THE STATE OF EARLY CHILDHOOD:
CAN CONNECTICUT’S STRUGGLING FAMILY CHILD CARE PROVIDERS FILL A 50,000 CHILD CARE GAP AMIDST THE CORONAVIRUS RECESSION?

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Our report examines the family child care provider (FCC) economic model specifically and shows that many FCCs are making far below minimum wage, just $6.10 per hour. We also find that certain aspects of the industry, such as the market rate survey, don’t work for FCCs. Moreover, necessary funding for preschool programs has benefited some child care providers but has diverted families with preschool-aged children away from FCCs.

The coronavirus pandemic brings into heightened focus the critical importance of child care to the operations and the economy of our country and state. Connecticut announced a 50,000 infant and toddler child care shortage in early February of this year, and the coronavirus pandemic has only worsened the situation. With these rooted conditions and in light of the resulting conditions from the crisis, our report offers both short- and long-term policy recommendations.
POLICY RECOMMENDATIONS

Child care workers are mostly women and disproportionately women of color, and child care providers are often overlooked within the family of small business; however, they are a critical industry that is integral to the “restarting” of the economy. As such, our policy recommendations are divided into two sections. First, we recommend actions, during the coronavirus pandemic, to stabilize the industry. Second, we urge the state to seize the opportunity for the child care sector to take root as essential infrastructure in rebuilding the economy.

Short-Term Policy Recommendations

- **Replace private paying fees.** The OEC should pay the income from private paying families and the parent contribution portions of subsidy families at March enrollment amounts for the duration of the crisis. This would ensure that child care providers have a full replacement of income without having to apply for myriad grants, loans, and other economic relief measures.

- **Draw down from the Budget Reserve Fund.** To ensure that more child care providers can stay open during the pandemic, Connecticut should draw down from the Budget Reserve Fund to fill in payment gaps for providers while they wait to receive CCDBG grant funding that is being distributed to states as part of the CARES Act.

- **Offer business training specific to child care.** Connecticut should immediately offer guidance and training specific to child care providers to assist them in navigating the current fiscal environment.

- **Move to presumptive eligibility for essential workers.** Connecticut should move to presumptive eligibility for Care 4 Kids for essential workers. Withholding full funding now means that families and providers have to gather and fill out the necessary paperwork, some of which may be much more difficult and time-consuming to gather while the state is locked down. Also, families and providers will need to wait until Care 4 Kids can make a determination before care can begin. This delays essential workers who are required to respond immediately to the current crisis and who need to know that their children are cared for in a quality child care setting.

- **Offer a more robust bonus and less complicated system of supports.** Connecticut should offer a more substantial bonus and a less complicated system for child care programs staying open to serve essential workers. Indeed, if Connecticut does not, some providers might opt to take the newly available unemployment insurance benefits. The unemployment insurance benefit announced in the federal CARES Act will likely not only replace but enhance many FCC providers’ pay.

- **Provide essential supplies.** Connecticut should give child care workers support in the form of essential supplies. Mandatory guidelines at retail stores limiting items to only one per customer of cleaning supplies and other necessary items and food have driven child care workers to shop more frequently, endangering themselves and others. Retail stores are limiting products such as cleaning supplies, hygiene products, and even milk. Child care businesses should have an exemption from these limits. They should also have priority access from stores to these essential goods.

- **Increase capacity, accountability, and oversight.** Time is of the essence in enacting these policies. The National Association for the Education of Young Children (NAYEC) completed a survey of child care providers in mid-March 2020 and found that 17 percent of providers do not have funds available to re-open after a week of closure, 30 percent would not be able to re-open after two weeks of closure, and an additional 16 percent would not be able to re-open after a month of closure—63 percent in total. State governments are much more nimble than the federal government in their ability to supply businesses with money and other resources needed in-the-moment, but this can only happen when state governments adjust to increased workloads. After years of shrinking the State’s workforce, Connecticut should increase its agency capacity, accountability, and oversight to administer new emergency relief programs in a timely and appropriate manner.
Long-Term Policy Recommendations

- **Equalize subsidy rates for child care providers.** Connecticut should equalize the subsidy rates between centers and family child care providers. Both meet state licensing requirements, both are regularly inspected, both are fully regulated, and both have training and professional development requirements. Moreover, perpetuating a system that pits providers against each other and where some serve the most economically disadvantaged children and families and, yet, are paid less than other licensed counterparts is inequitable and bad for the economy. The lowest-income children need the same—if not better—care as children from high-income families. All licensed and regulated child care workers should be equally valued. This means that the State should replace the flawed market rate survey used to set rates with another system that acknowledges the actual cost of care. Allowing School Readiness slots at FCCs can also help to alleviate the injustice and grow the FCC industry.

- **Limit family pay to no more than 7 percent of income.** Connecticut should set its benchmark for families receiving subsidies to the federal benchmark. The State has made laudatory investments in pre-school slots and the minimum wage for workers. The State needs to make corresponding investments in the child care market to ensure that families have affordable child care available to them. In 2016, the federal Office of Child Care, under the Administration on Children and Families of the U.S. Department of Health and Human Services, set a federal benchmark for families receiving subsidies, stating that affordable co-payments for these families should not exceed seven percent of household income. Connecticut should set this benchmark as a goal for all families.

- **Ensure all child care providers make a living wage.** Connecticut should raise reimbursement rates so that more entrepreneurs open centers after the government lifts physical-distancing guidelines. The child care industry must be economically viable for it to continue to provide this essential service. All workers must make, at the very least, a minimum wage and, preferably, a living wage. Ensuring the economic viability of the industry is the only way that families can have needed choices and access to high-quality child care. There is an immediate need to fill the 50,000 child care gap that Governor Lamont cited in February 2020. It is also a national need. With such low pay and razor-thin margins, there is little incentive for entrepreneurs to open new child care centers. Now is the time to raise reimbursement rates so that more entrepreneurs open centers after the government lifts physical-distancing guidelines. Or, better yet…

- **Redesign child care so that it is an essential infrastructure.** Connecticut should initiate universal child care. Child care is both a $99 billion industry nationally and necessary for the state and country’s overall economy to thrive. This pandemic underscores the importance and the pervasiveness of the need for child care—as well as the disparities that exist within it. Infrastructure consists of systems that undergird the basic economy. As with access to running water, which has been recognized by the United Nations as a human right, many Americans don’t question the existence of infrastructure until a crisis hits, exhibiting debilitating racial and socioeconomic inequities. During and after the coronavirus crisis, Connecticut should make efforts to ensure that access to child care is no more remarkable than access to running water. Many European countries understand that child care is an essential infrastructure and have figured out innovative approaches to make it as accessible and affordable as possible. For example, Germany’s “Kindertagesstätte” system, which has both government-funded and private-funded providers, uses a funding formula based on the scope of care, family income, and the number of siblings in care.
REFERENCES