STATE OF EARLY CHILDHOOD
A RESPONSE TO THE GOVERNOR’S BLUE RIBBON PANEL ON CHILD CARE AND
A CONTINUATION OF SPOTLIGHTING DISENFRANCHISED POPULATIONS

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Connecticut Voices for Children (CT Voices) envisions a Connecticut where all our children thrive. As such, families need to thrive (since children are part of families) and ensuring a strong and equitable workforce is critical to this. One of the ways to support parents in the workforce as well as give children the foundational learning they need to succeed as future workers is having an early care and education (ECE) system that is high-quality, affordable, and accessible to all families. (We define high-quality child care as places where trained early care educators offer care that prioritizes facilitating open and healthy interpersonal interactions, providing child-friendly and safe physical environments, and having stable program structural support and professional development opportunities.1) Un fortunately, many parents across both Connecticut and the United States as a whole do not have access to stable, affordable, high-quality child care. As a result, parents struggle to work productively, children are missing out on high-quality early education, and the child care industry is depressed; indeed, the percentage of children in Connecticut who enter kindergarten without prior schooling increased by an estimated four percentage points over the past decade.2 This may be due to the cost of child care for both parents and providers, as Connecticut has the third most expensive child care for infants and toddlers in the nation,3 and yet, providers are not compensated for the actual cost of care they provide.

The ECE system is in a state of crisis. For this reason, Connecticut Governor Ned Lamont called together a panel of stakeholders to propose changes and investments to stabilize and strengthen Connecticut's ECE sector, called the Governor’s Blue Ribbon Panel on Child Care (BRP). The changes proposed by the BRP are meant to increase the equity of services for families primarily locked out of accessing needed care, decrease the cost of care for families, raise the voices around policy-making tables to include more families, providers, and businesses, and continuously increase the quality of care that children and families receive. We applaud the work of the BRP, and our 2023 State of Early Childhood research report seeks to extend it further with recommendations to support building a high-quality, universally accessible and affordable ECE system in Connecticut.

Our report examines data from the U.S. Census Bureau, CT Data, Care 4 Kids, and data requested from the Connecticut Office of Early Childhood, EdSight, and United Way 211 Child Care to provide an overview of Connecticut’s publicly-funded ECE sector, including how many children participate and how many programs serve families. We also examine the stability of program offerings, including the fiscal considerations of those who own, operate, and serve in the ECE industry. In this report we extend our spotlight on families who struggle to access early care in Connecticut by exploring data relating to young children with special needs. In light of the spotlight on rising special needs, this report focuses on the challenges faced by child care centers, family child care homes, and home visiting programs. CT Voices collected original qualitative data from ECE providers, directors, home-visiting supervisors, and staff.
The report finds structural barriers to access, quality, stability, and equity, including:

- **If only receiving Care 4 Kids vouchers as payment, Family Child Care (FCC) providers earn below minimum wage.** Care 4 Kids reimbursement typically reimburses between 34 to 58 percent of the market rate, which itself does not cover the actual cost of care. If an owner-provider of a family day care home were to waive family fees and private tuition, taking only government subsidies, a baseline quality model shows that their hourly wage would amount to $8.14.

- **If only receiving Care 4 Kids vouchers as payment, child care centers (CCCs) could not cover a year of expenses.** Our model of a small CCC serving 26 children at baseline quality shows that a CCC would need an additional $109,888 over and above Care 4 Kids vouchers to break even. Even at the lowest level of quality, child care providers can only remain open by charging families Care 4 Kids family co-pay fees and/or reserving some spaces for families that can pay private tuition.

- **Even with Care 4 Kids support, family fees are a heavy burden on many Connecticut families.** For example, a family of four at 60 percent of SMI generates $79,910 before taxes, and must pay ten percent of their gross income in family fees, which is $7,991.

- **The number of State-funded infant/toddler slots decreased by 17 percent.** The total number of infant/toddler slots dropped from 21,109 in 2022 to 17,619 in 2023—a reduction of 3,490 seats.

