

**Blue Ribbon Panel on Child Care
July 31, 2023 Panel Meeting Minutes**

Welcome/Initial Remarks:

Commissioner Beth Bye introduced the meeting and explained the focus on funding and costs.

Commissioner Bye explained that the meeting's work is grounded in the data that we have, which is imperfect. We are taking the data we have and adapting based on your feedback. We will continue to refine recommendations.

Commissioner Bye shared meeting agenda:

1. Welcome and Initial Remarks
2. Workgroup Context
3. Current State Analysis and Future Investment Estimates
 - Questions and answers
4. Preliminary Draft Funding and Costs Recommendations
 - Breakout rooms discussion facilitated by OEC Leadership
5. Wrap-up

Commissioner Bye reviewed the overall timeline and explained that these same recommendations will be presented to the Blue Ribbon Panel . She reiterated that these recommendations are preliminary and have to be socialized to gain input.

Discussion of Preliminary Draft Funding and Costs Recommendations: *Commissioner Beth Bye introduces Julie Giaccone to talk through the Funding and Costs Workgroup Goal*

- Redesign the ECE funding system to maximize resources, address future child development and educational needs, and ensure equity and sustainability
- The workgroup has drafted recommended strategies to the Blue Ribbon Panel related to three areas:
 - Funding uses
 - Maximizing current resources
 - Funding strategies
- Important note: the recommendations on the subsequent slides are preliminary based on current work, and promising practices here and across the country. They will be prioritized and refined based on feedback from the public, guidance from the panel, and key stakeholders. They will then be tested for feasibility and impact.
- Funding and Costs Problems and Opportunities

- The current level of local, state, federal, and family funding for early care and education (ECE) in Connecticut poses significant challenges. With the exception of public school ECE which is fully funded, funding levels are too low.
- Affordable, high quality child care is out of reach for many families and system funding fails to take into account the cost of providing care, thus impacting access and quality.
- This funding challenge suppresses demand for child care, resulting in lower levels of workforce participation by working parents, especially women, thereby hurting the Connecticut economy, and leaving children underprepared for kindergarten and their future.
- The current funding model results in programs paying teachers at levels significantly below the K-12 system, leading to high turnover and an inability to attract new educators to the field.
- Geographies like Canada, Washington DC, New York City, Massachusetts, Vermont, Colorado, and New Mexico have addressed similar challenges by committing to substantial funding system changes.
- These investments have resulted in higher levels of workforce participation by families, especially women, and significantly improved educational results for children.
- In Connecticut, the Connecticut Business Industry Association (CBIA) estimates that if women were to reach the same workforce participation rates as men, the roughly 100,000 job openings in the state would be more than filled.
- Connecticut has a foundation on which to make a similar commitment.
 - State-funded programs and subsidies provide early care and education for more than 37,000 infants, toddlers, and preschoolers.
 - Federal Head Start and local schools provide ECE for an additional 20,300.

Current State Analysis and Future Investment Estimates:

System Supply By Type of Provider

Number of Providers by Provider Type

Provider Type	Count
Small CCC	432
Medium CCC	598
Large CCC	278
FCC	1,785
Sub-Total	3,093
Public School	470
Total	3,563

Source: UCONN Omnibus Data (dated 4-23-2023); Public School Data is based on Omnibus report and Edsight Data.
Note: This data excludes all closed, summer programs, and school-age-only-providers.

System Supply by Seats by Age Served

Estimated System Licensed Capacity
By Provider Type By Age Served

Provider Type	Total Infant/Toddler Licensed Seats	Total Pre-K Licensed Seats	Total Licensed Capacity
Small CCC	2,523	7,979	10,502
Medium CCC	11,141	23,096	34,237
Large CCC	13,390	23,908	37,298
FCC	3,568	7,136	10,704
Sub-Total	30,622	62,119	92,741
Public School*	-	20,823	20,823
Total	30,622	82,942	113,564

Source: Omnibus Data (dated 4-23-2023); Public School Data is based on Omnibus report and Edsight data.
Note: Public school capacity refers to all slots in schools, including state-funded slots. Excludes all closed, summer programs, and school-age-only-providers.

