



STATE OF CONNECTICUT

OFFICE OF EARLY CHILDHOOD



Connecticut Office of
Early Childhood

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Governor
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Testimony of Linda Goodman, Acting Commissioner Office of Early Childhood Before the Appropriations Committee November 18, 2016

Good morning, Senator Bye, Representative Walker and distinguished members of the Appropriations Committee. I am Linda Goodman, Acting Commissioner of the Office of Early Childhood. I am here today to testify concerning the \$8.1 million Birth to Three and \$5.4 million Care 4 Kids program deficiencies.

Birth to Three

Birth to Three is a federal and state entitlement program under Part C of the Individuals with Disabilities Education Act and under 17a-248 of the Connecticut General Statutes. Our Birth to Three System supports families in meeting the needs of their infants and toddlers who are eligible due to significant developmental delays or disabilities.

Funding for the Birth to Three System is comprised of state appropriated funds, federal funds under IDEA Parts B and C, Medicaid, commercial insurance reimbursement and parent fees. 96% of all funding is used for direct services for families of children with significant delays in their development.

The Office of Policy and Management, in the November 15, 2016 Fiscal Accountability Report, reported an \$8.1 million deficiency in the Birth to Three System for the current fiscal year. The components of the shortfall are as follows:

- **\$500,000** – Increase in caseloads from FY16 of 1.41% representing an average increase of 67 children per month.
- **\$1.3 million** – Increase from FY16 of 2.1% in the number of children needing more intensive services, primarily children diagnosed with an autism spectrum disorder. This represents an average increase of 10 children per month.
- **\$6.3 million** – FY16 deficiency amount that was not annualized in the FY17 budget.

The Office of Early Childhood has taken steps to bring the Birth to Three deficiency down to the \$8.1 million level. The unit rate paid to contracted providers has been reduced by 1%. In addition, supplemental rates have been reduced by 1% for fewer than 40 hours of service per month and by

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10% for more than 40 hours of services per month. In addition, Child Development Infoline, our client intake contractor, has been given updated information about all available service options so that referrals can be triaged to the most appropriate service. This referral triaging may reduce the number of evaluations, which would also result in savings.

It is important to note that the Birth to Three System generated \$12 million in federal Medicaid reimbursement in FY16 and anticipates generating \$13 million in FY17. Consistent with the FY17 appropriations, \$7.25 million in General Fund dollars are transferred from DSS to OEC as well as the corresponding federal match of \$7.25 million.

Care 4 Kids

The Care 4 Kids program is Connecticut's child care subsidy program for low- and moderate-income families administered under the Child Care Development Fund (CCDF). Families receiving TANF, Families who are former TANF recipients, teen parents ages 18 and 19, and working families earning less than 50 percent of the State Median Income (SMI) are eligible for the child care subsidy. This latter group is known as Priority Group 4. The total allocation for the Care 4 Kids program for FY17 is \$122,130,084 of which \$53 million is federal funding under CCDF.

The Office of Policy and Management, in the November 15, 2016 Fiscal Accountability Report, reported a \$5.4 million deficiency in the Care 4 Kids program for the current fiscal year. The projected shortfall is largely due to new federal CCDF requirements with which states must comply in order to receive the federal allocation. As a result of the federal requirements, families are now enrolled in the program for longer periods of time. Therefore, the monthly enrollment which in previous years would have balanced out with families exiting and families enrolling increased as of July and has stayed at a higher enrollment level for the same period for FY16.

To address the projected Care 4 Kids shortfall, the Office of Early Childhood took early steps and closed Priority Group 4 to new applicants, effective August 1, 2016. Priority Group 4 comprises about two-thirds of the entire Care 4 Kids caseload. The Office of Early Childhood has closely monitored enrollment and expenditure data to assess whether the August 1 closure to new applicants would be sufficient to remain within available appropriations. Based on this data, we have determined that despite the closure of Priority Group 4, there is a projected deficiency in the Care 4 Kids program. The Office of Early Childhood is examining all possible options to balance the needs of children and families with the level of resources available for the program.

Thank you for the opportunity to testify today. I am joined today by Pietro Rosato, Fiscal Administrative Manager and Lynn Johnson, Director of the Family Support Division. We are happy to answer any questions that you may have.