- **The number of State-funded preschool slots decreased by four percent.** The total number of preschool slots dropped from 51,983 in 2022 to 49,898 in 2023—a reduction of 2,085 seats.

- **The decrease in State-funded preschool slots continues a new trend that began amidst the pandemic.** From 2020 to 2023, Connecticut experienced a reduction of 14,891 preschool slots from 64,789 to 49,898, a 23 percent reduction since the onset of the COVID-19 pandemic and the lowest number of State-funded preschool slots reported since CT Voices began tracking these data.

- **The number of licensed FCCs continued its two-decade downward trend with a five percent reduction this past year.** The total number of licensed FCCs dropped from 1,908 in 2022 to 1,817 in 2023—a reduction of 91 providers. There has been a total reduction of 1,614 licensed FCCs from 2002 to 2023, an all-time low (47 percent reduction).

- **The number of licensed CCCs has started rebounding from its pandemic-induced decline.** The total number of licensed CCCs increased from 1,222 in 2022 to 1,374 in 2023—an increase of 152 centers or 12 percent. However, the number of CCCs has not yet fully rebounded to pre-pandemic levels of 1,411 centers.

- **Pandemic-related efforts to increase support to families have helped to increase the number of children enrolled in Care 4 Kids.** The number of infants and toddlers enrolled in Care 4 Kids increased from 6,992 in January of 2022 to 8,206 in January of 2023 (an increase of 1,214 children/17 percent). The number of preschoolers enrolled in Care 4 Kids increased from 7,031 in January of 2022 to 7,438 in January of 2023 (an increase of 407 children/six percent).
• **More children are enrolled in Head Start and School Readiness programs.** From 2021 to 2022, the number of preschoolers enrolled in Head Start programs increased from 4,026 to 8,252, an increase of 4,226 children. From 2021 to 2022, the number of preschoolers enrolled in School Readiness programs increased from 8,405 to 12,008, an increase of 3,603 children. The number of infants and toddlers enrolled in Early Head Start decreased slightly from 2021 (1,896 enrolled) to 2022 (1,674 enrolled) but still represents an increase from 2020 (1,586 enrolled).

• **The number and percentage of infants and toddlers with special needs in Connecticut is steadily increasing.** The number of children eligible for Birth to Three services increased from 4,726 in 2015 to 6,034 in 2021. When compared to the overall number of children ages zero through three, the eligibility increased from 4.3 percent of children ages zero through three in 2015 to 4.8 percent of children ages zero through three in 2021.

• **The number and percentage of preschoolers with special needs in Connecticut is steadily increasing.** The number of PreK3 students with Individualized Education Plans (IEPs) in Connecticut in 2012 was 441, or 25 percent of PreK3 students. The number of PreK3 students with IEPs in Connecticut in 2022 was 1,199, or 29 percent of PreK3 students. The number of PreK4 students with IEPs in Connecticut in 2012 was 4,158, or 27 percent of PreK4 students. The number of PreK4 students with IEPs in Connecticut in 2022 was 4,723, or 32 percent of PreK4 students.
JUST POLICY RECOMMENDATIONS

Within the full report, we contextualize our policy recommendations in light of those presented by the Governor’s Blue Ribbon Panel on Child Care (BRP) as well as our past State of Early Childhood reports, highlighting where past policy recommendations remain relevant to Connecticut’s current ECE needs. BRP goals include workforce and quality, equitable and affordable access, systems, and funding. Presenting our recommendations in such a manner results in a lengthy and nuanced list of policy recommendations. For the sake of brevity, here we present only our topline recommendations to meet the four goals set forth by the BRP. Please see our full report for more details on our recommendations.

Goal 1: Workforce and Quality.
Invest in and support the retention and recruitment of a professional, high-quality ECE workforce and program supports and standards that increase the number of high-quality settings.

