
CT BUDGET CHOICES

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THE SFY 01-03 BUDGET: EARLY CARE & EDUCATION-RELATED BUDGET & POLICY HIGHLIGHTS

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This summary highlights budget and policy changes made through various public acts, the budget act¹, and the budget implementers² passed in the 2001 General Assembly Session that pertain uniquely to our state's youngest children.

For a more comprehensive overview of policy changes, including those impacting on children entering kindergarten and child in primary school grades, please see CT Voices' *Summary of Legislation Affecting Children, Youth & Families* (July 9, 2001). Of particular interest are changes in:

- children's mental health (pp. 2-13)
- health (including in newborn testing, asthma assessments, and HUSKY eligibility) (pp. 20-32)
- K-12 education (including in funding, teacher certification and recruitment, the early reading success program, Sheff-related initiatives, and safe learning grants) (pp. 35-45)
- supports for our lowest income families (pp. 51-58)
- workforce development and employment policy (pp. 59-61)
- child welfare (pp. 63-66)
- prevention and parent empowerment (pp. 68).

The 76-page summary is posted on Voices' website, www.ctkidslink.org.

¹ June Special Session, Special Act 01-1 (HB 7501, **An Act Concerning The State Budget For The Biennium Ending June 30, 2003, And Making Appropriations Therefor.** <http://www.cga.state.ct.us/2001/act/sa/2001SA-00001-R00HB-07501SS1-SA.htm>

² June Special Session, PA 01-1 (HB 7502, AAC Expenditures for the Programs and Services of the Department of Education). <http://www.cga.state.ct.us/2001/act/Pa/2001PA-00001-R00HB-07502SS1-PA.htm> ; June Special Session, PA01-2 (HB 7503, AAC the Expenditures of the Department of Social Services). <http://www.cga.state.ct.us/2001/act/Pa/2001PA-00002-R00HB-07503SS1-PA.htm> [DSS Implementer]; June Special Session, PA 01-4 (HB 7505, AAC the Implementation of Expenditures for Various State Health Programs and Services and Making Technical and Other Changes to Certain Public Health and Related Statutes) <http://www.cga.state.ct.us/2001/act/Pa/2001PA-00004-R00HB-07505SS1-PA.htm> [DPH Implementer]

1. Deficiency Appropriation for SFY 01. To cover the \$127.5 million deficiency in various agency accounts in the SFY 01 budget, \$12.416 million in cuts were made to various accounts, \$59.47 million in transfers were made among and within agency budgets, and \$55.6 million of SFY 01 surplus funds were appropriated (bringing the SFY 01 budget right up to the spending cap limit). Of interest to early care and education advocates was the \$1.42 million transfer of funds from SDE's budget for Early Childhood programs to DSS to help cover a \$58.5 million deficiency in the Medicaid account. [The only SDE account with a deficiency was the excess costs for special education account -- \$9.4 million. There was also a \$12.15 million deficiency in the Social Services Block Grant, which funds a number of state programs that support young children and their families.)

2. Use of SFY 01 Surplus. Even after appropriating \$55.6 million to cover agency deficiencies in SFY 01, as discussed above, the Office of Fiscal Analysis (OFA) projected a General Fund surplus of nearly \$633 million. In the Budget Act, the General Assembly appropriated \$608.1 million for various uses over the SFY 01-03 biennium (while other surplus funds were transferred to the Budget Reserve Fund and the Emergency Spill Response Fund).

Significantly, *none* of the surplus funds were appropriated to support early care and education and school readiness programs. The \$1 million appropriation to OPM for "boundless playgrounds" (playgrounds accessible to children with a variety of disabilities) and the \$500,000 appropriation to DSS to expand dental services for low-income children (and adults) are the only appropriations of surplus funds for program that might help pre-school-aged children. Surplus funds also were appropriated to support the following programs in the State Department of Education:³

³ By comparison, \$8 million in surplus funds were appropriated to buy the Hartford Times Building and \$6.5 million to relocate Hartford City offices from this building to make way for Adrian's landing (in addition to the millions already appropriated for this project); \$50 million was given to the Department of Transportation for the Transportation Strategy Board; \$30 million appropriated as partial payment on the Kelda lands for open space in Fairfield County; and \$16.5 million appropriated to help residential property owners do underground storage tank cleanup.

