JUST FACTS

THE STATE OF EARLY CHILDHOOD DURING THE COVID-19 PANDEMIC

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This year brought historic disruption to Connecticut’s system of early care and education (ECE). Most programs closed their doors temporarily due to COVID-19, and at least 20 percent have not reopened. Families, and working mothers especially, were placed under extraordinary strain as a result of program closures. Family caregivers became responsible for full-time child care and education atop work responsibilities, in addition to the general anxiety of the pandemic. These stressors permeated widely, generating heightened community awareness of the essential role of early care. The financial instability experienced by ECE program operators, staff, and families further exposed the extent to which Connecticut’s patchwork system, comprised of a mix of public programs and small businesses, is chronically undervalued and marginalized. With closures and instability impacting not just families with young children, but the economy as a whole, there emerged a new recognition that early care and education is an essential public service that requires significantly more public investment to cover the true cost of providing high-quality care for our state’s youngest residents.

Connecticut Voices for Children (CT Voices) has published a survey of the “State of Early Childhood” periodically since 2003. The report examines data from the Connecticut Office of Early Childhood, United Way of Connecticut, and the U.S. Census to provide an overview of the ECE sector in our state, including how many children participate and how many programs serve families. It addresses how Connecticut is succeeding, and struggling, to meet the needs of young children and their families. In addition, the report examines the stability of program offerings, including the fiscal and professional status of those who own, operate, and serve in child care centers, family child care providers, group child care providers, and youth camps. In April 2020, CT Voices’ State of Early Childhood report focused on the economic challenges faced by family child care providers specifically. This year, CT Voices focuses on the challenges faced by child care centers, utilizing qualitative data collected from ECE program operators, teachers, staff, and families. The report finds structural barriers to access, quality, stability, and equity, including:

- **A pre-pandemic shortage of early care and education slots and programs was exacerbated by COVID-19.** At the lowest point in the pandemic last year, fewer than one in four programs in the state were operational. By March 2021, the state was at just 72 percent of its pre-pandemic program capacity.

- **Connecticut has the fifth most expensive child care rates in the nation.** In April, the average weekly fee for center-based infant and toddler care was $313 and the highest was $623.

- **Care 4 Kids subsidies are inaccessible to many families in need.** To qualify as a first-time applicant, a family must have a gross household income at or below 50 percent of the State Median Income. For a family of four in 2021, this is $60,328 or less.

- **Program offerings for infants and toddlers are largely private providers, and thus inaccessible to many families.** In 2020, 65 percent of children in publicly-funded early care and education programs utilize a Care 4 Kids subsidy voucher, versus 18 percent in Early Head Start, 16 percent in Child Day Care Centers, and less than one percent in Even Start.
• **Availability of preschool slots decreased sharply from 2020 to 2021,** from 64,789 to 54,537 slots, or a drop of about 15 percent, potentially due to child care centers closing and physical distancing guidelines.

• **Neither Care 4 Kids payments nor market rates are sufficient to sustain high-quality programs,** creating precarious pre-pandemic financial models for child care centers and diminishing the number of high-quality programs serving low-income families. A CT Voices model of a child care center with 26 children and minimum staff, benefits, and quality standards shows an annual deficit of -$126,239 if receiving solely Care 4 Kids payments and barely breaking even if charging market rates.

• **Child care workers and early educators earn poverty wages,** undermining program quality, stability, and equity. Connecticut child care workers’ families are more than twice as likely to live in poverty as other workers’ families: 11.8 percent compared with 5.8 percent.

• **The COVID-19 child care crisis is compounded by a workforce crisis,** as families are forced to choose between care and work. Approximately 2.3 million women nationally dropped out of the workforce in 2020 to care for their children.

• **Short-term federal and state interventions stabilized the early care and education sector,** particularly federal Paycheck Protection Program (PPP) loans and $78 million in Care 4 Kids, child day care centers, and School Readiness payments based on pre-pandemic enrollments.

• **Newly-proposed long-term investments carry the potential for historic, transformative impact,** via the March 2021 American Rescue Plan (ARP) Act and President Biden’s American Families Plan.
POLICY RECOMMENDATIONS

In order to move Connecticut to a system of universal access to high-quality early child care for all children and families, we must treat early care and education as an essential public good.

SHORT-TERM POLICY RECOMMENDATIONS

1. Congress should pass President Biden’s recommendations in the American Families Plan to expand access to early care and education and economic support for families with children. Advance these proposals to ensure adequate resources to make child care and preschool education accessible for all families.

2. The OEC should assess the real cost of high-quality early care and education, based on a cost study—and the State and Federal governments should fund the real cost of care. Neither subsidy rates nor market rates reflect the true cost of providing high-quality care. To offer universal access to these programs, the State must first establish the full cost, and the federal government must adjust CCDF regulations to allow federal funds to be used to support these costs. The study should reflect families’ needs and perceptions of quality.

3. The OEC should facilitate the fiscal stability of early care and education by basing payment rates on the cost of quality and full enrollment, regardless of enrollment variations during the calendar year, and adding equity weights to these rates. Since the fixed costs of providers do not change with enrollment shifts, funding rates should reflect the costs associated with full enrollment. Reimbursement rates for these programs should be increased to at least the 75th percentile of market rates, with the goal to reach the 90th percentile. Equity weights should be applied to reimbursement rates, to enable programs to meet the additional needs of vulnerable communities.

