of Public Instruction and county school superintendents.
- Directs counties to prepare reports on curricula, outreach, facilities, childcare coordination, budgeting, teacher recruitment and pay.
- Limits administrative expenses; requires program audits.
- Requires state Superintendent to develop a preschool teaching credential with financial aid for credential students.
- Excludes revenue from appropriation limits, Proposition 98 calculations.

82

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state revenues of about \$2.1 billion in 2007–08, growing annually with the economy to around \$2.6 billion in 2010–11, when the preschool program would be open to all 4-year olds in the state.
- Revenues would be used solely for new state preschool program and would be spent to run the program, pay for facilities, train teachers, and provide an operating reserve.

ANALYSIS BY THE LEGISLATIVE ANALYST

OVERVIEW OF THE MEASURE

This proposition changes the California Constitution and state law to create and support a new, publicly funded, preschool program for children to attend in the year prior to kindergarten. Figure 1 shows the main provisions of this proposition, which are discussed in more detail below.

BACKGROUND

Prior to starting kindergarten, most children in California attend some form of preschool or child care program. There is wide variety in the types of programs offered.

Typically, a program where children are cared for in groups is referred to as *center-based care*, also known as a child or day care center, preschool, or nursery school. Survey data suggest that 62 percent of the state's 4-year olds attend some kind of center-based program prior to attending kindergarten. Participation rates, however, vary

FIGURE 1**Proposition 82: Main Provisions**

- ✓ **Creation of New Preschool Program**
 - Establishes the right for all children to receive one year of voluntary state-funded preschool beginning in 2010.
 - Offers the program for at least three hours a day for 180 days a year.
 - Creates new standards for curriculum and teacher qualifications.
- ✓ **New Tax on High-Income Earners**
 - Imposes an additional tax on high-income earners in the state.
 - Uses these tax revenues solely for the new preschool program.
- ✓ **Funding for New Preschool Program**
 - Increases significantly the per-child funding rate for most preschool children.
 - Provides additional funding to support facilities to house the new program.
 - Provides grants to students and to colleges and universities to support training for teachers and aides.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

widely by family income level. For example, about 80 percent of 4-year olds in high-income families (earning over \$75,000 a year) attend center-based programs, while the comparable figure for low-income families (less than \$18,000 a year) is 49 percent. Children not in center-based care are tended by parents or relatives, or served by other arrangements (including babysitters, nannies, and family child care providers).

All center-based programs must meet minimum health and safety requirements in order to be licensed by the state. Of the children in center-based care, about one-half are served by state and federal programs. These programs primarily serve children who come from low-income families. The three largest programs are:

- **State Preschool.** This program provides services for 3 hours a day, 175 days a year. It focuses on helping children with both academic and developmental skills. The state spends about \$210 million annually for 4-year olds in the program.
- **State General Child Care.** This program, which typically runs 220 days a year, is similar to preschool in the morning, with adult-supervised enrichment programs in the afternoon. The state spends about \$150 million annually for 4-year olds in this program.
- **Federal Head Start.** This provides both an education program and family support services—including health, nutrition, and social services. The federal government spends about \$500 million annually for California 4-year olds in this program.

A variety of providers—both not-for-profit and for-profit—serve the other half of California 4-year olds attending center-based programs. Families typically pay for these services. Even though most center-based programs are licensed by the state, programs can vary considerably with regard to

focus, structure, participation cost, and teachers' educational backgrounds.

PROPOSAL

Proposition 82 creates a new state program which significantly expands access to publicly funded preschool.

Who Does the Program Cover?

The new program provides 4-year olds access to one year of free preschool. The proposition guarantees this service for all children born on or after June 6, 2006 (that is, 4-year olds starting preschool in 2010). Participation in the new preschool program would be voluntary. It would also be free of charge. (The proposition provides an exception in the case of a “funding emergency,” when the Legislature could, with a two-thirds vote and approval of the Governor, pass a one-year requirement that parents pay a fee to help cover the costs of the program. Even in this case, no child could be denied access based on an inability to pay.)

