Connecticut’s Early Childhood Education System

Blue Ribbon Panel on Child Care

April 19th, 2023
ECE in Connecticut

Blue Ribbon Panel on Child Care
Connecticut’s children

- **215,110** Children under 5 years in age as of 2020
- **34,012** Births in Connecticut in 2018
- **Race/Ethnicity:** 0-4 years of age (2020): 0.5% American Indian/Alaska Native, 6% Asian, 12% Black, 28% Hispanic/Latino, 0.5% Hawaiian/Pacific Islander, 50% White, 4% Two or more races
- **69,521** three- and four- year-olds in CT (2017+2018 births)
- **32,256** children enrolled in public school kindergarten in 2020-21, versus 36,566 in 2019-20
- **16.3%** of students in public schools are enrolled with Special Education Status.
- **42.7%** of students in public schools are eligible for Free & Reduced-priced meals.
- **12.3%** of children (under age 18) are in households with income below Federal Poverty Level.
- **15.5%** of children (under age 18) in families that receive public assistance in Connecticut.

Source: OEC At-A-Glance
Challenges in Connecticut’s early childhood education space

Parents
- Parents have trouble accessing affordable, high quality care that meets their family needs (e.g., by day part, child needs, provider type, cultural preference)
- Parent fees are often in excess of 15% of household income, well in excess of the recommended 7%
- Infant/toddler care highly expensive and accounts for the majority of unmet need

Providers
- Labor shortages are widespread, and reflect the fact providers are unable to earn a living wage
- Low wages impede quality
- Providers often charge less than the full cost of care due to parents’ inability to afford it
- Even with current low wage levels, providers are predicted to be unprofitable based on market rates
- Despite unmet need for care, many providers have difficulty or chose not to maximize their enrollment

Employers and Connecticut’s Economy
- Employers lose revenue from absences, reduced productivity, unfilled positions and turnover and the state experiences reduced tax revenues and increased demand public services due to inadequate care
- This is estimated to cost the state $1.5B; yet research shows that quality early childhood has the highest estimated social return on investment at 13%

Communities
- Communities are adversely impacted when children do not have access to high quality early childhood education. It is an issue of equity in our state as community needs and approaches vary widely
Connecticut has numerous, complex sources of funding for early childhood education

1. Includes IDEA, MIECHV, and Preschool Development Grant Birth through Five

Source: First Five Years Fund, OEC Website, Connecticut State Budget FY23 Revisions, Expert Interviews
CT State Funded Early Childhood Education Programs

- **School Readiness (SR):** 11,879 school readiness full-day, part-day and extended day spaces for 3- and 4-year-olds in 301 sites in 67 communities. 9,781 children participated through December 2022. 60% of families make less than 75% SMI.

- **Child Day Care Centers (CDC):** 3,123 spaces filled in Dec. 2022, at 97 sites in 47 communities. 90% of families working and 60% of families make less than 75% of SMI.

- **Smart Start:** 650 spaces for 3- and 4-year-old children in 44 classrooms in 23 districts with 650 child participating. Priority to districts with 60% of families earning below 75% SMI.

- **Public School Preschool:** 15,300 children enrolled, funded by Local Education Agencies often using some of their state ECS and IDEA Part B funding. May be some overlap in count with SR.

*Source: OEC*
State, Federal & Jointly Funded Early Childhood Education

- **Federal Head Start:** 3,296 children ages 3 to 5 in 22 federally funded programs that support school readiness for children from low-income families by supporting the development of the whole child, including connecting families with support to ensure children receive all the services they need.
  - State Head Start Supplement: funds 47 sites in 34 communities to create 264 additional full-day/full-year spaces and 994 additional extended year spaces, serving 730 children.
  - State to Extend Federal Early Head Start: 1,674 children ages birth to 3 and 70 pregnant women in 18 programs

- **State Early Head Start-Child Care Partnership:** 3 grantees, 44 providers, serving 222 children.

- **Federal and State Match: Care 4 Kids (C4K) Child Care Subsidies:** 25,124 children in 16,814 families received C4K services. 5,494 providers.
  - Program provides vouchers to help low- and moderate-income families pay for child care. May overlap with School Readiness and CDC. (e.g. family of 4 earning less than $65 k/yr.).

