



A Summary of the Final FY 06 Early Care Budget

Peg Oliveira, PhD

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This summary highlights major new investments and reductions in Connecticut's budget, as well as policy changes made through the Budget Act¹, and relevant budget implementers² passed in the 2005 General Assembly Session, that pertain to early care and education programs and services for Connecticut's youngest children.

I. Final Budget Update

The FY 06 early care and education budget in the Connecticut Department of Social Services (DSS) and State Department of Education (SDE), combined, is \$7.8 million (about 4%) *more than* the FY 05 budget (\$203.85 million in FY 06, compared to \$196.1 million in FY 05). Comparing the FY 06 budget to FY 06 "Current Services" – the budget necessary to maintain state-funded services at current levels - there is only a \$5.7 million increase (the FY 06 budget is about 3% over the \$198.2 FY 06 Current Services budget). However, total funding approved for early care initiatives in FY 06 in DSS and SDE is \$25.75 million (or 11%) *less* than the \$229.7 million spent for early care in FY 02 (and \$28 million less if adjusted for inflation). Specific allocations to programs within DSS and SDE are provided at the end of this review.

II. Where Are The Major New Investments?

State-Funded Child Development Centers. A total of \$3.74 million more dollars were appropriated in the FY 06 budget to the State Funded Child Development Centers (\$3.7 through municipalities and \$400,000 through community based organizations) as compared to the FY 05 budget. (This increase was not included in the Governor's proposed FY 06 budget.)

School Readiness programs. School Readiness will receive \$2.4 million more in FY 06, compared to FY 05. This will increase funding from \$7,500 per child to \$7,750 per child in Priority School Districts. Quality enhancement funds through DSS, to support additional scholarships for career advancement and accreditation services, were also increased by almost \$1 million, compared to FY 05, but this is still \$400,000 less than was spent for this purpose in FY 02.

¹ PA 05-251, An Act Concerning the Budget For The Biennium Ending June 30, 2007, Deficiency Appropriations For The Fiscal Year Ending June 30, 2005, And Certain Taxes And Other Provisions Relating To Revenue, www.cga.ct.gov/2005/act/Pa/2005PA-00251-R00HB-06940-PA.htm

² PA 05-245, An Act Concerning Education Implementer Provisions, www.cga.ct.gov/2005/act/Pa/2005PA-00245-R00HB-06989-PA.htm; PA 05-280, An Act Concerning Social Services and Public Health Budget Implementation Provisions, www.cga.ct.gov/2005/ACT/PA/2005PA-00280-R00HB-07000-PA.htm; PA 05-6 (June Special Session), An Act Concerning Authorization of State Grant Commitments for School Building Projects and Other Miscellaneous Provisions, www.cga.ct.gov/2005/ACT/PA/2005PA-00006-R00SB-02002SS1-PA.htm; PA 05-3 (June Special Session), An Act Concerning the Implementation of Various Budgetary Provisions, www.cga.ct.gov/2005/ACT/Pa/pdf/2005PA-00003-R00HB-07502SS1-PA.pdf

Early Childhood Advisory Cabinet. SDE's FY 06 budget includes \$0.45 million for a new Early Childhood Advisory Cabinet.

III. What Investments Have Been Reduced?

Care4Kids. The FY 06 budget for Care 4 Kids (the child care subsidy program) is \$53 million less than actual spending in FY 02 and \$3 million less than FY 06 Current Services, though it is \$460,000 (less than 1%) more than last year's (FY 05) budget.

School-age child care. School age child care was reduced by \$200,000 compared to the FY 05 budget and to FY 06 Current Services, and is equal to the amount spent in FY 02.

Head Start and Family Resource Centers. The FY 06 budget includes no funding increase for Head Start and Family Resource Centers. Combined funding for these programs is the same as it was in FY 02 (i.e., funding has been cut if one adjusts for inflation).

IV. What Other Policy and Budget Changes Were Made Through the Budget Act³, and the Budget Implementers⁴?

A. Early Childhood Education Cabinet Established

The SDE budget implementer [PA 05-245, §3] establishes an Early Childhood Education Cabinet that is to be chaired by the Governor and the SDE Commissioner (or their representatives).

Duties of the Early Childhood Education Cabinet are defined as:

1. Advise the education commissioner on ways to achieve the goals of the school readiness program;
2. Conduct a statewide longitudinal evaluation of the School Readiness Program in consultation with the Commissioners of the Department of Social Services and State Department of Education;
3. Develop early childhood program budget requests; and
4. Promote consistent quality and comprehensiveness for early childhood services.