What Are the Key Components of the Program?

The preschool program would consist of the following major components:

- **Curriculum Standards.** The state would determine new standards for what would be taught in the new preschool program. These standards would be based on (1) what the state determines is age and developmentally appropriate and (2) the academic content that is taught in kindergarten through grade 3 classrooms.
- **Staffing Ratios.** The new program requires that for every 20 children, there must be at least one credentialed teacher and one instructional aide. By comparison, state preschool programs must have ratios of no more than 24 children taught by one teacher and two adults. Other licensed preschool programs must have ratios of at least 1 teacher to 12 children, or 1 teacher and 1 aide to 15 children.

PROP 82 PRESCHOOL EDUCATION. TAX ON INCOMES OVER \$400,000 FOR INDIVIDUALS; \$800,000 FOR COUPLES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE. ★ ★ ★

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

82

- **Access.** The proposition requires that: (1) preschools be located near students’ homes, (2) parents be permitted to choose among programs, and (3) children with special needs (including those requiring special education services and non-English speakers) have access to the program.
- **Operational Hours.** The new state preschool program must operate at least 3 hours a day, 180 days a year. This is similar to what most preschool programs currently offer, although only the state and federal programs have specific legal requirements.

How Would Teachers Be Affected?

Teachers working in a preschool funded by this measure would have to (1) meet certain qualification requirements and (2) be compensated at specified levels.

Teacher Qualification Requirements. The proposition significantly increases educational requirements for preschool teachers. It requires that by July 2014, all teachers in the new state preschool program must have a four-year college

degree. (Researchers estimate that around 30 percent of preschool teachers in California currently have a college degree.) By July 2016, teachers would also need to hold a new early learning teaching credential. This would likely require an additional year of education beyond a college degree. (Elementary school teachers could teach in the new preschool program if they receive their elementary teaching credentials prior to 2010 and take roughly one year of college classes in early childhood education.)

Currently, there is no minimum educational requirement for instructional aides working in preschool programs. Proposition 82 requires that preschool aides in the new state program complete 48 units of college, including 24 units studying early childhood education.

Figure 2 summarizes these new requirements and compares them against current licensed preschool programs.

Teacher Compensation Requirements. The measure introduces compensation requirements

FIGURE 2 Preschool Teachers/Aides Educational Requirements	
Current	Proposition 82
<p>Teachers—State Preschools:</p> <ul style="list-style-type: none"> • 40 units (about 1¼ years of college^a) • 24 units in ECE^b <p>Teachers—Licensed Preschools^c:</p> <ul style="list-style-type: none"> • 12 units in ECE (about ½ year of college^a) 	<p>Teachers:</p> <ul style="list-style-type: none"> • College degree • ECE credential • These requirements would typically require five years of college
<p>Aides:</p> <ul style="list-style-type: none"> • None 	<p>Aides:</p> <ul style="list-style-type: none"> • 48 units (about 1½ years of college^a) • 24 units of ECE (less than 1 year of college^a)

^a Assumes units are semester based.
^b Early childhood education.
^c Preschools that have been licensed by the state as having met minimum health and safety requirements. These include many private preschools.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

for preschool teachers and aides. Currently, local programs have full discretion to decide what level of salary and benefits to provide to their preschool employees. Researchers estimate that preschool teachers earn an average annual salary of around \$27,000.

The proposition requires that, once they have a college degree and early learning teaching credential, full-time preschool teachers be compensated “similarly” to teachers in the kindergarten through grade 12 (K–12) public school system in their local county. (The proposition defines “full-time” as teaching two three-hour sessions per day.) Currently, the statewide average annual teacher salary for public K–12 unified school districts is around \$60,000. Together with health benefits and state and district contributions for retirement, K–12 teachers’ average annual compensation package is currently around \$76,000. Like teachers, aides in the new preschool program would also have to be compensated similarly to aides in the K–12 system.

In addition, the proposition extends the collective bargaining rights currently offered to public school teachers to all employees working for providers of the new preschool program, including those who work for private preschool providers.