*State and Federally funded sites account for about 32% of all licensed spaces.*
CT ECE Licensed Centers 2013-2023

# CT Licensed Centers 2013-2023

Source: OEC Licensing
CT ECE Licensed Center Capacity 2013-2023

Source: OEC Licensing
CT ECE Licensed FCC Capacity 2013-2023

Source: OEC Licensing
Center Based Child Care Ratios in US, CT and NAEYC Accreditation Standards

Source: Childcare.gov
Parent Survey Results

OEC Parent Survey
2022

Affordability

- 17% of families with young children reported spending more than 30% of their income on child care.

- Almost one-third (31%) of families earning less than $25,000 reporting paying for child care entirely from their own income.

Source: OEC Parent Survey
Parent Survey Results

Child Care Impact on Job Choice
on a scale of 1-10

Infants & Toddlers

- 7% (Not at all)
- 2% (Somewhat)
- 3% (Still)
- 2% (Some)
- 8% (Somewhat)
- 6% (Still)
- 11% (Some)
- 15% (Enough)
- 8% (Type)
- 36% (A great deal)

Preschoolers

- 7% (Not at all)
- 2% (Somewhat)
- 3% (Still)
- 3% (Some)
- 9% (Somewhat)
- 7% (Still)
- 11% (Some)
- 17% (Enough)
- 8% (Type)
- 33% (A great deal)

1 = Not at all
10 = A great deal
According to Center of American Progress estimates, CT’s ECE costs are among the highest in the US, along with other high cost-of-living states.

### 2021 per child costs by state relative to the national average

<table>
<thead>
<tr>
<th>Infants, CCC, % of national average</th>
<th>National average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts 151.6%</td>
<td>New York 141.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pre-K, CCC, % of national average</th>
<th>National average</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York 129.0%</td>
<td>New Jersey 128.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FCC, % of national average</th>
<th>National average</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jersey 124.1%</td>
<td>New York 119.7%</td>
</tr>
</tbody>
</table>

Source: Center for American Progress (2021)

1. Center of American Progress estimates differ from the UConn cost of care for infants and FCCs.
Despite infant/toddler costs being about twice pre-k costs, pre-k receives more than 3x the funding

- Infant care costs are nearly double pre-k costs driven by student teacher ratios
  - Estimated infant costs: $26K per year
  - Estimated preschool costs: $11.8K per year

- Pre-k receives roughly 3.15x the total amount of infant/toddler care despite greater unmet infant and toddler demand

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2021 Connecticut early childhood education public funding sources

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Infant/Toddler</th>
<th>Preschool</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEA¹</td>
<td>4.6</td>
<td>162.3</td>
</tr>
<tr>
<td>OEC²</td>
<td>47.8</td>
<td>84.2</td>
</tr>
<tr>
<td>C4K³</td>
<td>28.2</td>
<td></td>
</tr>
<tr>
<td>EHS⁴</td>
<td>25.3</td>
<td>49.7</td>
</tr>
<tr>
<td>NFN⁵</td>
<td>5.1</td>
<td>49.4</td>
</tr>
<tr>
<td>2Gen⁶</td>
<td>0.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Total</td>
<td>$111.3M</td>
<td>$351.0M</td>
</tr>
</tbody>
</table>


Although infants and toddlers represent virtually all unmet need, there are wide ranging estimates of true parent demand for formal care

In 2022, Bipartisan Policy surveyed 1,000 working parents in the U.S. who use informal childcare. 91% of those parents who have children under the age of 4 are satisfied with their arrangement. Even if childcare was free and convenient, 57% would prefer informal care.

In Connecticut, an assumption could be made that in total, 40-50% of parents prefer formal childcare for infants and toddlers which should be adjusted for unpaid leave.