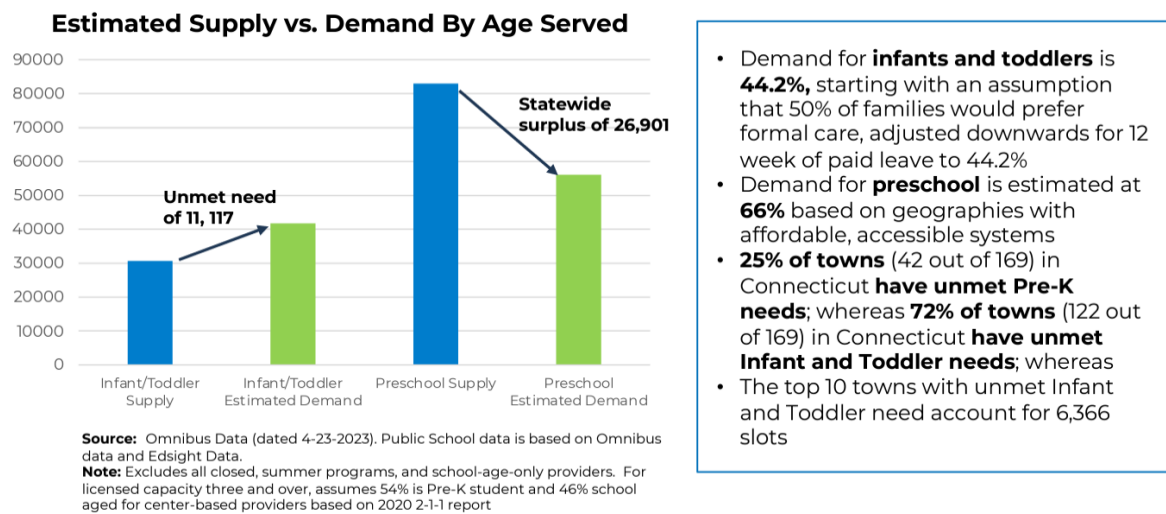
Key Assumptions:

- System supply is based on licensed capacity for state licensed FCCs and Child Care Centers.
- The OEC licensed capacity numbers break out infant and toddler seats as a separate category, but they combine school aged and preschool seats.
- This analysis divides the seats for programs that offer both, based on a 2-1-1 report from 2020 based on survey information. The data in this reports suggests that 54% of these seats are preschool and 46% are school aged seats.

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Predicted System Demand versus Supply



- Demand for infants and toddlers is 44.2%, starting with an assumption that 50% of families would prefer formal care, adjusted downwards for 12 weeks of paid leave to 44.2%.
- Demand for preschool is estimated at 66% based on geographies with affordable accessible systems.
- 25% of towns (42 out of 169) in Connecticut have unmet pre-K needs, whereas 72% of towns (122 out of 169) in Connecticut have unmet infant and toddler needs.
- The top 10 towns with unmet infant and toddler needs account for 6,366 slots.

BREAK – Questions and discussion – *Commissioner Beth Bye opened up the floor for questions and discussion:*

- Questions related to the reported 66% opt-out rate for infant and toddler care.
 - OEC shared that 50% of families prefer family arrangements to formal child care. We are making assumptions based on what we have now.

- A provider shared that people do things because they have to. If we had care, we would see more people putting their kids in care and not pulling toddlers out of preschool. Are they doing that because care is cost-prohibitive?
- Some question the opt-out number, saying that it seems really high and should be flagged. Suggestion to look at the opt-in rate in Germany to understand what demand looks like if it is affordable.
- It was noted that paid leave saves 8,000 toddler spaces – consideration around extending leave or offering splitting of leave.
- It was confirmed that these numbers do account for children who will remain in preschool who will now not make the kindergarten cut off starting in September 2024. Legislation was passed that requires children to be age 5 by September 1 to be eligible for kindergarten effective September 2024; the current date to be age 5 is January 1.

