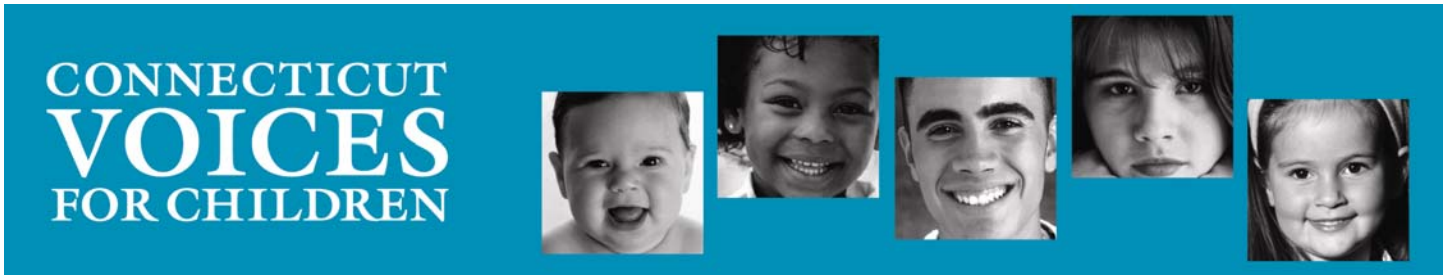

The Early Care and Education Budget in Context: An Analysis of the Governor's Proposed FY 2010 Budget

February 5, 2009

Why Public Investment Is Important

High quality learning environments in the early years of childhood advance children's school readiness, while low quality settings set children back developmentally so that it is hard for them to ever catch up. Despite this knowledge, the demonstrated need of Connecticut families, and Connecticut's public commitment to investing in reform of Connecticut's early care and education system, Connecticut's funding for early care and education has neither been sufficient to meet the needs of the state's working families *nor* to ensure that all children arrive at kindergarten ready for school success and lifelong learning. The percentage of children who enter kindergarten with preschool experience in the state's most at-risk towns has not increased dramatically in recent years, and consequently the achievement gap has not decreased.

This analysis examines the Governor's proposed Fiscal Year 2010[1] budget for early care and education programs in the budgets of the State Department of Education (SDE) and Department of Social Services (DSS). It also outlines recent trends in spending and state policy in this area over the last few years. Much of SDE's early care and education funding is for its School Readiness program (for 3 and 4 year olds), while much of DSS' funding is for the Care4Kids child care subsidy program and state-funded Child Care Centers (these DSS programs also serve infants, toddlers, pre-school, and school-aged children).

Public Investment Over Time

Funding for Early Care and Education (DSS)								
	FY 02 Actual in infl. adj. $2008 ($M)	FY 08 Actual ($M)	FY 09 Final Budget ($M)	FY 10 Current Services* ($M)	FY 10 (Gov's recom.) ($M)	Diff. Between Gov Recom. FY10 & FY10 current services $M and (%)	Diff. between Gov Recom. FY10 & FY09 Final Budget $M and (%)	Diff. between Gov Recom. FY10 and infl. adj. FY 02 $M and (%)
Care4Kids	$143.47	$ 98.80	$93.12	$103.87	$103.87	$0.00 (0%)	$10.75 (11.5%)	-$39.6 (-27.6%)
State Funded Child Care Centers	$8.41	$13.59	$15.13	$15.88	$15.88	$0.00 (0%)	$0.75 (5.0%)	$7.48 (88.9%)
School Readiness	$5.31	$4.41	$4.96	$5.01	$3.29	-$1.72 (-34.3%)	-$1.67 (-33.6%)	-$2.02 (-38.0%)

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Day Care Projects	$0.55	$0.48	$0.47	$0.48	$0.45	-$0.03 (-6.3%)	-$0.02 (-3.6%)	-$0.10 (-18.4%)
Total DSS	$157.74	$117.28	$113.67	$125.24	$123.49	-$1.75 (-1.4%)	$9.83 (8.6%)	-$34.24 (-21.7%)

