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We may also be able to identify local child care center directors who would be willing to speak to reporters about their situation – please contact Michael Sullivan at CT Voices at (203) 498-4240 for more information.

Report Finds CT Child Care Centers in Fiscal Squeeze

Shrinking state funding threatens survival of centers and quality of care for children

As the Appropriations Committee of the Connecticut General Assembly struggles to frame a FY 06-07 budget that meets Connecticut's multiple needs, including child care services, a new report demonstrates that diminishing state funding has put child care centers in a fiscal squeeze, threatening the survival of the centers and access to quality child care for Connecticut families. The report, released by Connecticut Voices for Children, a research-based child advocacy organization, combines an analysis of state budget cuts in recent years with a survey of state-funded child care centers, examining the impact of these cutbacks.

The report, entitled *The Crisis in Funding for State-Funded Child Development Centers*, and released during the national Week of the Young Child, documents that state funding has been shrinking dramatically:

- ***State-Funded Child Development Center Grants declined 22% between Fiscal Year 2000 and 2004 (in inflation-adjusted 2004 dollars), forcing centers to serve more children with less money.*** Because revenue for child care centers is dependent on the number of children served, it is not possible for the state-funded centers to take in fewer children to save money. In fact the opposite seems to be happening – the centers are serving more children with less money. Average per-child funding has dropped 16% between 1999 and 2004, adjusting for inflation. Governor Rell's proposed FY06 budget would further reduce funding from its current levels.
- ***Nearly half (47%) of state funding for the Care4Kids child care subsidy program was cut between FY02 and FY05 (in inflation adjusted 2004 dollars).*** Reductions in Care4Kids have eroded the stability of a major funding source for Child Development Centers. Of the surveyed child care center contractors, 80% reported significant decreases in their revenue from the Care 4 Kids program from 2002 to 2004. Governor

Rell's proposed FY06 Care4Kids funding would be 42% lower than the program's FY02 funding.

Reductions in state funding have resulted in program deficits that threaten the survival of these centers:

- ***As state revenue sources have declined, centers increasingly rely on parent fees as a source of income, creating pressures on centers to accept children from higher-income rather than low-income families.*** Almost 50% of surveyed contractors report increases in revenues from parent fees. Center directors report that in order to make the most of the sliding rate scale, they are forced to accept children at the *upper* end of the fee scale, who will bring in the greater parent fees, and *reject* children from the *lowest income* families, who would contribute the lowest fees.
- ***Of the fifteen state funded Child Development Center contracts surveyed (accounting for 26 Child Development Center sites in 12 towns from different parts of the state), thirteen reported deficits in 2004, and some may close unless relief is provided.*** Reported deficits ranged from \$2,000 to over \$550,000. The lack of a stable fiscal base leaves Connecticut's Child Development Centers with no cash flow to draw upon for emergencies or quality improvements. Centers report that in addition to accepting children with higher parent fees, a primary method of saving money has been to refrain from offering pay increases or benefits to their staff. Centers also are defaulting on CHEFA and other loans, putting their credit ratings at risk. Ultimately, growing deficits may force sites to close.

Although 83% of the Centers are demonstrating (or are well on track to achieving) a level of quality equivalent to Connecticut's much-respected School Readiness programs (as measured by NAEYC accreditation), the report argues that these program cuts not only will result in reduced access to child care for working families but also lower quality of care for children. If centers are forced to close, children most in need will not receive the level of care that is essential to their healthy growth and development. Parent fees are at a maximum, and costs cannot be cut any more without sacrificing quality.

"We have long known the benefits of quality preschool and child care for children's intellectual and social development," said Peg Oliveira, Policy Fellow at Connecticut Voices for Children and author of the report. "While the Governor is proposing significant new investments in this crucial area to *build* capacity, at the same time the Centers face fiscal crises that threaten to *reduce* capacity. Lest we *lose* ground, it's essential that the state address the fiscal needs of these Child Development Centers by restoring, and enhancing, state funding."

"Child development centers are an essential but underfunded component in our state's network of early childhood programs," commented Judy Goldfarb, Executive Director of the Hartford Area Child Care Collaborative. "They deserve recognition and better financial support for the work they've been doing silently all these years."

"We have had to make program cuts -- not replacing staff, reducing staff hours and benefits, and reducing staff educational reimbursements," said Pat Clow, Director of Southfield Children's Center, Inc. in Newington. "Obviously none of the reductions are good for the program or most importantly, the children. Funding deficits should not be placed on the shoulders of staff who are already underpaid and overstressed."

“The Hartford Foundation has learned first-hand that investments in quality early childhood education pay off,” said Richard Sussman, director of the Hartford Foundation for Public Giving’s 20-year Brighter Futures Initiative, which focuses on improving the school readiness of Hartford children. “Children who attended early childhood education programs in Hartford that received support for staff development and curriculum enhancements made dramatic learning gains as a result. All early childhood education programs, including state funded centers, must receive the appropriate resources so that children who attend will be fully prepared to succeed in school and beyond.”

The report was released by Connecticut Voices for Children, a statewide, research-based policy and advocacy organization committed to promoting leadership, policy change, and investment on behalf of all of Connecticut’s children and youth (www.ctkidslink.org). The research for this report was supported by the Hartford Foundation for Public Giving, the community foundation for Greater Hartford.

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