



Do the Math: Why the Child Care Equation Does Not Add Up

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Family Wages vs. The Cost of Child Care

- In 2005, 20% of families with children had annual incomes at or below \$21,000; 40% had incomes at or below \$30,410.¹
- From 2000 to 2005 Connecticut's median household income declined— from \$57,853 in 2000-01 to \$56,889 in 2004-05.²
- During this same period, DSS's child care spending dropped from \$156 million in 1999 to \$96 million in 2005.³ Funding increases in School Readiness and other early care programs do not make up for these cuts in revenues.⁴
- The FY 07 DSS budget (\$71 million) for Care4Kids is \$50.4 million (41%) less than actual spending on Care4Kids in FY 02 (\$121 million). Adjusted for inflation, this is about \$65 million less than FY 02 spending.
- Child Care Infoline⁵ reports that full time child care for an infant or toddler in a center costs between \$5,500 and \$23,000 annually.

Full time child care for a preschooler in a center costs between \$3,600 and \$18,000 annually.

- For Connecticut families with two children, child care costs typically make up the single largest part of a basic needs family budget.⁶ On average, in Connecticut, 30% of the gross income of a family with children is spent on child care.

Child Care Need vs. Child Care Availability

- Connecticut two-parent families increased the total number of hours worked annually from 3,140 hours in 1979 to 3,500 hours in 2004.⁷
- Over 60% of Connecticut children under age 6 have *all* available parents in the labor force.⁸
- In the last decade, the number of licensed child care *providers* in Connecticut declined by 32% -- from about 6,500 in 1997 to about 4,500 licensed providers in 2005.⁹

¹ EPI analysis of Current Population Survey, 2005.

² D. Hall & S. Geballe. The State of Working Connecticut, 2006. (2006, CT Voices for Children), available at, www.ctkidslink.org/publications/SWCT2006fullreport.pdf

³ CT Department of Social Services. *Status of Child Care in CT*. (1999 and 2005). Data for 2006 is not yet available.

⁴ P. Oliveira. *A Quick Review of Early Care Funding: FY 07 Budget Update*. (2006, CT Voices for Children), available at www.ctkidslink.org/pub_detail_297.html.

⁵ Child Care Infoline. May 2006, available at

www.childcareinfoline.org/professionals/FeeCT.asp

⁶ The Real Cost of Living in 2005: The Self-sufficiency Standard for Connecticut.

⁷ EPI analysis of Current Population Survey, 2005.

⁸ Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2004 American Community Survey, available at

www.aecf.org/kidscount/sld/compare_results_pf.jsp?i=310

⁹ CT Department of Social Services. *Status of Child Care in CT*. (1997 and 2005). Data for 2006 is not yet available.

- Between 1999 and 2005, the number of licensed child care *spaces* in Connecticut declined by 12% -- from 124,506 spaces to 109,758 spaces.¹⁰
- Between 1998 and 2005, the number of licensed spaces in family day care homes in Connecticut has decreased by nearly 60% -- from 43,996 spaces to 17,689 spaces.¹¹
- Licensed child care can accommodate about 40% of all children under age 5.¹²
- The State Department of Education¹³ (SDE) estimates that in 2005, 7,494 children were served in School Readiness. This is less than half of the eligible population. Another 8,700 children living in eligible districts are awaiting an open space.
- SDE estimates that there are 18,000 children across Connecticut still in need of preschool services. Note that this does not take into account the many infants and toddlers also in need of quality early care.
- At the rate of growth the School Readiness Program has experienced since 2001, *it will take about 25 years (or until 2030)* to serve the additional 8,700 eligible children that SDE estimates are still waiting for a preschool spot, or about *45 years (or until 2049)* to meet the needs of the 18,000 children across the state that SDE estimates are in need of preschool.
- TANF reauthorization significantly increases the number of eligible families who must be in training or working -- by about 22%.¹⁴ This means 3,000 additional families (from 3,800 now to 6,800 families under the new requirements) will need to meet work

requirements, thus doubling the number of TANF families in need of child care. Yet, increased work requirements for TANF recipients are not being met by concomitant increases in child care funding.

The “True Cost of Care” vs. Provider Revenues

- A 2005 analysis of the true cost of providing child care according to research-based best practice estimates an annual operating cost of \$16,183 per preschool aged child.¹⁵
- The DSS Child Development Center Program space reimbursement rate is, on average, \$6,304 per child for full-day, full-year care, less than half the estimated true cost of care.
- The School Readiness Program space reimbursement rate is \$8,025 per child for full-day, full year care, or about half the estimated true cost of care.
- Head Start funding is the same in FY 06 as it was in FY 04; adjusting for inflation, funding is therefore less than in FY 04.
- The median annual income for a child-care teacher in a center is \$28,880, a salary that is less than half the earnings required to support a family of four in Connecticut at the most basic level. This pay is less than the annual wages of school bus drivers (\$31,824) and copy machine operators (\$33,519).

¹⁰ CT Department of Social Services. *Status of Child Care in CT*. (1999 and 2005). Data for 2006 is not yet available.

¹¹ CT Department of Social Services. *Status of Child Care in CT*. (1998 and 2005). Data for 2006 is not yet available.

¹² Child Care Infoline Provider Database, 2003 as reported in *Keeping Children on the Path to School Success: How is Connecticut Doing?* (Child Health and Development Institute, 2004).

¹³ CT State Department of Education. *Ed-Life*. (2006).

¹⁴ P. Oliveira. *Restoring Care4Kids to Meet TANF Reauthorization Requirements*. (2006, CT Voices for Children), available at www.ctkidslink.org/pub_detail_280.html.

¹⁵ *Meeting the Need, Accepting the Challenge*. (2005, The Early Care and Education Finance Project of the Connecticut Early Childhood Alliance).