

# The 2025-26 Budget: Transitional Kindergarten

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## SUMMARY

### **Governor Proposes \$1.8 Billion in Additional Funding for Final Year of Transitional Kindergarten (TK) Expansion.**

This brief provides an overview and analysis of the Governor’s proposals for TK. The Governor’s budget increases funding by \$1.1 billion to implement the final year of TK expansion. This would provide additional funding through the Local Control Funding Formula (LCFF) for the anticipated increase in TK students and the higher add-on costs associated with maintaining a 1-to-12 adult-to-student ratio. The Governor also proposes to increase funding by \$746 million for school districts and charter schools to meet one-to-ten staffing ratios in TK classrooms, a requirement set to start in 2025-26. (For brevity, we refer to both school districts and charter schools as districts throughout this brief unless otherwise noted.)

**Recommend Providing a Lower Amount of Funding for Add-On Costs.** The Governor’s proposed add-on funding to meet the one-to-ten staffing ratio is likely higher than the costs of the requirement. We developed two estimates of staffing costs aligned with the two main ways districts are likely to adapt to the new requirement. One estimate assumes that districts keep TK class sizes at 24 and add a third adult in the classroom, which would effectively result in a staffing ratio of one adult for every eight students. We estimate this approach would cost \$196 million less than the administration’s proposed funding. A second estimate assumes districts reduce TK class sizes to 20 and keep two adults in each classroom. We estimate this would cost \$410 million less than the administration proposes (though districts may have some associated one-time costs to increase the number of classrooms). We recommend the Legislature adopt one of these two alternatives, which would free up Proposition 98 funding the Legislature could use for other school priorities.

## Background

### **State in Final Stages of TK Expansion.**

Under state law, TK is the first year of a two-year kindergarten program offered by public elementary schools. From 2014-15 through 2021-22, students were eligible for TK if they had their fifth birthday between September 2 and December 2. As part of the 2021-22 budget agreement, the state established a plan to gradually expand TK eligibility from 2022-23 through 2025-26. **Figure 1** shows the expansion schedule. At full implementation in 2025-26, a child who has their fourth birthday by September 1 will be eligible for TK, making the grade available to all four-year olds.

### **TK Enrollment Has Grown 70 Percent Since 2019.**

In 2023-24, 151,500 students across the state were enrolled in TK. This reflects an increase of 76,000 students (101 percent) from the 2021-22 school year, the year prior to expansion. As another point of comparison, this reflects an increase of 62,600 students (70 percent) from 2019-20, the

Figure 1

### **Transitional Kindergarten Expansion Schedule**

Year	Eligibility
2021-22	Must have fifth birthday between September 2 and December 2.
2022-23	Must have fifth birthday between September 2 and February 2.
2023-24	Must have fifth birthday between September 2 and April 2.
2024-25	Must have fifth birthday between September 2 and June 2.
2025-26	Must have fourth birthday by September 1.

Note: Some school districts chose to allow younger students who did not meet the criteria above to enroll in transitional kindergarten. Those students do not generate state funding until their fifth birthday.

year prior to the pandemic. As **Figure 2** shows, TK enrollment declined during 2020-21 due to the pandemic, then started to increase more quickly in the expansion years.

**TK Funded Through LCFF.** Similar to all other K-12 students, eligible TK students generate attendance-based funding through LCFF. The LCFF includes a per-student base grant that varies by grade level. In 2024-25, the base grant for students in TK through third grade is \$10,025 per average daily attendance (ADA). The LCFF also includes a grade span adjustment for students in TK through third grade that is equal to 10.4 percent of the base grant (\$1,043 per ADA in 2024-25). To receive this adjustment, districts must maintain average TK through third grade class sizes of 24 students or fewer for each of their school sites—unless the district has a collective bargaining agreement for a larger class size. Beginning in 2021-22, districts can no longer collectively bargain larger class sizes for TK and must maintain average TK class sizes of 24 or less. (Charter schools receive the K-3 adjustment and are exempt from the class size requirement in grades K-3, but must comply with the requirement for TK.) In 2024-25, TK students generate a total of \$11,068 per ADA from the base grant and grade span adjustment. Districts also

receive LCFF supplemental and concentration grant funding for eligible TK students who are an English learner, foster youth, or from a low-income family. We estimate the state will provide \$2.3 billion Proposition 98 General Fund for TK through LCFF base (including base grant adjustment), supplemental, and concentration grant funding in 2024-25.