OEC Team continued the presentation

Considerations Related to Potential Incremental Investments

- The Funding and Costs Workgroup estimated incremental investments related to increased workforce compensation, access, and affordability based on recommendations from other workgroups:
 - Equity and Access: related to increasing access and affordability
 - Workforce and Quality: related to providing professional wages and benefits, above all other workforce-related recommendations
 - Systems: related to a host of recommended systems investments to be estimated in the coming weeks
- There are a variety of potential funding sources for any incremental investment – federal, state, local, families, philanthropy, and employers.
- The state only has direct funding mechanisms for a portion of providers in the system; much of the system is private.
- The following estimates are some critical initial investment ideas. Based on feedback for stakeholders and panel members, estimates will be refined and new options may be considered.

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Estimates Related to Potential Incremental Investments

Estimates of Increased Workforce Salaries and Benefits Investments for Centers and Family Child Care Providers*

*Excluding public schools

System	Parameter	System Cost (\$ in Millions)
Current cost of FCCs & CCs	Workforce Registry	\$1,299
Systemwide Salary Changes According to Proposed Salary Schedules	Salary Enhancement-Mid Level	\$443
Change in Non-Discretionary Benefits	Salary Enhancement-Mid Level	\$59
Systemwide Changes in Proportional per FTE Benefits Only	Salary Enhancement-Mid Level (12%)	\$76
System-wide Changes in per FTE Discretionary Benefits	Fixed \$ Amount per FTE (\$9,085)	\$175
Total Changes to All CCC and FCC Compensation	Salary Enhancement-Mid Level	\$753

Salary Enhancement-Mid Level

57.9% increase from baseline system cost for FCC and CCCs

- 38.6% increase in salaries and mandatory benefits
- 19.4% increase in salaries are discretionary benefits

Source: UCONN Omnibus Data (dated 4-23-2023). *Public School Data is based on Omnibus report and Edsight data.
Note: Excludes all closed, summer programs, and school-age-only providers. For licensed capacity three and over, assumes 54% is Pre-K student and 46% school aged for center-based providers based on 2020 2-1-1 report. Expense assumptions are derived from Narrow Cost Analysis/PCQC.

Salary Enhancement – Mid-Level

- 57.9% increase from baseline system cost for FCC and Centers
 - 38.6% increase in salaries and mandatory benefits
 - 19.4% increase in salaries and discretionary benefits

The proposed salary schedule that was submitted to the legislature was used. Based on the data in the Workforce Registry, the additional would equate to \$753 million.

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Estimates Related to Potential Incremental Investments

Estimates of Increased Workforce Salaries and Benefits Investments for OEC State-Funded Programs

System	Parameter	System Cost (\$ in Millions)
Current cost of FCCs & CCCs	Workforce Registry	\$157
State-Funded Salary Changes According to Proposed Salary Schedules	Salary Enhancement-Mid Level	\$57
Change in Non-Discretionary Benefits	Salary Enhancement-Mid Level	\$7
State-Funded Only Changes in Proportional per FTE Benefits Only	Salary Enhancement-Mid Level (12%)	\$8
State-Funded Only Changes in per FTE Discretionary Benefits	Fixed \$ Amount per FTE (\$9,085)	\$26
Total Changes to State Funded Program Compensation	Salary Enhancement-Mid Level	\$97

Salary Enhancement-Mid Level
61.8% increase from baseline system cost for CCCs
 • 40.4% increase in salary and mandatory benefits
 • 21.4% increase in salaries are discretionary benefits

Net investment may be offset by Care 4 Kids Funding

Source: UCONN Omnibus Data (dated 4-23-2023). *Public School Data is based on Omnibus report and Edsight data. **Note:** Excludes all closed, summer programs, and school-age-only providers. For licensed capacity three and over, assumes 54% is Pre-K student and 46% school aged for center-based providers based on 2020 2-1-1 report. Expense assumptions are derived from Narrow Cost Analysis/PCQC.