Funding for Early Care and Education (SDE)								
	FY 02 Actual in infl. adj. $2008 ($M)	FY 08 Actual ($M)	FY 09 Final Budget ($M)	FY 10 Current Services* ($M)	FY 10 (Gov's recom.) ($M)	Diff. Between Gov Recom. FY10 & FY10 current services $M and (%)	Diff. between Gov Recom. FY10 & FY09 Final Budget $M and (%)	Diff. between Gov Recom. FY10 and infl. adj. FY 02 $M and (%)
Priority School Districts	$94.81	$127.06	$124.25	$124.14	$116.72	-$7.42 (-6.0%)	-$7.53 (-6.1%)	$21.91 (23.1%)
Head Start Services	$3.51	$2.75	$2.75	$2.75	$2.75	$0.00 (0%)	$0.00 (0%)	-$0.76 (-21.6%)
Head Start Enhancement	$2.21	$1.77	$1.77	$1.77	$1.77	$0.00 (0%)	$0.00 (0%)	-$0.44 (-19.8%)
Early Childhood Program	$3.07	$4.82	$4.90	$5.01	$5.01	$0.00 (0%)	$0.11 (2.2%)	$1.94 (63.2%)
Early Reading Success	$2.40	$2.05	$2.40	$2.40	$2.31[2]	$0.09 (3.8%)	$0.09 (-3.7%)	$0.08 (-3.5%)
Family Resource Centers	$7.24	$6.36	$6.36	$6.36	$6.04	-$0.32 (-5.0%)	-$0.32 (-5.0%)	-$1.19 (-16.5%)
Early Childhood Advisory Cabinet	$0.00	$1.04	$1.05	$1.01	$0.21	-$0.80 (-77.2%)	-$0.84 (-80.0%)	$0.21 (n/a)
School Readiness Staff Bonuses	$0.00	$0.08	$0.15	$0.15	$0.00	-$0.15 (-100%)	-$0.15 (-100%)	$0.00 (n/a)
Preschool Quality Rating System	$0.00	$2.19	$2.50	$2.50	$0.00	-$2.50 (-100%)	-$2.50 (-100%)	$0.00 (n/a)

[2] This reduction is part of an effort to eliminate vacant positions in the State Department of Education. Information available at www.ct.gov/opm/lib/opm/budget/2010_2011_biennial_budget/summary/b-8_educationshort.pdf

Head Start Early Childhood Link[3]	$0.00	$2.20	$2.20	$2.20	$1.98	-$0.22 (-10.0%)	-$0.22 (-10.0%)	$1.98 (n/a)
Total SDE	$113.23	$150.32	$148.33	$148.29	$136.80	-$11.49 (-8.4%)	-$11.53 (-7.8%)	$23.57 (20.8%)

*FY 10 Current Services represents the appropriation in FY10 that would be required to provide the same services (accounting for inflation, caseload changes, etc.) that are provided in the current fiscal year (FY09).

Total DSS and SDE Early Care and Education Funding Over Time
(in millions, not adjusted for inflation unless otherwise noted)

FY 02	FY 02 infl. adj. 2008 $	FY 04	FY 06	FY 07	FY 08	FY 09	FY 10 (Gov. Proposed)
$229.63	**$270.96**	**$167.35**	**$214.40**	**$223.44**	**$267.60**	**$262.00**	**$260.29**

Budget and Policy Trends

Connecticut's investment in early care and education has not kept pace with the state's promise to ensure that all children arrive at kindergarten ready to learn. Over the last decade, gains in early care and education funding, primarily in the SDE budget, have been offset by even deeper cuts, primarily in the DSS budget. Specifically, while FY 09 funding for early care initiatives in the SDE budget is $35.1 million more than in FY 02 (adjusted for inflation), the FY 09 DSS budget is $44.1 million less than in FY 02 (adjusted for inflation). Total funding for early care initiatives in FY 09 in DSS and SDE is therefore $9 million less than in FY 02 (adjusted for inflation). So what appears to be new investment in SDE is nothing more than a reallocation of some of the funds removed from DSS.

The Governor's Proposed FY 10 Budget

The Governor proposes the following for the FY 10 SDE and DSS early care and education budgets:

- *Care4Kids.* The Governor's proposed FY 10 Budget would provide a total of $103.87 million for Care4Kids, Connecticut's child care subsidy program. While this is an increase of 11.5% over the FY 09 budget, it is merely equal to FY 10 Current Services. In other words, the Governor's proposed increase would allow DSS to continue serving those children now receiving the subsidy, but is inadequate to increase the number of children served or raise the subsidy so it more closely approximates current market rates (i.e., the actual cost of providing child care).
- *State Funded Child Care Centers.* The Governor's proposed FY 10 Budget would provide a total of $15.88 million for State Funded Child Care Centers. While this is an increase of 5% over the FY 09 budget, it is equivalent to FY 10 Current Services. In other words, the Governor's proposed increase would allow DSS to continue serving the same number of children, but is inadequate to serve additional families or increase depressed rates.
- *Quality Enhancement.*[4] As a condition of the $51.2 million Child Care Development Block Grant (CCDBG), Connecticut is required to spend $3.2 million on quality activities. Current annual quality expenditures total $4.6 million, or $1.4 million in excess of the federal grant requirement. Rather than maintain Connecticut's laudable, above minimum spending on quality care, the Governor's budget recommends the elimination of the $1.3 million Quality Enhancement Grant Program, which brings Connecticut's spending down on