- Weight Care 4 Kids reimbursement rates to encourage equity in access.
- Raise Care 4 Kids reimbursement rates to 90 percent of the market rate and create parity in the reimbursement rates offered to FCCs and CCCs.
- Provide comprehensive benefits for ECE staff that create a low-cost burden for providers and staff. Include predictive scheduling and paid sick days in benefit packages.
- To stop ECE staff attrition, ensure ECE staff earn a dignified wage. At the very least, Connecticut should create wage and benefit parity between the K-12 education system and ECE system. However, we recognize that pay in both systems is not adequate.
- Create financial incentives and educational mechanisms to diversify the ECE workforce.
- Create mechanisms for shared services and information to increase economies of scale and efficiencies.
- Support provider fiscal stability through predictable funding for complete enrollment.

Goal 2: Equitable and Affordable Access.
Increase equitable and affordable access to high-quality programs that meet the range of family needs.

- Expand Care 4 Kids eligibility to the fully allowable extent under federal regulations and create a sister program to extend vouchers to families not eligible under federal rules. We support expanding Care 4 Kids eligibility to 100 percent of SMI as quickly as is systemically feasible and to continue raising the benchmark similar to Vermont’s Child Care Assistance Program. Creating a Care 4 Kids sister program would allow the State to provide vouchers to families who the federal government deems ineligible for support through Child Care and Development Block Grant funds.
- Create a CT Child Tax Credit to help families afford to raise children and make Connecticut’s regressive tax system fairer.
- Pair innovations to reduce State and family costs for care, such as the Tri-Share model.
recommended by the BRP, with innovations to attract and retain a larger ECE workforce.

- Create a plan to address the immediate and long-term special needs of very young children amidst Connecticut's changing demographics.
- Expand home visiting programs as a mechanism to support children with special needs in their schools and communities.
- In addition to creating a Birth to Five system, expand eligibility for Birth to Three services and create local Birth to Five councils.
- Ensure accessibility of ECE services and information to families with the highest need and lowest access to care. This can be done in part by expanding existing evidence-based programs specifically to serve these under-resourced families. In particular, we advocate for expanding Head Start, Early Head Start, and Even Start, all serving populations with specific needs and vulnerabilities.

Goal 3: Systems.

*Develop an agile, flexible, responsive, high-quality ECE system that maximizes current resources and supports economically viable programs.*

- Streamline and standardize Connecticut's funding sources. Formalize payments via predictable agreements with program operators.
- Ensure meaningful parent representation at policymaking tables and in creating ECE systems. Ensure that parent representation includes historically underserved families.
- Create affordable housing that prioritizes renting to the ECE workforce.
Goal 4: Funding.

Build a well-funded, sustainable ECE funding system posed to leverage future investment efficiently.

- Assess the actual cost of high-quality ECE and reimburse all providers for their actual costs. We recognize the strategic need to begin with areas where care is most desperately needed, but we also underscore the importance of not stopping at funding these currently underserved populations. Most communities across the state report having some level of need for expanded care.

- Direct dedicated progressive revenue streams to resource the Early Childhood Education Fund and use this to build a high-quality, universally accessible and affordable Connecticut ECE system. Specific funding mechanisms may include:

  - increasing Connecticut’s estate and gift tax by reducing the exemption to $2 million and eliminating the maximum lifetime tax per estate;
  - increasing the top income tax rate on investment income from 6.99 to 8.99 percent for single and married tax filers making more than $500,000 and $1 million, respectively;
  - increasing the top income tax rate on CT Adjusted Gross Income from 6.99 percent to 7.99 percent for single and married tax filers making more than $500,000 and $1 million, respectively;
  - establishing a top tax rate of 8.29 percent for single and married tax filers making more than $1 million and $2 million, respectively;
  - eliminating or reducing Connecticut’s tax gap.

- other revenue options include adjusting Connecticut’s fiscal controls, increasing corporate taxes in a way that does not pass down the tax to the worker or consumer, and utilizing bonding dollars to create new classrooms and support innovations that aim to attract and retain early childhood educators in underserved parts of the state.

- Create a trust seeded with philanthropic dollars and the above revenue options to accumulate interest, and then move dollars to the Early Childhood Education Fund as needed for appropriations purposes.

ENDNOTES


5 Connecticut Care 4 Kids, “Income Guidelines for New Applications Received on or after Oct 1, 2023,” 2023, https://www.ctcare4kids.com/income-guidelines-for-new-applications/