



A Quick Review of Early Care Funding: FY 06 Budget Update Peg Oliveira, PhD

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In Sum. The FY 06 early care and education budget in 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 proposed for early care initiatives in FY 06 in DSS and SDE is \$25.75 million or 11% less than actual funding in FY 02 (\$28 million less if adjusting for inflation).

Trends In Early Care And Education Funding. Despite this year’s overall increase in early care funding, nearly all programs and services integral to the early education and care of the state’s young children are receiving near equal or in many cases *less funding in FY 06 than they did in FY 02* (even without adjusting for inflation). While the Governor’s Early Childhood Initiative resulted in a new Early Childhood Advisory Cabinet and some additional funds for the School Readiness Program, and the legislature initiated a much-needed infusion of new funds for the State Funded Child Development Centers, spending for early care and education in the FY 06 budget remains *nearly \$26 million less* than actual spending in FY 02. Over the last decade, gains in funding in the SDE budget have been offset by even deeper cuts in the DSS budget. Specifically:

- FY 06 funding for early care initiatives in the SDE budget is \$3 million more than in the FY 05 budget and \$4.4 million more than the FY 06 Current Services Budget.
- FY 06 funding for early care initiatives in the SDE budget is also \$24.25 million more than actual spending in FY 02 (not adjusting for inflation).
- In contrast, the FY 06 DSS budget includes \$4.8 million more for early care than the FY 05 budget, but is \$50.1 million *less* than actual spending on early care in FY 02 (not adjusting for inflation).
- Total funding proposed for early care initiatives in FY 06 in DSS and SDE is therefore \$25.75 million less than actual funding in FY 02, which is over \$28 million less if one adjusts for inflation.

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, to 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 FY 02 actual funding.
- **Early Childhood Advisory Cabinet.** The FY 06 budget includes \$0.45 million for a new Early Childhood Advisory Cabinet.

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%) over this 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 compared 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., reducing funding if one adjusts for inflation).

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 ECE 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 available funds for the child care subsidy program are inadequate, and have 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 is predicted 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 (they are currently 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 an increase in spending 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 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

(in millions)

	FY 02 Actual	FY04	FY 05 Revised	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

(in millions)

	FY 02 Actual	FY04	FY 05 Revised	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 Program ¹					0
Total ECE in SDE:	96	95.2	117.3	115.9	120.25

¹ An ECE initiative proposed in the Governor's FY 06 budget that received no allocation in the FY 06 Final Budget.