4. The Connecticut General Assembly should strengthen the economic model of family child care providers and expand families’ preschool options by extending access to School Readiness funds. Given the importance of preschool for children’s future academic success, social and emotional development, and even long-term employment prospects, it is important to increase the number of public programs. Adding family child care providers to the range of early care and education programs that provide subsidized School Readiness slots both increases access for families and supports programs’ financial stability.

5. Connecticut policymakers should fill the wage gaps for early care and education workers via state subsidy programs. Immediate steps should be taken to supplement staff wages via grants. The State should also provide grants and stipends to staff for educational advancement and establish student loan forgiveness. In addition, we recommend that the State require child care programs to provide staff with comprehensive healthcare coverage and reimburse the cost to employers.

6. The federal government should ensure continued resources for access, quality, and stability beyond the initial pandemic recovery period. The State should prioritize federal lobbying to ensure that new investments extend beyond two years. If funds are well-invested now to establish a system of universal access to high-quality early care and education, over time the excess cost to the State and federal government will diminish as more caregivers enter the workforce and progress in their careers with reliable early care and education programs in place.
LONG-TERM POLICY RECOMMENDATIONS

1. The Federal and State governments should work together to make early care and education affordable by permanently suspending Care 4 Kids family fees for families living in poverty, expanding eligibility, and establishing mechanisms to ensure that no family pays more than seven percent of income for care. The short-term Care 4 Kids family fee suspension currently in place in response to the COVID-19 pandemic should be made permanent to the extent allowed by Child Care and Development Fund (CCDF) guidelines to eliminate the financial burden of child care for low-income families, and cap the Care 4 Kids family fee at seven percent of family income. Eligibility should be increased to the maximum allowed under the CCDF, 85 percent of State Median Income for new applicants, as well as expanded to include families participating in adult education, job training, college, and other forms of education; parents and guardians seeking employment; undocumented families; children of child care workers; families experiencing homelessness; and children with disabilities. To support families who earn above 85 percent of the State Median Income or do not qualify for Care 4 Kids due to immigration status and other factors, we further recommend that the State increase its contribution to the annual Child Care & Development Block Grant Act appropriation and use these funds to extend eligibility to currently ineligible families and/or establish a sister, State-funded subsidy to cover the cost of care less pro-rated fees representing between one and seven percent of family income.

2. Connecticut policymakers should stabilize the economics of early care and encourage wider participation from child care programs in the subsidy system through a shift to payment via grants and contracts between providers and State. Rather than rely on a mix of funding sources and methods, the sector should be anchored by standard funding allocated to all licensed programs and formalized via predictable agreements with program operators. These grant and contract amounts should be defined by the cost of quality, enrollment capacity, and each program’s track record of service to low-income communities.

3. Child care providers should utilize back office services to streamline operations, create cost savings, and allow program leaders to focus on supporting staff, children, and families. Early care and education programs should focus on children, not administration. The State should enable the creation of statewide or regional systems for shared early care and education services, including enrollment, tuition, payroll, and benefits procurement and administration.

4. State policymakers should improve family access and understanding of systemic gaps and trends via streamlined data collection and reporting on available slots, child care deserts, and student and provider race and ethnicity. Simplify the maze of early care and education program options via real-time collection and reporting on programs with availability, by age of child and location. Data systems should further identify areas with large populations of young children and inadequate licensed child care slots, so that resources can be directed by localized strategies to expand capacity in these child care deserts. Moreover, we recommend the collection of data on student and provider race and ethnicity by types of providers.
5. State agencies should assess the long-term impact of early care and education on children, families, and communities via a holistic, performance based system. To understand the effectiveness of our child care system at advancing a wide range of goals, as well as implement adjustments and improvements, the State should develop a more comprehensive, developmentally-appropriate set of evaluation tools. This assessment system would allow for longitudinal per-student data and measure not only students’ academic performance, but also their social and emotional development, and overall health and wellness.

6. The Federal and State governments should establish early care and education as a secure, supported, family-sustaining career path. To encourage equity within the early care sector, the State must support pathways of incentives for obtaining further education, including a child care “service corps” with scholarships, standardized coursework in two- and four-year institutions, registered apprenticeships, a defined career ladder, and mentoring, which blend academic and practical training. It is also important to create a salary and benefits scale for early childhood educators and program directors, with wage parity when early childhood educators have comparable education requirements as K-12 teachers.

7. The OEC should broadly define quality, in partnership with families, to ensure that priorities are based on evidence and respond to community needs. Much work has been done to shape the state’s Quality Rating and Improvement System (QRIS) in light of federal recommendations. The State can build on these recommendations in ways that elevate and prioritize holistic aspects of quality, in addition to credentials and traditional ways of measuring, such as teacher longevity, cultural and linguistic competence, staff recruitment and retention, and family-provider relationships. The system should take care to avoid further exacerbating systemic inequities via a rating system that financially rewards programs within the context of a market-based system. To do so, the State should include families and direct-service providers in policymaking via advisory committees, focus groups, surveys, and storytelling that directly incorporate their concerns and values into decision-making.

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