THE STATE OF EARLY CHILDHOOD

A System in Transition

CONNECTICUT VOICES FOR CHILDREN

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NOVEMBER 2025

EXECUTIVE SUMMARY

Connecticut Voices for Children believes in a Connecticut where all children can thrive. Early care and education is a measured and proven way we as a state can set children up for success. Resourcing children during their most influential developmental years has lasting benefits for them, their families, and the state.[1]

Data about ECE across Connecticut:

- For this report, CT Voices analyzed key metrics in early care and education from 2014 to 2024 to understand how ECE is functioning in the State of Connecticut. Here are the report's key findings:
- There was little net gain in the number of enrollments for publicly funded ECE programs over the decade despite year to year change. Over the decade, the number of enrollments for the infant/toddler age group in publicly funded ECE saw a 34% increase, while the preschool age group enrollment in publicly funded ECE declined nearly 9%.
- For the infant/toddler age group, Care 4 Kids enrollment increased 15% from 2014 to 2024 however there was significant volatility from year to year. Despite the modest gain, by late 2024 into 2025, the waitlist for Care 4 Kids grew to over 3,000 children on the waitlist for the program.
- In 2024, Connecticut hit a decade low in the total number of ECE slots in the state, with 59,790 slots available statewide. When disaggregated by age group, divergent patterns emerge. Infant and toddler slots increased by 2,228 from 2023 to 2024, reflecting a nearly 13% increase. In contrast, preschool slots fell sharply to 39,943 in 2024, a 20% decrease from the previous year, amounting to the loss of nearly 10,000 preschool slots in a single year. Compared to 2019, infant and toddler slots have increased in number by less than 2% while preschool slots have decreased by nearly 30%.
- A persistent gap between the estimated demand of children likely needing care and the number of ECE slot counts remains concerning.
- Between 2014 and 2024, the total number of ECE providers declined from 4,527 to 3,861, a net loss of 666 providers or around 15% of statewide capacity. While there was a slight year-over-year increase of 14 providers (0.3%) between 2023 and 2024, this marginal growth does not offset the broader pattern of concerning and persistent decline.
- ECE providers remain under immense financial pressure, particularly those at FCCs. This is a result of exceptionally low wages and is demonstrated in the number of annual closures (210 FCCs and 60 CCCs in 2024).

1 Davis Schoch, A., Simons Gerson, C., Halle, T., & Bredeson, M. (2023). *Children's learning and development benefits from high-quality early care and education: A summary of the evidence.* OPRE Report #2023-226. Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services. https://www.acf.hhs.gov/opre/report/childrens-learning-and-development-benefits-high-quality-early-care-and-education

2025 Legislative Session

This was a landmark legislative session with a slate of bills that increase existing resourcing for ECE and introduce new ones. Here is a brief list and explanation for key ECE legislation:

- **Public Act 25-168:** established the Early Childhood Education Endowment, a new account that will be funded with the budget surplus that will offer additional funding towards ECE each year starting in 2026. It lays a path for ECE expansion, increasing ECE worker pay, and increasing affordability of ECE for families over the coming years as the fund grows.
- **Public Act 25-93:** increased allocations for the Office of Early Childhood (OEC) and Early Care and Education in FY26 and FY27 and introduced a $500 income tax credit for FCC owners.
- **Public Act 25-82:** introduces additional resources to address operational barriers identified by providers and advocates including a centralized portal for early care access and enrollment information, implementing prospective payment for Care 4 Kids, authorizes the creation of a fiscal map that tracks spending on ECE across the state, and directs the OEC to conduct studies on the rising costs of liability insurance of ECE facilities and delays in background checks needed for hiring prospective ECE workers.
- **Public Act 25-174:** Authorizes and establishes a schedule for the sale of $80M through state bonding that may be issued from 2026 through 2031 to fund a competitive grant program for the construction and renovation of child care facilities across Connecticut.

Policy Recommendations

The ECE system is primed to transition over the coming years. As these new programs and benefits are implemented, CT Voices offers a set of broader fiscal and economic policies that shape the financial securities of providers, families, and the children they care for. Making the state's tax system more equitable is essential to supporting the child care workforce, reducing barriers to employment for parents, and ensuring that public investments in early childhood are sustained and effective over time.These recommendations are designed to support the long-term success of Connecticut's ECE infrastructure by improving the systems that surround it.

1. Continue to fund the Early Childhood Education Endowment: The necessary but ambitious goals laid out in PA 25-168, can only be achieved through continuous investment of the Endowment, which may require the State enacting new progressive revenue. The changing federal landscape and the recently passed HR 1 will likely create roadblocks for the state budget that the General Assembly will have to navigate. Progress is fragile and must be chosen at each opportunity.

2. Index the Connecticut Personal Income Tax (CT PIT) to Inflation: Inflation indexing the CT PIT means annually adjusting the core components of the income tax—the personal exemption, tax brackets, and personal credit—to reflect changes in the cost of living. Without index inflation, year over year, child care workers and teachers experience tax increases, both in absolute dollar terms and as a percentage of their income when they receive cost of living salary raises, as they are positioned in the steepest part of the phase-in for the CT PIT and are therefore harmed the most by the lack of inflation indexing.

3. Hire More Auditors at the Connecticut Department of Revenue Services: CT Voices estimates the cost of inflation indexing the CT PIT to be $60.7M per year. In the 2022 DRS Tax Gap Report, the Department of Revenue Services noted that Connecticut suffers a tax gap of $3.7 billion, which is the difference between the total amount of taxes owed by individuals and businesses, assuming full compliance with the law, and the amount that is voluntarily paid on time. The majority of this is due to an underreporting of income, primarily that from non-wage income. The state's audit rates are exceptionally low at just 0.39% due to a lack of auditors. Increasing the number of auditors at DRS will help to close the $3.7 billion tax gap which would more than cover the cost of inflation indexing the CT PIT in addition to the state's ability to fund essential public services.

4. Expand Predictive Scheduling Protections: As outlined in previous CT Voices' reports, predictive scheduling policies, which ensure workers receive advance notice of work shifts and stable weekly hours, are a proven strategy to improve economic stability for low- and middle-income wage earners. Women and prime age workers and their decline in workforce participation is a core component of Connecticut's slow economic growth. A major challenge for this cohort in particular is securing child care when their work hours vary week to week. Predictive scheduling would allow working parents and guardians the time to find and maintain high quality child care and help to ameliorate some of the stress of balancing work with their family responsibilities. Similarly for child care workers, irregular working hours can add to the stress of their work, as well as impose challenges in managing their own child care needs. By establishing basic protections around scheduling, Connecticut can improve workforce participation across sectors, while also reinforcing the stability of its ECE workforce.

Bottom Line

Connecticut's early care and education system remains under strain after a decade of declining provider capacity, persistent supply-and-demand gaps, and volatile enrollment patterns, particularly for families with infants and toddlers. Despite a decade-low number of available slots in 2024 and a growing Care 4 Kids waitlist, the 2025 legislative session represents a turning point, investing in long-term infrastructure through an ECE endowment, systems reforms, and capital funding. To ensure these gains take root, Connecticut must pair new ECE investments with broader economic and fiscal policies that stabilize families and the workforce, protect provider viability, and sustain progress over time.