Use of SFY 01 Surplus for SDE Accounts (in millions)			
Expenditure	For use in SFY 02	For use in SFY 02 & SFY 03	Total
-School construction grants	75.0	50.0	125.0
-Reading Institutes	1.0	1.0	2.0
-Teacher training (for stipends to mentors in the Best Mentoring Program)	0.6	0	0.6
-School accountability	1.0	1.0	2.0
-Poor performing schools	1.4	1.4	2.8
-RESC-based magnet schools/interdistricts ⁴	2.8	0	2.8
-School wiring for computers	0	10.0	10.0
-Safe Learning grants	0.5	0	0.5
Source: OFA, <i>Highlights of the 2001-2003 Biennial Budget (June 29, 2001)</i>			

3. SFY 01-03 Budget. The final budget adopted by the General Assembly in Special Session exceeded the Governor's proposed budget for SFY02 and SFY 03:

Comparison of Governor's Proposed Budget and Budget as Approved by General Assembly (in millions)			
	Governor's Proposed	Final Approved	Difference
SFY 02	\$12,889.9	\$12,956.0	\$66.1
SFY 03	\$13,446.5	\$13,518.0	\$71.5

The SFY 02 budget is \$79.1 million under the spending cap, while the SFY 03 budget \$71.9 million under the cap.⁵

⁴ These funds are to be used to provide, by October 1, 2001, a supplemental grant to the RESCs that are operating full or part-time magnet schools, with \$750,000 going to each magnet school opening in SFY 02, \$300,000 to each school that first opened or expanded in FY 02, and \$100,000 for each of the other magnet schools.

Because CT Voices' comprehensive analysis of the SFY 01-3 budget is not yet completed, the following summarizes some budget highlights of particular interest to ECE Alliance members.

a. DSS Early Childhood Funding. The following shows changes in key DSS accounts:

Key DSS ECE Accounts (in millions)						
Account	SFY 99 Actual	SFY 00 Actual	SFY 01 Estimated	SFY 02 Current Services⁶	SFY 02 Governor's Proposed	FY 02 Final
Child Care Services	6.003	6.003	6.003	0	0	0
Child Care Services-TANF/CCDBG	117.804	105.557	109.869	111.210	111.210	123.617
Child Day Care Centers	12.424	11.669	5.959	4.983	3.677	3.677
School Readiness	0	5.110	5.605	6.835	0	4.850
Child Care Centers/Local Gov'ts	9.942	9.773	4.876	3.868	3.63	3.630
TOTAL	146.173	138.112	132.312	126.896	118.517	135.774

Importantly, total funding in these accounts for SFY 02 is \$10.4 million *less than* amounts expended in SFY 99, *even without adjusting for inflation*.

b. State Department of Education Accounts. The following shows changes in key SDE accounts. NOTE: The Budget Act transferred a portion of certain grant funds into the Priority School District account (as discussed in more detail below). For this reason, the Priority School District funding is substantially more

⁵ This assumes that certain education-related grants established after 1991 can be moved into the Priority School District grant account established in 1974 (which are excluded from the cap), and retain their identity without violating the cap.

⁶ The FY 02 Current Services budget is the budget necessary to fund the same programs and services as were provided in FY 01 (plus any scheduled or required changes), while updating estimated expenditures for inflation, annualization of partial year costs and deficiencies, projected increases or declines in caseloads, contract agreements, scheduled opening of new buildings and the like.

than in previous years, while funding for such programs as Early Childhood and Early Reading Success is markedly less. Because the Priority School District account is “outside” the spending cap, this transfer represents an effort to move more funding outside the cap.⁷

Key SDE Accounts (in millions)						
Account	SFY 99 Actual	SFY 00 Actual	SFY 01 Estimated	SFY 02 Current Services	SFY 02 Governor’s Proposed	FY 02 Final⁸
Early Childhood/School Readiness	21.78	36.13	37.56	41.00	2.81	2.82
Head Start Services	3.10	3.06	3.10	3.17	3.1	3.1
Head Start Enhancement	2.00	2.0	2.0	2.05	2.0	2.0
Family Resource Centers	6.03	6.0	6.08	6.22	6.08	6.13
Priority School Districts	19.0	20.34	20.06	20.52	83.08	82.27
School Achievement Grant	0	1.50	1.50	1.50	0	0
Extended School Hours	2.93	3.26	3.19	3.28	0	.08
Transitional School Districts	0	2.5	2.5	0	0	1.0
Early Reading Success	19.60	20.36	22.04	22.79	2.21	2.24
School Accountability	0	0.3	2.7	2.7	0	0
Supplemental Education Aid	0	0	0	0	0	9.0