Salary Enhancement – Mid-Level

- 61.8% increase from baseline system cost for Centers
 - 40.4% increase in salary and mandatory benefits
 - 21.4% increase in salaries are discretionary benefits

The additional costs for state-funded programs is \$97 million. There is a potential offset by Care 4 Kids funding.

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Estimates Related to Potential Incremental Investments

Estimates Related to Affordability

Scenario	Incremental Year One Costs in Millions
Increasing eligibility to 70% of SMI	\$6.9
Capping parent co-pay at 7%	\$3.4
Presumptive Eligibility (allow families applying for Care 4 Kids to receive temporary approval while their application is being processed)	\$11.1
Removing barriers to applications/improved navigation yielding an estimated 10% increase in successful applications	\$18.9
Cost-sharing, Tri-Share Model	\$0.5

Source: OEC analysis

Estimates related to potential incremental investments and ways to make more affordability were shared.

- Increasing eligibility to 70% of SMI
- Capping parent copay at 7% of income
- Presumptive Eligibility – receive temporary approval while application is being processed
- Removing barrier to applications/improved navigation yielding an estimated 10% in successful applications
- Cost sharing - Tri-Share model

Estimates Related to Increasing Access

- Expanding contracted infant and toddler slots:
 - Increasing the state-funded contracted infant/toddler program would represent an incremental cost of \$50 million and add an additional 2,600 slots. Increasing access to start-up funds for family child care homes and facility classroom conversion costs for centers could also support increased infant and toddler care.
- Expanding Smart Start:
 - The Smart Start program is relatively low-cost for the state at only \$5,000 per child, supplemented with local school funds. Smart Start classrooms also serve a disproportionate number of children with special needs, serving an average of 28% versus the state average of 16.3%. Tripling this program would only cost \$6.7 million and would increase access by nearly 1,900 students, and expand access for approximately 530 children with special needs as well.

BREAK – Questions and discussion – *Commissioner Beth Bye opened up the floor for questions and discussion:*

- Clarity was requested related to the 7% parent copay being based on adjusted gross income from previous year's tax returns. OEC confirmed it is based on gross income.
- More detail was requested for the rate of the 2,600 slots noted and what the cost per slot would be.
- A concern around leaning on local school boards was raised.
- The Care 4 Kids numbers seem small and it was requested that the numbers be looked at again. It was noted that we can increase how we let families know about these benefits and that we can make it easier to apply.
- The idea of families not paying more than 7% was welcome, but there were questions around how the loss of provider revenue would be offset. OEC will run numbers and scenarios to see how this can work.

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Overarching recommendation

There is no greater social return on investment than early childhood



Therefore, it is the overarching recommendation of the Funding and Costs workgroup that the Blue Ribbon Panel proposes a commitment to adequately and equitably fund an accessible, affordable, high-quality early childhood system for Connecticut families

It was shared that there is no greater return on investment than early childhood at 13%.

Preliminary Draft Funding and Costs Recommendations to the Blue Ribbon Panel:

- Subgoal Recommendations to the Blue Ribbon Panel
 - Funding Uses for Financial Modeling and Planning
 - Commit to adequately and equitably funding an accessible, affordable, high-quality early childhood system for Connecticut families.
 - Invest to support professional compensation and benefits for state-funded programs
 - Invest to increase affordability for low- to middle-income families
 - Invest to support increased access, especially for infant and toddler care, and children with special needs
 - Invest in new and improved systems (estimates of one time and ongoing expenses to come)
- Maximizing Current State, Local, and Federal Resources
 - Support Systems recommendations to develop a more flexible and responsive system matching supply and demand, and increasing utilization of the current system through incentives and enrollment management systems
 - Leverage the Early Childhood Cabinet to focus on children to systematically identify potential cross-agency opportunities for alignment and collaboration, similar to the newly formed Workforce Cabinet