Members of the Early Childhood Education Cabinet are:

Co-chairs: Governor and the Commissioner of Education (or their representatives)
State Agencies: The Secretary of the Office of Policy and Management, the Commissioners of the Department of Social Services, Department of Higher Education, Department of Public Health, Department of Children and Families, and Department of Mental Retardation, and the Executive Director of the Commission on Children (or their representatives)
Legislators: Co-Chairs of the Education and Human Services Committees
Public: (1) A representative from a local or regional School Readiness Council (appointed by

³ PA 05-251, An Act Concerning the Budget For The Biennium Ending June 30, 2007, Deficiency Appropriations For The Fiscal Year Ending June 30, 2005, And Certain Taxes And Other Provisions Relating To Revenue. www.cga.ct.gov/2005/act/Pa/2005PA-00251-R00HB-06940-PA.htm

⁴ PA 05-245, An Act Concerning Education Implementer Provisions, www.cga.ct.gov/2005/act/Pa/2005PA-00245-R00HB-06989-PA.htm; PA 05-280, An Act Concerning Social Services and Public Health Budget Implementation Provisions, www.cga.ct.gov/2005/ACT/PA/2005PA-00280-R00HB-07000-PA.htm; PA 05-6 (June Special Session), An Act Concerning Authorization of State Grant Commitments for School Building Projects and Other Miscellaneous Provisions, www.cga.ct.gov/2005/ACT/PA/2005PA-00006-R00SB-02002SS1-PA.htm; PA 05-3 (June Special Session), An Act Concerning the Implementation of Various Budgetary Provisions, www.cga.ct.gov/2005/ACT/Pa/pdf/2005PA-00003-R00HB-07502SS1-PA.pdf

the Senate Co-Chair of the Education Committee); and (2) a representative of the CT Head Start Association (appointed by the House Co-Chair of the Education Committee)

Funding:

As noted earlier, the Cabinet's FY06 appropriation is \$450,000. A plan for how this will be expended is not yet available.

B. Early Childhood Education Workforce Committee Established

The SDE budget implementer [PA 05-245, §50] establishes a 21-member committee to review and assess pathways to baccalaureate degrees in early childhood education and child development to promote the professionalization of the early childhood education workforce. The first meeting of this Committee is to occur no later than 30 days after passage of the implementer, and it must submit a report of its findings and recommendations to the General Assembly no later than January 1, 2006.

Duties of the Early Childhood Education Workforce Committee are defined as:

1. Identify existing systems and programs that lead to two- and four-year degrees in early childhood education or child development;
2. Review and assess pathways to baccalaureate degrees in early childhood education and child development and the accessibility of these programs by the workforce; and
3. Make recommendations for increased access to initial teacher certification in early childhood education or child development as well as for strengthening the existing articulation agreement between two and four year colleges regarding these programs.

Members of the Early Childhood Education Workforce Committee will include::

1. The Commissioners of the Department of Higher Education, State Department of Education, Department of Social Services, and Department of Labor, or their representatives (the higher education commissioner or her representative chairs the committee);
2. One person appointed by the SDE commissioner who is knowledgeable in educator preparation, certification, support and assessment;
3. An academic dean of a public college or university that offers a teacher preparation program in early childhood education or child development at the baccalaureate level and a member of the early childhood education or child development workforce, both appointed by the House speaker;
4. Two academic deans of colleges or universities that offers a teacher preparation program in early childhood education or child development at the baccalaureate level, appointed by the Senate president pro tem (one of an independent institution, the other of a university in the CSU system);
5. A representative from the Community-Technical College system and a representative of a state teacher's association, both appointed by the House majority leader;
6. A faculty member of an associate degree program in early childhood education or child development and a representative of a state administrator's association, both appointed by the Senate majority leader;
7. A faculty member of an independent institution of higher education that offers a baccalaureate degree program in early childhood education or child development and a representative of the CSU system office, appointed by the House minority leader;
8. A representative of Charter Oak State College and a representative of a state early childhood education association appointed by the Senate minority leader;
9. Director of the Office of Workforce Competitiveness or a representative thereof;
10. A member of the state's Career Ladder Advisory Committee with expertise in early childhood education appointed by the Governor; and

11. A representative of a local or regional school district that offers a preschool program and a community representative from a local state-funded school readiness program, both appointed by the SDE commissioner.

Funding:

In the Department of Higher Education budget, there is \$50,000 allocated to this initiative.

C. Financial and Programmatic Components of the School Readiness Initiative Enhanced

The SDE budget implementer [PA 05-245] expands eligibility and funding for School Readiness programs and institutes new quality enhancement regulations.

Increases per-child spending for School Readiness. The State Department of Education's School Readiness cost component is increased from \$6,400 to \$6,650 per child in FY 06 and to \$6,925 per child in FY 07.⁵ Seventy percent of the increase is to go to staff compensation and the remainder to professional development.