⁷ As discussed in various of CT Voices’ analyses of the spending cap, while this transfer can create some “room” under the cap in the new fiscal year, if these accounts grow more slowly than the overall growth in state spending, the predictable consequence of moving these funds outside the cap is to make the cap even tighter for accounts that are still subject to the cap. Only by moving outside the cap funding for accounts that are growing *faster* than overall state spending does one create room under the cap for the long term.

⁸ This reflects the changes made to the Budget Act by section 45 of the subsequently-enacted Education budget implementer bill, discussed later in this summary.

§§33, 46 of the Education budget implementer explicitly incorporates parts of the school readiness, early reading success, summer school, and extended school hours grants into the priority district grant program, thus excluding appropriations for these grants from the state spending cap.⁹ These sections retain the existing grant distribution formulas for these individual grants and, specifically, require SDE to use the following amounts from its priority school district appropriation for the following grants:

Grant Program	SFY 02	SFY 03
School Readiness	\$37,419,838	\$37,426,317
Early Reading Success	\$18,319,897	\$18,328,147
Extended School Day	\$3,108,991	\$3,110,294
Priority District Summer School	\$2,700,000	\$2,700,000
Priority School District	\$20,725,625	\$20,057,500

NOTE: Taking into account this allocation, total funding for SDE school readiness programs in SFY 02 is \$40.237 million, as compared to \$37.56 million in estimated expenditures in SFY 01. Funding for early reading success in these two accounts is \$20.556 million, as compared to \$22.04 million in estimated expenditures in SFY 01.

c. Other. A few of the other budget changes of potential interest are as follows:

Tobacco and Health Trust Fund. Among other transfers from this Fund (derived from the proceeds of the tobacco settlement) is a transfer of \$800,000 of funds to DPH for its expansion of its “Easy Breathing” Asthma initiative, and a transfer of \$100,000 in SFY 02 and \$300,000 in SFY 03 to the Children’s Trust Fund to expand its Healthy Families program (which assists in early detection and prevention of child abuse and neglect).

Children’s Mental Health. DCF is given \$5.5 million in FY02 and \$11.8 million in FY 03 in new funds to expand the CT Community KidCare initiative, which seeks to enhance home- and community-based care for children with mental health needs. \$40 million of surplus funds are also set aside for a Community Mental Health Strategic Investment Fund which will, in part, be used to expand home and community-based services for *non*-DCF children. [See Voices’ legislative summary for much more detail.]

⁹ By law, current or increased expenditures for grants to distressed municipalities are exempt from the spending cap, provided the grants were in effect as of July 1, 1991. The priority school district grant program was first established as a program in 1984 and made permanent in 1989.

Birth-to-Three Program. DMR is given \$2.7 million in FY 02 and \$3.5 million in FY 03 in new funds to support the increased number of infants and toddlers in its Birth-to-Three program.

ChildServ. The Children's Trust Fund will receive \$225,000 in FY 02 and \$675,000 in FY 03 to expand the ChildServ program. ChildServ trains pediatric health care providers in the early detection of children with developmental or behavioral problems, and assists parents and child care workers in better understanding child development and accessing services. The new funding will allow for statewide expansion of this Hartford-based program.