- Leveraging Head Start partnership braiding, blending, and layering funding (e.g., to expand Early Head Start Child Care Partnership)
- Grow partnership with SDE (e.g., evaluate public school facility footprint to identify potential for donated or subsidized space; consider options to expand IDEA Part B, Title 1 services for young children)
- Support Systems recommendation for community needs assessment and governance system to systematically identify local assets that can leverage for early care and education
- Funding Strategies
 - Convene senior state leaders and stakeholders to advise on identifying promising incremental ECE funding sources and mechanisms, building on examples from other geographies and assessing them for match with Connecticut.
 - In partnership with CBIA, continue to convene businesses to identify their preferred method(s) of engagement in support of ECE. In particular, assess interest in and ideas for the potential structure of cost-sharing public-private models, similar to Tri-Share, particularly for larger employers, to serve employee populations just out of reach of subsidies.
 - Develop recommendations for utilizing the Early Childhood Education Fund, including potential funding strategies, purpose structure, resourcing and governance, leveraging the examples of other public fund models.
 - Cultivate relationship with key potential funders to expand philanthropic funding for select ECE investments, especially for one-time catalytic systems and facilities investments.

Breakout sessions: *Commissioner Bye and Julie Giaccone facilitated the dissemination of breakout sessions where the following questions were discussed:*

- General reactions
- What do you need more clarity on?
- What would you prioritize or deprioritize?
- What's missing?
- What questions on recommended strategies?
- Where should the workgroup dig in further?

Topics discussed included:

- Appreciated the idea of 7% cap – has to be funding on the other side to give providers the balance of tuition they are due.

- Reiterated the concern around the numbers being used for 66% opt-out rate. Would like to look at numbers by specific ages. If all have access to care that is affordable at the time they want, then numbers would be much higher.
- Encouraged the group to envision what we want the world to be, not what it is now. “Are we designing a system we want or reacting to the system we are in? We shouldn’t use data based on what it is. But based on what we want it to be in the future.”
- System fixes and updated portal will help save hours of administrative work.
- Can infrastructure changes be considered – taking away rents and mortgages for programs – so they can reinvest into teachers salaries?.
- Access and ease of subsidies was a major topic. Care 4 Kids (C4K) concerns:
 - Idea of C4K eligibility presumption is a great one – a 3-month lag in payments is not feasible for parents or centers. Even 30 days is tough.
 - Look at inefficiencies in our C4K system. Are we looking to revamp based on what we currently have or build a system for what we want it to be?
 - Want to know what percent of families who are eligible are accessing subsidies? How many are thwarted from using based on difficulty of applying, time delay, challenges?
 - C4K – Getting phone calls from providers for children with special needs. There’s a hold up in the problem with processing paperwork.
 - How are we making sure families know about the programs offered?
- .
- The issue is also about the supply of child care. There is a shortage of 15,000 slots if you count all the towns with shortage. Regardless of the demand, there’s a lack of infant/toddler slots. We know that these young children are not having a high-quality, consistent experience.
 - A story was shared about struggling to find care for a child who is 8 months old. Lack of infant/toddler slots in her area (Greenwich).
- Consider disparities in availability and funding in highly vulnerable communities across the state – there are only 1-2 providers. There are other communities that have multiple providers. With new funding how do we disperse funding in an equitable manner?
- Stability for providers – there hasn't been support to pay the minimum wage of substitutes or other personnel to let the providers breathe a little bit more calmly.
- Request for more context around the SMI 70% data.
- Importance of collaborating with SDE to tracking kids/infants/toddlers through Grade 3 – how can we improve?
- Include after-school care in the conversation.

Wrap-up:



Commissioner Bye wrapped up the meeting by recapping the need for continued updates and improvements to systems to help families.

Commissioner Bye thanked the participants and shared the feedback form in the chat. Recognized the participants as those who do the important work everyday and come out and join.