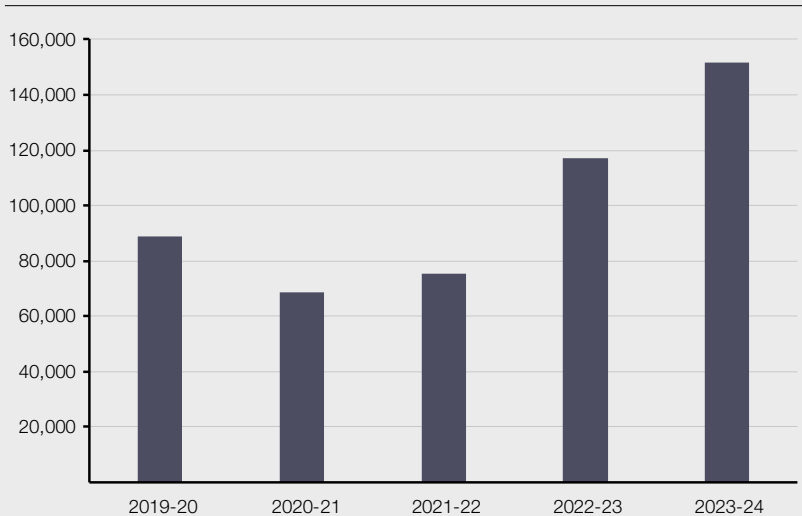
**State Has TK Adult-to-Student Ratio Requirements and Provides Associated “Add-On” Funding.** In addition to setting a maximum TK class size of 24, the 2021-22 budget agreement set minimum requirements for the number of adults required in a TK classroom. These requirements bring the adult-to-student ratio closer to the ratios in State Preschool and other programs that serve four-year olds (typically one adult for every eight students). Beginning in 2022-23, districts must maintain, on average, 1 adult for every 12 TK students at each school site. In 2024-25, districts will receive \$3,077 per TK ADA as an add-on to the LCFF base grant to cover the associated costs of this requirement. We estimate the state will provide about \$500 million Proposition 98 General Fund for this add-on in 2024-25. Due to the class size and staffing ratio requirement, TK classrooms

typically have 24 students or fewer, with one credentialed teacher and one instructional aide. Starting in 2025-26, state law requires the adult-to-student ratio be reduced to, on average, one adult for every ten students. State law also specifies it is the Legislature’s intent to provide additional funding for districts to meet this reduced staffing ratio requirement. Districts incur penalties if they do not comply with TK class size and the staffing ratio requirement. In the nearby box, we describe the TK penalties in more detail.

Figure 2

### Transitional Kindergarten Enrollment

Census Day Enrollment



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## State Has Several Penalties Related to Transitional Kindergarten (TK) Program Requirements

**The State Has Three Penalties for TK.** Since 2022-23, districts can incur penalties for noncompliance with TK program requirements related to the maximum class size and the minimum number of adults in the classroom. Starting in 2025-26, districts will also incur penalties if they do not comply with TK teacher education requirements. The figure below explains these penalties in greater detail. Each penalty targets a specific aspect of the Local Control Funding Formula; however, the class size penalty is unique because noncompliance results in loss of the entire grade span adjustment. The other two penalties are based on the rate at which noncompliance was observed.