<table>
<thead>
<tr>
<th>Assumption Description</th>
<th>I / T Demand Assumption</th>
<th>I / T Unmet Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census data minus slots supplied in CT with both parents in workforce</td>
<td>72.5%</td>
<td>47,278</td>
</tr>
<tr>
<td>Figure above, adjusted for proportion of children with both parents in workforce and paid leave</td>
<td>64.1%</td>
<td>39,384</td>
</tr>
<tr>
<td>Estimated range nationally according to Bipartisan Policy survey incorporating paid leave adjustment</td>
<td>44.2%</td>
<td>20,602</td>
</tr>
<tr>
<td></td>
<td>39.8%</td>
<td>16,428</td>
</tr>
<tr>
<td></td>
<td>35.4%</td>
<td>12,254</td>
</tr>
</tbody>
</table>

While pre-k supply exceeds demand in total across the state, 95 towns have excess capacity and 74 towns have unmet need.

Source: U.S. census, BLS, Bipartisan Policy
Using market rates, 2021 system wide funding flows are estimated to be $1.41B at capacity, with $350M in non-recurring funding.

2021 Connecticut early childhood education funding sources

<table>
<thead>
<tr>
<th>Million USD</th>
<th>Non-recurring funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals:</td>
<td>550</td>
</tr>
<tr>
<td>CCDF: ARP Stabilization</td>
<td>170</td>
</tr>
<tr>
<td>CCDF: ARP</td>
<td>111</td>
</tr>
<tr>
<td>CCDF: CRRSA</td>
<td>71</td>
</tr>
<tr>
<td>CCDF</td>
<td>74</td>
</tr>
<tr>
<td>TANF²</td>
<td>26</td>
</tr>
<tr>
<td>Head Start²</td>
<td>75</td>
</tr>
<tr>
<td>Other Grants¹</td>
<td>23</td>
</tr>
<tr>
<td>Federal</td>
<td>275</td>
</tr>
<tr>
<td>OEC</td>
<td>258</td>
</tr>
<tr>
<td>Intra-district Charter and Magnet</td>
<td>17</td>
</tr>
<tr>
<td>LEA</td>
<td>158</td>
</tr>
<tr>
<td>State</td>
<td>427</td>
</tr>
<tr>
<td>Philanthropies²</td>
<td>10</td>
</tr>
<tr>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>Est. Parent Fees³</td>
<td>417</td>
</tr>
<tr>
<td>Grand Total: ~$1.41B</td>
<td></td>
</tr>
</tbody>
</table>

3. Estimated parent fees calculated based on 2022 OEC Market Rate Survey and UConn Childcare Supply Data, assuming 100% enrollment. Actual parent fees are likely lower.

According to the UConn cost of care analysis and current registry salaries, personnel costs make up ~50-80% of prototypical provider costs.
**Enrollment is a driver of system stability as providers are operating at ~80% which implies more than $280M of foregone net income**

### System-wide Net Income at Different Levels of Enrollment*

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>Size</th>
<th>100%</th>
<th>90%</th>
<th>80%</th>
<th>70%</th>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Childcare Centers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td></td>
<td>-$56 M</td>
<td>-$88 M</td>
<td>-$120 M</td>
<td>-$152 M</td>
<td>-$184 M</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td>-$50 M</td>
<td>-$112 M</td>
<td>-$173 M</td>
<td>-$235 M</td>
<td>-$296 M</td>
</tr>
<tr>
<td>Large</td>
<td></td>
<td>-$27 M</td>
<td>-$60 M</td>
<td>-$93 M</td>
<td>-$126 M</td>
<td>-$158 M</td>
</tr>
<tr>
<td><strong>Family Childcare Centers</strong></td>
<td>N/A</td>
<td>$31 M</td>
<td>$16 M</td>
<td>$2 M</td>
<td>-$12 M</td>
<td>-$27 M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>N/A</td>
<td>-$102 M</td>
<td>-$243 M</td>
<td>-$384 M</td>
<td>-$525 M</td>
<td>-$666 M</td>
</tr>
</tbody>
</table>

*Note:

This analysis relies on the Cost of Care prototypical provider expenses and net revenues. Individual provider P&Ls may look very different as providers likely reduce or forego expenditures (e.g., discretionary benefits) because market rates do not cover the true cost of care.

Note: FCC net income reflects provider net earnings after assuming predicted FCC provider Cost of Care compensation.