4. Other Public Acts With Special Impact On Pre-School-Aged Children.

School Readiness (§§10-16, 45 of SDE budget implementer). The State Department of Education budget implementer makes a number of changes in the school readiness program, as follows:

- *Goals.* Expands the goals of the school readiness program to include improving coordination between school readiness programs and child-care services (section 10)
- *Program standards.* Allows SDE to include pre-literacy development as part of its curriculum content standards for school readiness programs. Requires the superintendent of schools and the town chief executive officer to consult with either a regional or local school readiness council, instead of just the latter, in developing the spending plan for a priority or former priority district's school readiness grant (section 11)
- *School readiness grants.* Establishes a minimum grant of \$150,000 for priority and former priority districts. Maintains the current requirement that no such district receive a grant that is lower than its previous year's grant. Increases, from 10% to 50%, the percentage of a priority school district's grant that SDE can reallocate to other priority districts if the district fails to submit a plan to spend its entire grant by January 1 (section 12)
- *Grant uses and adjustments.* Establishes a \$25,000 minimum on the amount of state school readiness grant a town that does not contribute local funds to the program may use for early childhood education coordination, administration, and program evaluation. (Under current law, these towns can use up to 5% but no more than \$50,000 of their grant for such purposes. The bill allows them to use up to 5% or \$25,000, whichever is greater. It retains the \$50,000 maximum.) Allows towns, for the first three years in which they receive a school readiness grant, to use it, with the SDE Commissioner's approval, to prepare a facility or staff to operate a program. It also requires the Commissioner to reduce grants for the first three years accordingly if he approves a program that operates for less

than 180 days or 450 hours per year. Under current law, authorization for these two provisions expires on June 30, 2001. (section 13)

- *Staff professional development.* Requires school readiness programs to have plans for incorporating appropriate pre-literacy practices and for teacher training in those practices. It also requires each program's plans for staff professional development to include training: 1) in developing children's pre-literacy skills; and 2) designed to assure respect for racial and ethnic diversity (section 14).
- *Regional school readiness councils.* Allows a town that is a priority or former priority school district applying for a state school readiness grant to either convene a local school readiness council or establish a regional one, rather than only the former (section 15).
- *Quality enhancement grants.* Expands the ways school readiness and day care providers can spend supplemental quality enhancement grants available from DSS to include: 1) helping program directors and administrators get training; 2) providing health consultants and information on needed access to speech and language therapists; 3) training in how to prevent injury and illness; and 4) complying with national safety standards (section 16)
- *Budget Changes.* Amends the Budget Act for SFY 01-03 to reduce the priority school district appropriation by \$1.62 million and to increase the appropriation for early childhood programs by \$10,500 and increase the appropriation for early reading success programs by \$1.53 million in each fiscal year. Also appropriates to SDE, for the extended school hours and support program, \$79,718 for FY 2001-02 and \$79,751 for FY 2002-03. (section 45)

YMCA Day Care Programs (§35 of SDE implementer). Requires YMCA day care programs that are not already accredited, and that receive DSS grants for SFY02 to expand their facilities, to develop plans to become accredited. Programs with a preschool component must develop plans to be accredited by the National Association for the Education of Young Children; programs with no preschool component must develop plans to be accredited by an organization the DSS Commissioner approves. Programs must report their accreditation status to DSS by June 30, 2002.

CPR In Day Care (§48 of DPH Implementer). The bill requires DPH to adopt regulations by October 1, 2002 requiring each child day care center to have an employee trained in CPR.

Return Of Registration Or Deposit Fees By Day Care Centers (PA 01-23). Requires child day care centers (those caring for 12 or more children) that take a deposit to put a child on a waiting list for enrollment, to return the deposit in

full, upon written request by the person who has paid such registration fee or deposit, if the child is not enrolled within six months. (eff. 10/1/01)

Education And Equitable Wages For Early Childhood Education Professionals (PA 01-206). Requires DSS—the lead agency for child day care services in Connecticut-- to develop, within available funds, initiatives to increase the amount of compensation paid to child day care providers to further their education, including, but not limited to: 1) pay incentives for workers at centers getting state or federal funds to get additional education; and 2) support for the establishment and implementation of apprenticeship programs for child day care workers. DSS must evaluate the effectiveness of any such initiatives in improving staff retention rates and the quality of education and care provided to children. DSS must support the DOL Commissioner's development and implementation of an apprenticeship program for child day care workers. The program must be jointly administered by labor and management trustees. (eff. 7/1/01)

Dental Hygienists (§21 of DSS implementer). Allows a dental hygienist with at least two years experience to work without a dentist's supervision in public health facilities. The bill expands the definition of "public health facilities" to include a preschool operated by a local board of education or a head start program.