Who Would Administer the Program?

County Offices of Education (COEs) would have primary responsibility for implementing the program at the local level. They must develop detailed plans describing how the county will meet the program’s requirements. The COEs could choose to begin offering services to children in 2007, starting with those living near low-performing elementary schools, or they could wait and offer services to all interested students beginning in fall 2010.

The COEs would select public and/or private preschool programs to serve as providers of the

new program. Providers would have to meet all the requirements described above in order to receive funding. Existing State Preschool, State General Child Care, and Head Start programs would be given priority in receiving this new funding. Similar to K–12 public schools, preschool providers would have to be nondiscriminatory and without religious affiliation in order to be eligible to participate in the new public system.

The state Superintendent of Public Instruction (SPI) would have primary responsibility for overseeing the new preschool program. The SPI would allocate funding for the new preschool program to COEs based on a uniform, statewide per-student rate. For the first ten years of the program, funds would be distributed across counties based on the number of 4-year olds living in each county. Thereafter, funds would be distributed based on the number of students each county serves.

How Would the New Preschool Program Be Funded?

The proposition establishes a new personal income tax (PIT) rate on high-income earners to support the new preschool program. The measure would impose an additional 1.7 percent tax rate on taxable incomes over:

- Individuals—\$400,000.
- Heads-of-household—\$544,457.
- Married couples—\$800,000.

This would increase the top “marginal” tax rate (that is, the rate applied to the last dollar of income) from 9.3 percent to 11 percent. (See box on following page for an example of how the new rate would affect taxpayers.) Combined, these high-income earners currently represent less than 1 percent (or about 100,000) of total personal income taxpayers in the state. These taxpayers pay about one-third of the \$45 billion in annual PIT revenues. The higher tax rate would take effect on January 1, 2007.

PROP 82 PRESCHOOL EDUCATION. TAX ON INCOMES OVER \$400,000 FOR INDIVIDUALS; \$800,000 FOR COUPLES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE. ★ ★ ★

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

An Example of the Impact of the New Tax Rate

A single person with a taxable income of \$700,000 a year currently would pay 2005 California personal income taxes of about \$63,000. Most of the income would currently be taxed at the state's top marginal rate of 9.3 percent. Under Proposition 82, this same single person would pay 9.3 percent on most of the income up to \$400,000, but would then pay 11 percent on the income between \$400,000 and \$700,000. This would result in a total tax payment under the measure of \$68,100—an increase of \$5,100.

82

Proposition 63, passed by voters in 2004, imposes an additional 1 percent tax rate on incomes above \$1 million to support mental health services. (This tax currently raises around \$700 million a year for these services.) Taxpayers with incomes above \$1 million would continue to pay this added rate under Proposition 82. Thus, Proposition 82's additional 1.7 percent rate would increase these taxpayers' total marginal PIT rate from 10.3 percent to 12 percent. Based on current information, this would be the highest state PIT rate in the country.

How Would the Funds Be Used?

Revenues generated from the new tax described above would be deposited directly in a special state preschool fund. The revenues could only be used to support the new preschool program and not for any other purpose or program.

There are four primary ways in which these funds would be spent: (1) funding the day-to-day operations of preschools, (2) establishing facilities to house the program, (3) training teachers and aides, and (4) developing a reserve fund to help guarantee future program stability.

Program Operations. The majority of the revenues generated for the preschool program would be used to provide salaries and benefits for teachers, aides, and directors; purchase supplies and materials; administer, evaluate, and oversee the program; and support other operational and maintenance needs. (The proposition limits state and local program administration costs to no more than 6 percent of total annual program expenditures.)