Extends the competitive School Readiness Grant Program to the 50 poorest non-priority school districts. The SDE budget implementer [PA 05-245, §10]⁶ increases the number of towns eligible for competitive school readiness grants by including the 50, rather than the 28, poorest districts that are not considered Priority School Districts.

Raises minimum qualifications for School Readiness staff, beginning July 1, 2015.

- Prior to July 1, 2005 the law required a School Readiness teacher to have either: (1) a credential from an SDE-approved organization and nine credits in early childhood education or child development from an accredited higher education institution; (2) an associate's degree from an accredited institution with nine credits in early childhood education or child development; (3) a four-year degree from an accredited institution with nine credits in early childhood education or child development; or (4) a teaching certificate with an early childhood education or special education endorsement.
- As of July 1, 2005, the number of credits required in (1) - (3) above increased from nine to twelve.
- As of July 1, 2015, **each school readiness classroom** must include a staff member with at least
 - A bachelor's degree from an accredited institution in early childhood education, child development, or a related field approved by SDE, or
 - A teaching certificate with an early childhood or special education endorsement.

Expands School Readiness Council membership to include a representative of a community health care provider to the membership requirements for each local council.

Requires - within available appropriations - the provision of technical assistance and training to School Readiness Programs to assist in the application of the State Board of Education's preschool curriculum guidelines. SDE did *not* receive an appropriation for this initiative.

Extends some existing services to infants and toddlers by allowing DSS' quality enhancement grants for the school readiness program and daycare providers to be used to provide access to mental health consultants as well as services to enhance the quality of programs for children age three and under (including informal child care arrangements). Quality improvement measures for infant and toddler programs can include improving staff-to-child ratios and interaction, staff retention rates, parent involvement, curriculum content, pre-literacy

⁵ This increase brings the overall School Readiness full-day/full year preschool space reimbursement rate from \$7,250 to \$7,500 in FY 05, \$7,750 in FY 06, and \$8,025 in FY 07.

⁶ This changed supercedes PA 05-13 that would have phased-out the school readiness competitive grant program for the 28 poorest towns effective July 1, 2005.

development, and lesson plans. Grants may also be used for staff scholarships for training for any child development or early childhood education credential, not just for a child development associate certificate. Grants for supportive networks may include all childcare providers, not just home-based family day care. This extends the options for utilization of existing funds, but does *not* provide additional money.

Changes the School Readiness “Hold Harmless” rules to require any supplemental grant a Priority or former Priority School District received in the preceding year to count as part of the previous year’s grant total for purposes of calculating the “hold harmless level” (the minimum that the district can receive).

Changes state-level School Readiness administration by allowing SDE to retain up to \$198,200 of the total school readiness appropriation for coordination, program evaluation and administration.

Carry-forward funding. Unexpended funds totaling approximately \$0.2 million for school readiness professional development were carried forward from FY 05 for use in FY 06.

Allocation of School Readiness funds. The general Budget implementer changed the allocation of School Readiness grant funds and the Priority School District grant funds that was originally approved by the General Assembly in the SDE implementer (PA 05-245). While the *total funding* for both grants remains unchanged, the SDE implementer included \$386,858 in FY 06 and \$651,278 in FY07 for School Readiness that was transferred to Priority School Districts by the final budget implementer. Since Priority School District funding is not exclusively for early childhood, this change resulted in a loss in early childhood funding.

	PA 05-245	FINAL 06	PA 05-245	FINAL 07
School Readiness	\$48,516,500	\$48,129,642	\$51,006,500	\$50,355,222
Priority School Districts	\$34,538,308	\$34,925,166	\$35,862,269	\$36,513,547

D. Incentives and Support for Early Care and Education Facility Expansion Provided

Requires SDE, with DSS and the Connecticut Health and Education Facilities Authority (CHEFA), to set financing priorities for facilities based on need and quality. This expands existing law that allows CHEFA to issue bonds to fund loans for improving or creating facilities for educating three- and four-year-olds.

Expands the existing 10-point school construction grant bonus for projects in Priority Schools or Priority School Districts to include those needed for full-day pre-school programs, provided that the district agrees to maintain the full-day programs for at least 10 years. (Under current law, bonus projects are limited to those needed to offer full-day kindergarten or to reduce class sizes in grades one to three.)

Expands the existing 5-point school construction grant bonus for projects in non-priority school districts for school building projects that include space for full-day school readiness programs in new or expanded elementary schools, provided that the district agrees to maintain full-day preschool enrollment for at least 10 years.

Funding:

The General Assembly approved \$750,000 in bond funds in FY 06 in grants-in-aid for renovations, facility improvements and code compliance for day care facilities, Head Start, school readiness and state-subsidized child care facilities in Hartford.