### Summary of Transitional Kindergarten (TK) Penalties

Type	Requirement	Penalty
Class Size	Maintain an average TK classroom enrollment of no more than 24 students at each school site.	Noncompliance results in loss of grade span adjustment generated by TK attendance.
Adult-to-Student Ratio	Maintain, on average, 1 adult for every 12 students at each school site. Beginning in 2025-26, this requirement will change to one adult for every ten students.	Penalty applied to TK staffing ratio add-on. Penalty amount based on the number of staff needed to comply.
Teacher Education Requirements	Beginning August 2025, TK teachers must have a Child Development Teacher Permit, at least 24 units of early childhood education or child development, or comparable experience.	Penalty applied to Local Control Funding Formula base funding. Penalty amount based on the share of school days and number of classrooms that were out of compliance.

**The State Monitors District Compliance Through Annual Auditing.** The state monitors district compliance with TK program requirements through the annual auditing process. Auditors will review a representative sample of schools within a district to determine if it has complied with the statutory program requirements. As an example, for a district with 15 school sites, auditors may review the TK program at four schools to determine compliance for the entire district.

**Current Penalty Structure Has Trade-Offs.** Compared with other elementary grades, the state provides higher levels of funding for TK, as well as stricter requirements with relatively stringent penalties for noncompliance. Higher penalties may put pressure on district budgets, but also create a financial incentive for districts to comply. In some cases, this could have the effect of encouraging districts to prioritize TK staffing over other grades. For example, districts with challenges hiring instructional aides may reduce the number of aides in other grades to ensure compliance with TK staffing ratios. As TK fully expands, the Legislature may want to continue to monitor these various trade-offs to ensure that the current structure aligns with the Legislature's priorities for staffing at schools.

**Additional Requirements for TK Teachers Scheduled to Take Effect Next Year.** Starting August 2025, state law requires TK teachers to have either 24 units in early childhood education and/or child development, a child development permit, an early childhood education specialist credential, or comparable experience in a classroom setting with preschool-aged children. (These requirements are in addition to the credential required for elementary school teachers.) Districts will incur penalties if they do not comply with these requirements. These additional requirements were initially set to start August 2020, but have been delayed several times.

**State Has Supported TK Expansion Through Several Initiatives.** In 2021-22 and 2022-23, the state provided a total of \$1.2 billion in one-time funding to support TK expansion. These augmentations include:

- **Facility Support (\$590 Million).** In 2021-22, the state provided \$490 million one-time non-Proposition 98 General Fund to construct or retrofit early education facilities. Projects could be used to support full-day kindergarten, TK, or district-operated State Preschool facilities. In 2022-23, an additional \$100 million was provided.
- **Planning Support (\$500 Million).** In 2021-22, the state provided \$200 million Proposition 98 General Fund to all local education agencies (LEAs)—districts, charter schools, and county offices of education—that operate kindergarten programs. Funds could be used for a variety of purposes such as recruitment, training, and materials. In 2022-23, an additional \$300 million was provided for these purposes.
- **Teacher Support (\$100 Million).** In 2021-22, the state provided \$100 million Proposition 98 General Fund for a competitive grant that LEAs could use to increase the number of highly qualified State Preschool and TK teachers.

## Governor's Proposal

**Increases Funding by \$1.1 Billion for TK Expansion.** For 2025-26, the Governor's budget provides \$1.1 billion to fund the additional students anticipated in the final year of TK expansion. The budget assumes that the statewide attendance for TK students will be 229,200 in 2025-26, an increase of 60,000 (37 percent) compared with attendance in 2024-25. This \$1.1 billion increase consists of two parts: (1) \$860 million to support the LCFF funding generated by additional TK students and (2) \$206 million for the add-on associated with maintaining a 1-to-12 adult-to-student ratio. The budget assumes this add-on is \$3,152 for each student.