[3] This reduction is part of an effort to reduce funding to programs deemed "less essential to the Department's education mission." Longitudinal Data Systems are also eliminated, at a cost of $1.7 mllion. Available at www.ct.gov/opm/lib/opm/budget/2010_2011_biennial_budget/summary/b-8_educationshort.pdf

[4] Additional funding in included for ChartsACourse in the community college line item.

quality initiatives to only the bare minimum required by federal rules.[5]

- *Early Childhood Advisory Cabinet.* The Governor's Early Childhood Education Cabinet was the cornerstone of a statewide effort to create an early care and education *system* across government agencies, improving on the current collage of programs, in order to ensure that all children are "ready by five and fine by nine." As part of the Governor's reorganization of state government, the Early Childhood Education Cabinet is being recast in an advisory role to the State Department of Education with reduced roles and responsibilities, and the budget is reduced by 80%, compared to FY 09 funding. This reorganization is contradictory to the Cabinet's initial purpose. In addition, the Department of Higher Education is consolidated into the Department of Education, and $375,000 for the Cabinet in the DHE budget is eliminated. Also, the Preschool Quality Rating Scale is eliminated.
- *School Readiness Initiative.* The Governor recommends cutting funding to the School Readiness Initiative by 10% ($7 million) and that no expansion of preschool spaces be funded for School Readiness Programs.

In short, any additional funding the Governor proposes in FY 10 for early care programs would, in large part, only allow these programs to continue to serve its current population of children. Funding is insufficient to allow for large-scale expansion of these programs or much needed (and belated) increases in reimbursement rates to assure quality in the care provided. Indeed, even with the Governor's proposed increase in FY 10 funding, total DSS funding for early care and education would remain about $34 million (21.7%) *less* than spending on these programs in FY 02 (adjusted for inflation).

Importantly, while the Governor, in the State of the State address, proposes Connecticut "get back to our core mission – to educate our children," her proposed SDE budget is antithetical to this goal. And in spite of proposing the creation of an Office of Accountability to improve accountability for the use of state dollars, efforts to hold Connecticut accountable for ensuring that all children arrive at Kindergarten ready for school success are eliminated in the Governor's proposed budget. Her recommendations would flat fund or *reduce* funding for all major early childhood programs and entirely eliminate many innovative system improvement efforts that were begun in the previous years. In fact, the Governor's recommendations would provide $11.5 million (7.8%) less in FY 10 than what was available in FY 09 funding for the same early childhood education programs.

The Bottom Line

If the Governor's FY 09 budget recommendations are adopted, total funding for early care and education in the DSS and SDE budgets would be $10 million *less* than it was in FY 02 (adjusting for inflation). This is, clearly, a move in the *wrong* direction. This is inconsistent with the Governor and General Assembly's expressed commitment to narrowing the state's educational opportunity and achievement gaps. It strongly suggests that while the Governor may not be willing to balance a tough budget on the backs of business and taxpayers, and warns that "long term debt will crush our children," on the contrary she is willing to balance the budget on the backs of our state's most vulnerable families and children.

Connecticut's funding for infants and toddlers does not reflect the need for intervention in the first 1,000 days of a child's life. Additionally, although Connecticut understands the importance of a preschool education, funding for preschool expansion and quality enhancement will be eliminated, if the Governor's recommendations are adopted. The Governor's proposed FY 10 budget would provide nearly $2 million *less* in early care funding in the SDE and DSS budgets than was provided in the FY 09 budget.

Certainly, today's new education initiatives proposed by the Governor are to be applauded. However, they should not be at the expense of following through with yesterday's "new initiatives." Much more remains to be done if all families are to have access to affordable, high-quality child care and if all children truly are to be "ready by five and fine by nine."

[5] FY 2010 – FY 2011 Governor's Budget Summary: Department of Social Services, available at www.ct.gov/opm/lib/opm/budget/2010_2011_biennial_budget/summary/b-7_human_servicesshort.pdf