Facilities and Teacher Training. Beyond these ongoing operational expenditures, Proposition 82 also allocates certain funds for start-up costs. Specifically, it allows a total of up to \$2.7 billion of the tax revenues generated for the preschool program to be used primarily over the first ten years of the program to fund the following activities:

- **Up to \$2 Billion for Facilities to House Preschool Programs.** These funds may be used to support construction, lease, purchase, or renovation of facilities. Based on facility needs plans submitted by each COE, the Superintendent would determine the timing and distribution of this funding.
- **Up to \$700 Million to Help Prepare Preschool Teachers and Aides to Meet New Qualification Requirements.** Up to \$200 million may be used for financial aid (scholarships or forgivable loans) to support full- or part-time students seeking to attain the college education required of teachers and aides in the new preschool program. Up to \$500 million may be provided to the state's public colleges and universities to develop and offer coursework in early childhood education, including a new preschool teacher credentialing program.

Reserve. In addition, Proposition 82 establishes an operating reserve for the preschool program. Over the course of the first ten years after passage of

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

the proposition, a portion of the revenues generated by the new tax must be set aside in this reserve account. After ten years, the account must contain enough funds to operate the new preschool program for one year. The program could access the reserve in any year that the statewide per-student preschool program funding level would decline without it.

Implementation Dates. As described above, the measure has various starting dates and timeframes specified for various activities. Figure 3 summarizes these implementation dates.

FISCAL EFFECT

Proposition 82 would have significant impacts on both state revenues and spending.

State Revenues

As noted above, the higher PIT rate created by the proposition would take effect January 1, 2007. We estimate that this rate would raise roughly \$500 million in 2006–07 (a partial fiscal year effect). Revenues would increase to a full-year amount of

about \$2.1 billion in 2007–08, and then grow to around \$2.6 billion by 2010–11, when the program would be open to all 4-year olds in the state.

Potential Taxpayer Responses. Exactly how taxpayers would respond to the higher marginal tax rate created by Proposition 82 is difficult to estimate. The above revenue estimates, however, incorporate certain actions taxpayers would likely take. For example, the estimates assume that some high-income taxpayers will take actions—such as changing the way that some business-related income is claimed—to minimize the net impact of the PIT rate increase. By reducing the overall income claimed by these high-income earners, these actions would also result in some annual revenue reductions to the state General Fund (around \$100 million) and the mental health program created by Proposition 63 (in the tens of millions of dollars).

The above estimates do *not*, however, take into account more extreme taxpayer responses—

FIGURE 3	
Timeline for Implementation of Proposition 82	
Finance	
2007	New tax on high-income earners begins to generate revenue for new preschool program (roughly \$2 billion annually).
2007–17	Funding provided for facilities to house preschool program (up to \$2 billion in total over life of program).
2016	State operating reserve must contain enough funds to operate the program for one year.
Program Requirements	
2007–10	Counties can choose to offer preschool services to 4-year olds, prioritizing children who live near low-performing elementary schools.
2010	All 4-year olds in the state must have equal access to free, voluntary preschool services.
Teacher Training	
2007–17	Grants provided to public universities and colleges to train teachers and aides (up to \$500 million).
2007–17	Grants provided to individuals taking college courses required for teachers and aides (up to \$200 million).
2014	Teachers must have a college degree. Aides must have a year and a half of college, and have taken several early childhood education courses.
2016	Teachers must hold an early learning teaching credential or the equivalent.

PROP 82 PRESCHOOL EDUCATION. TAX ON INCOMES OVER \$400,000 FOR INDIVIDUALS; \$800,000 FOR COUPLES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE. ★ ★ ★

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

such as high-income earners leaving the state or not moving here—as a result of the higher rates. To the extent this occurred, revenues for the new preschool program, the state General Fund, and the Proposition 63 mental health program could be reduced more significantly.

Impact on Preschool Program Spending

As noted above, all the revenues raised by the higher tax rate would be available solely for the new preschool program. The following amounts would be set aside during the first ten years of the program:

- Up to \$2.7 billion for facilities, teacher training, and financial aid.
- A reserve containing enough funds in 2017 to run the program for one year.

The remaining funds would be available for the day-to-day operation of preschools.