Source: The Cost of Providing Early Childhood Education and Care in Connecticut: A Narrow Cost Analysis
Blue Ribbon Planning will estimate the costs and impacts of a range of potential strategies to address systemwide issues and opportunities

<table>
<thead>
<tr>
<th>Improve enrollment</th>
<th>Improve quality of care</th>
<th>Improve equitable access and affordability</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g., parent navigation and enrollment management systems, advertise, list center on referral agencies, social media, offer parent support resources)</td>
<td>(e.g., built-in planning time, coaching, nutrition support, behavioral health screenings, hire staff reflective of the community)</td>
<td>(e.g., increase per child reimbursement, expand or build new centers in high need communities, convert unused pre-k classrooms to infant and toddlers,)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase provider pipeline and decrease attrition</th>
<th>Partner with businesses and nonprofits in the community</th>
<th>Provide teacher training and apprenticeships</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g., offer competitive pay, improve/offer benefits)</td>
<td>(e.g., partner with a local college, public schools, cultural centers, aquarium, museums or science museum, secure in-kind donations)</td>
<td>(e.g., set aside hours for training, access to free webinars)</td>
</tr>
</tbody>
</table>
All families in Connecticut will have access to an equitable and community-driven early education and care system that improves outcomes for children and families. To achieve long-term sustainability, this system will be grounded in recognition of the full cost of a professional and well-compensated workforce providing high-quality care.
OEC All Funds Budget Overview 2019 - 2023

* Proposed General Fund

**Includes $50M one-time general fund wage support funding

Source: OEC
OEC Stabilization Efforts Advanced Strategic Pillars

**System Vision**
Eliminate disparities in access to high quality care across racial and socioeconomic lines

**Current State**
94% of Black & Hispanic families with young children do not earn enough to afford Infant & Toddler care without financial assistance

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**System Vision**
Expand capacity and affordability to high quality settings to meet needs of eligible CT families

**Current State**
73% of towns lack Infant & Toddler slots
38% of towns lack Pre-K slots

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**System Vision**
ECE workforce highly trained & high-quality, compensated appropriately; expanded access, creates new jobs across the state

**Current State**
ECE teachers make (58% - 70% of State Median Income on average

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**Equitable System**

**Increased Access**

**Provider Stability**

**CT Children & Families**

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**Invest in ECE Workforce**

**Community Voice**

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**Outcomes-Oriented**

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**System Vision**
Funding and quality improvement TA support providers in delivering high-quality programs that meet family needs

**Current State**
Lack of compensation for the full cost of high-quality care makes providers fiscally unstable

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**System Vision**
Responsive to community & workforce needs; accountable to families, more information to families about quality

**Current State**
Stakeholder & workforce input has informed understanding of pain points and ECE vision. Lack of parent voice in system

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**System Vision**
Collective accountability for child outcomes & high-quality programming; communication between OEC & communities to respond to needs. Innovative quality rating and improvement systems

**Current State**
Compliance focused mindset necessitating burdensome reporting requirements, very poor data about child outcomes.
Expanded Access to Care 4 Kids for Families

Care 4 Kids Subsidy Increases During COVID – Help for Families and Programs

The total number of children served by the Care 4 Kids program is projected to increase.

Total expenditures for Care 4 Kids is also projected to increase.

Source: OEC
OEC Stabilization Investments

- Stabilization Grants
- Wage Supports
- Workforce Pipeline
- Infant/Toddler Slots, Study
- Expanded Access to Care 4 Kids for Families
- Staffed Family Child Care Networks/Support
- Facilities Investments
- Quality Improvement Efforts
  - HED Lab School Investments
  - Accreditation Fees Paid
  - ELEVATE - QIS System
  - Behavioral Health Initiatives
CT ECE Strengths

- Paid Family Medical Leave
- Most NAEYC Accredited ECE Programs in USA
- Dedicated Office of Early Childhood
- Strong ECE Health and Safety Regulations
- Significant Dedicated State Funds for Preschool and Child Care
- Staffed Family Child Care Support Networks are a CT Innovation
- Philanthropy with History of ECE Systems Support
- ELEVATE - National Model Quality Improvement System
- Research Partnership with UCONN
- United Way Resource and Referral
- Gubernatorial Focus
- Strong CT Legislative Support
- Business Interest and Engagement