It also approved \$3,000,000 in bond funds in FY 06 for grants-in-aid for facility improvements and minor capital repairs to licensed school readiness programs and state funded day care centers run by nonprofit

organizations and municipalities, as well as \$2,000,000 in FY 06 for grants-in-aid for minor capital improvements and wiring for technology for the School Readiness programs.

E. Other Initiatives

Develop and Implement a Statewide Kindergarten Assessment. The SDE implementer requires the Commissioner of Education, within available appropriations and not later than October 1, 2009, to develop a statewide developmentally-appropriate assessment tool to measure a child's readiness for kindergarten. There is no funding provided for this initiative in FY 06, and \$450,000 in FY 07.

Eastern CT State University Early Childhood Center. The SDE implementer requires ECSU's Early Childhood Center to work with local and regional school readiness councils to address their child care and early education needs. The Center must report to SDE on the results of this work.

Birth to Three Program. The Budget act directed that \$1 million of the federal funds received by the State Department of Education from Part 1 of the IDEA program be transferred to the Department of Mental Retardation for the Birth to Three program in each of FY 06 and FY 07.

Fraud Early Detection System. The Department of Social Service's fraud early detection system currently applies to Medicaid, Temporary Family Assistance, and the Food Stamp program. The DSS budget implementer specifically adds Care4Kids (the child care subsidy program) to the programs included, and allows the system to apply more broadly to programs administered by the department, including, but not limited to, those specified. The fraud early detection system identifies and investigates potential fraud in applications before the department grants assistance. The Commissioner of DSS is required to make quarterly reports on the savings realized through this program, effective July 1, 2005.

V. What Needs To Be Done?

A net increase of \$7.8 million dollars for early care and education services in the DSS and SDE budgets is a necessary step toward restoring services that have been dramatically cut over the past four years. However, the new investment in early care and education for *some* children in *some* programs is undermined by the continued deterioration of the essential services that historically have been instrumental in allowing low income families to work, and have served as the backbone of child care providers' funding. Continued insufficient funding to Care 4 Kids and the State Funded Child Development Centers jeopardize the financial security of Connecticut's families and child care businesses.

To address this, Connecticut must:

- **Restore Care 4 Kids funding.** Current funding for the child care subsidy program is inadequate, and has forced DSS to close intake to families who are not receiving Temporary Family Assistance ("non-TFA families") for most of 2005. Yet the FY 06 budget appropriates \$3 million *less* than what was determined to be needed simply to maintain current services in 2006, not even taking into account this unmet need. In addition, low-income families not eligible for the subsidy under existing income cut-offs continue to struggle to pay for child care, demonstrating the need to restore eligibility levels to 75% of State Median Income (currently they are set at 50% of SMI) for families receiving TFA, as well as non-TFA families.
- **Maintain and increase funding allocated to the State Funded Centers in the FY07 budget.** The \$3.7 million addition in state funding for the State Funded Centers will allow for a funding increase of

about \$800 per child for children of all ages (from the current average rate of about \$5,000). However, this remains less than the average real per child reimbursement rate for the centers in 1999 (\$6,059 per child in 2005, when adjusted for inflation) and much less than the School Readiness rate of \$7,750 per child.

Funding for Early Care and Education in DSS' FY 06 Budget					
<i>(in millions)</i>					
	FY 02	FY04	FY 05	FY 06 Current Services	FY 06
Care 4 Kids: Child Care Subsidy	121.6	60.9	68.1	71.6	68.6
State Funded Centers	7.1	6.7	6.8	6.8	10.4
Quality Enhancement for School Readiness	4.5	3.2	3.2	3.2	4.1
School Age Child Care / Day Care Pilots	0.5	0.7	0.7	0.7	0.5
Total ECE in DSS	133.7	71.5	78.8	82.3	83.6

Funding for Early Care and Education in SDE's FY 06 Budget					
<i>(in millions)</i>					
	FY 02	FY04	FY 05	FY 06 Current Services	FY 06
Priority School Districts	80.4	81.1	99.8	99.2	102.2
Head Start Services	3.0	2.8	2.8	2.8	2.8
Head Start Enhancement	1.9	1.8	1.8	1.8	1.8
Early Childhood Programs	2.6	2.5	4.3	3.5	4.4
Early Reading Success	2.0	2.2	2.2	2.2	2.2
Family Resource Centers	6.1	4.8	6.4	6.4	6.4
<i>New Programs:</i>					
Early Childhood Advisory Cabinet					0.45
Statewide Early Childhood Pilot Program⁷					0
Total ECE in SDE:	96	95.2	117.3	115.9	120.25

⁷ This ECE initiative proposed in the Governor's FY 06 budget that received no specific allocation in the approved FY 06 Budget.