**Increases Funding by \$746 Million to Meet One-to-Ten Staffing Ratios in TK Classrooms.** In addition to covering the cost of additional students, the Governor proposes to increase funding for the requirement in 2025-26 that districts implement a ratio of at least one adult for every ten students in TK classrooms. The budget proposes to increase the add-on amount to \$6,404 per student, an additional \$3,252 above current law. This would increase total funding for the TK add-on by \$746 million, for a total add-on cost of \$1.5 billion (this includes \$206 million described above and \$500 million included in the 2024-25 budget).

## Assessment

**Budget-Year ADA Assumption Is Optimistic.** The Governor's estimated TK growth of 60,000 ADA is about twice the amount we project when considering current take-up trends and estimates of the number of four-year olds in California. The state could plausibly see this higher level of ADA through a combination of higher rates of enrollment in TK and better attendance of those students. However, this assumption is optimistic given historical trends. In the coming weeks, the California Department of Education will have preliminary attendance data for the current year that will help the Legislature determine whether or not the state is on target to meet the Governor's budget assumptions.

**Two Main Ways Districts Likely Would Adapt to New Ratios.** Under the existing class size and staffing ratio requirement, a TK classroom typically has at least 2 adults for at most 24 students.

Districts have two main ways they can adapt to the new one-to-ten staffing ratio requirement. One option is to keep TK class sizes at 24 and add a third adult in the classroom, which would effectively result in a staffing ratio of one adult for every eight students. This option would require hiring more instructional aides to adapt to the new ratios. A second option is to reduce TK class sizes to 20 and keep two adults in each classroom. This option would require hiring additional TK teachers and would require additional classroom space, as the smaller class sizes means more classrooms would be needed. A district that has constrained facilities or challenges hiring TK teachers, but could more easily hire instructional aides, likely would find the first option more feasible.

**Governor’s Proposed Add-On Likely Higher Than Costs of Requirement.** To calculate the ongoing cost of meeting the one-to-ten staffing ratio, we developed two estimates of staffing costs aligned with the two ways districts are likely to adapt to the new requirement. As **Figure 3** shows, both of these estimates are lower than the administration’s proposed add-on. (We are working with the administration to better understand the details of its methodology.) In both of our estimates, the add-on is intended to cover the cost needed for staffing beyond 1 teacher for 24 students.

Our estimates are intended to capture the ongoing costs of meeting the required ratios. As such, our estimate does not capture one-time costs districts may incur, such as constructing or modifying facilities. The first option assumes TK classrooms will have 3 adults and maintain class sizes at 24 students. This option would cost \$196 million less than the Governor proposes. The second option assumes TK classrooms decrease from 24 to 20 students and include 2 adults. This option would cost \$410 million less than the Governor’s budget. This second option would result in additional savings compared to the first option because it assumes fewer staff statewide (roughly 7,600 fewer instructional aides, offset by 1,900 additional teachers).

**Recommendation**

**Recommend Providing a Lower Add-On to Cover Additional Staffing Costs.** Based on our analysis of the two main ways districts can adapt to the reduced staffing ratio requirement, districts could cover required staffing costs with less funding than the Governor proposes. We recommend the Legislature adopt one of these two alternatives, which would free up Proposition 98 funding the Legislature could use for other school priorities.

If the Legislature opts for the costlier first approach, districts that choose to meet the new requirement with less costly options will have excess funds they could use for any purpose. Alternatively, if the Legislature opts for the second approach, districts that take the costlier approach of adding a third adult would have to fund the higher costs through their general purpose funds.

Figure 3

**Comparing LAO Options**

	Option 1	Option 2
<b>Staffing Assumptions</b>		
Class size	24	20
Number of adults	3	2
<b>Cost Estimates</b>		
Total add-on amount per average daily attendance (ADA)	\$5,550	\$4,614
Incremental costs of moving to 1-to-10 staffing ratio (in millions)	550	335
Savings relative to the Governor’s budget (in millions)	196	410
Note: Assumes transitional kindergarten ADA of 229,000.		





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