Measure Would Provide Around \$6,000 Per Student. We estimate that there would be about \$2 billion a year to run the preschool program in 2010–11, the first year all 4-year olds are guaranteed access to a preschool program. The level of funding available for each preschool student would depend primarily upon the number of children who decide to participate in the program. Based on information from other states that offer public preschool for all 4-year olds, our best estimate is that—over time—roughly 70 percent of 4-year olds would participate in the new preschool program. (See nearby box for more information on possible participation in the program.) At this rate, we estimate that in 2010–11, the proposition would provide around \$6,000 per student in the new preschool program. (By comparison, we estimate that California’s per-student funding rate for its existing state preschool would be approximately \$4,000 in 2010–11.) The overall amount of revenue would not change

regardless of the number of children who enroll, so per-student funding levels would increase if fewer children chose to participate and decrease if more children enrolled in the program.

Participation Rates Will Likely Increase

Reports from other states that have implemented voluntary public preschool for all 4-year olds suggest that as many as 70 percent of California’s 4-year olds may opt to participate in the new state program over the long run. In addition, some families will opt to keep their children in private preschools. This could be around 10 percent of all 4-year olds. Combining both private and public preschool expected participation rates, the percent of 4-year olds attending center-based preschool may increase to as high as 80 percent statewide. This compares to the current center-based enrollment estimate of 62 percent.

Existing Programs Could Augment the Per-Pupil Funding Rate Statewide (\$750 to \$2,000 Per Pupil). The new preschool program may also be able to take advantage of resources provided to existing state and federal programs that serve 4-year olds. Depending upon future legislative decisions, the rate at which these programs maintain existing services, and how the costs of special education students are addressed, these programs could contribute additional support to the new preschool program in the range of \$750 to \$2,000 per student. Adding these funds to the funding provided by Proposition 82, there would be between \$6,750 and \$8,000 per pupil for preschool operations in 2010–11.

Comparisons With Other States. Figure 4 shows a comparison of how other states funded public preschool programs in 2004. Currently,

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

California’s per-pupil funding for its state preschool program is in the same spending range as about one-half of the other states in the country. Proposition 82’s funding level would mean a significant increase in the amount of state resources provided for each preschool child. This level of support would make California’s one of the highest funded state preschool programs in the country.

Other Potential Spending Impacts

Proposition 82 could have a number of other potential fiscal effects. For instance:

- **Preschool Program Could Affect Districts’ Special Education Costs.** State and federal law requires school districts to serve the educational needs of 4-year olds with special needs. It is likely that with greater numbers of children participating in structured preschool programs, greater numbers of 4-year olds will be identified as requiring special education services. If this takes place, school districts would incur

increased costs. The new preschool program could cover some of these district costs. Furthermore, some research, based on small pilots of preschool programs, suggests that greater participation in preschool may result in the long run in a reduction in (1) the number of children using K–12 special education services and (2) the number of years some children receive special education services. This would reduce school districts’ K–12 special education costs.

- **Potential State and Local Savings.** Some research based on pilots of preschool programs suggests that greater participation in preschool may result in such outcomes as: a reduction in the number of children retained in a grade, a reduction in the number of child abuse or neglect reports, and a reduction in the number of juvenile court filings. The degree to which these effects would occur as a result of a statewide preschool program and the amount of related state and local savings are unknown.

FIGURE 4						
State Preschool Spending Per Enrolled Child						
\$6,000 or more	\$4,000–\$5,999	\$2,000–\$3,999			Less than \$2,000	No Program
Minnesota New Jersey Oregon	Connecticut Delaware Massachusetts North Carolina Ohio Tennessee	Alabama Arizona Arkansas California Colorado Florida^a Georgia^a Hawaii	Illinois Iowa Kentucky Louisiana Michigan Missouri Nevada New York	Oklahoma^a Texas Virginia Washington West Virginia Wisconsin	Kansas Maine Maryland Nebraska New Mexico South Carolina Vermont	Alaska Idaho Indiana Mississippi Montana New Hampshire North Dakota Rhode Island South Dakota Utah Wyoming
Source: National Institute for Early Education Research, 2004. ^a Florida, Georgia, and Oklahoma offer free public preschool to all 4-year olds. Florida’s program and funding began in 2005.						