



SUMMARY

AB 2381 seeks to stabilize the early learning and care field and improve program quality by funding California State Preschool Programs (CSPPs) based on enrollment rather than attendance.

BACKGROUND

Access to early learning opportunities, like preschool, is directly related to future academic success, health, and income. High-quality early care and education is the foundation for longer-term developmental outcomes, and enables parents and caregivers to pursue work or education.

California has three publicly funded preschool programs: CSPP, for children 3-5 years old, Head Start, for children 0-5 years old, and Transitional Kindergarten (TK), previously for 5 year olds, but now expanded to include 4 year olds. CSPPs are administered by the California Department of Education (CDE) through local educational agencies, colleges, community-action agencies, and private nonprofit agencies. Contractors administering CSPPs must use an income ranking table to determine enrollment priorities related to a family's income level. CSPP offers part-day and full-day services with a curriculum tailored to the developmental, cultural, and linguistic needs of the children being served. The program also offers meals and snacks to children, parent education, referrals to health and social services, and professional development opportunities for staff.

State preschool enrollment declined significantly in 2020 due to the COVID-19 pandemic. According to the National Institute for Early Education Research, California had the fourth largest decrease in state-funded preschool enrollment nationwide between 2019-20 and 2020-21. Although enrollment has risen since 2021, it is still well below pre-pandemic levels, partly due to workforce challenges and TK expansion.

EXISTING LAW

Under California Law, CSPPs can be funded based on the lesser of the following: (1) maximum reimbursable amount of the contract, (2) net reimbursable program costs, or (3) a formula based on program attendance. Since April 2020, CSPPs have benefited from a COVID-

era policy that does not factor in attendance and instead reimburses programs based off of the lesser of requirements (1) and (2) above. This policy is set to expire on June 30, 2025.

PROBLEM

After June 30, 2025, programs face a return to the attendance funding model. This poses challenges to preschool programs still recovering from the pandemic's dramatic impacts on enrollment. As preschool programs continue to struggle to increase their enrollment, they will also soon have to change their business models to recruit more 3 year old children, as more 4 and 5 year olds begin to attend TK instead of CSPPs. Therefore, it is critical that CSPPs, at the very least, have a stable funding source as they adapt to these changes and work to increase their enrollment.

Payments based on attendance are unpredictable. If providers are not able to anticipate which children will be present on any given day, they cannot anticipate how many staff they will need, and this misalignment can lead to staffing costs that exceed the state reimbursement amount. When providers do not have stable funding sources, they cannot commit to hiring highly trained staff and are often unable to provide staff training and professional development opportunities.

SOLUTION

AB 2381 will strengthen the early learning and care system by allowing CSPPs to be funded based on enrollment, aligning them with Head Start and the private pay market, and helping to stabilize programs as they recover from the pandemic. This will ensure that CSPPs are able to cover their fixed costs, allowing them to focus more on the sustainability and quality of their programs.

FOR MORE INFORMATION

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