

DRAFT

State of Connecticut

Blue Ribbon Public Sharing Funding and Costs Workgroup



July 31, 2023

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**

Funding and Costs is the fourth of the four interdependent workgroups presenting to the Blue Ribbon Panel



WORKSTREAMS

Equity & Access

- Unmet need
- Parent demand and engagement
- Community needs
- Facilities
- Outcomes

Workforce & Quality

- Compensation strategies
- Recruitment and Retention
- Higher Ed and k-12 education and credentials
- PD and coaching
- Scholarships

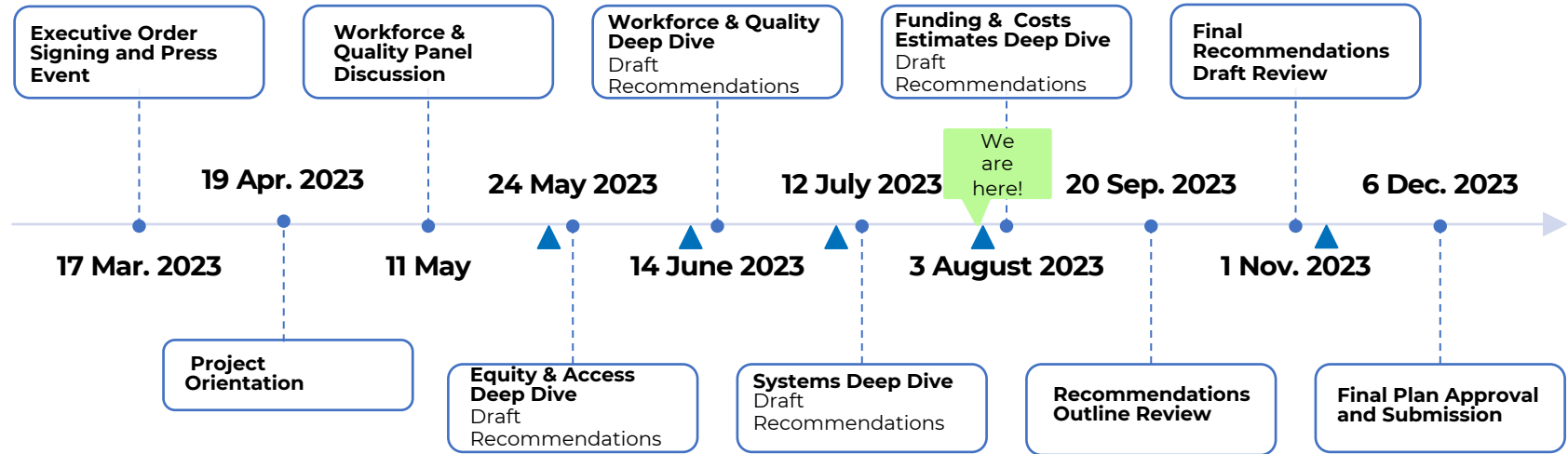
Systems

- State and local governance
- Data and information and infrastructure
- Streamlining state-funded funding sources
- Program supports and operations

Funding & Costs

- Maximizing current funding
- Estimating investment gaps
- Identifying funding options,
 - Public-private (business, philanthropy)
 - Business participation
 - Federal, state, local
 - Innovative funding options
- Developing 5-year funding plan

The Blue Ribbon Panel Meeting Timeline



The recommendations presented today are considered **preliminary**; they will be discussed and updated by the Blue Ribbon Panel and then **further socialized with the field** before they are considered "final"

▲ Indicates Public Sharing Sessions For Collecting Feedback from the Field

Funding and Costs Workgroup Goal

Funding and Costs 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.

Funding and Costs Problems and Opportunities (cont'd)

- **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

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.

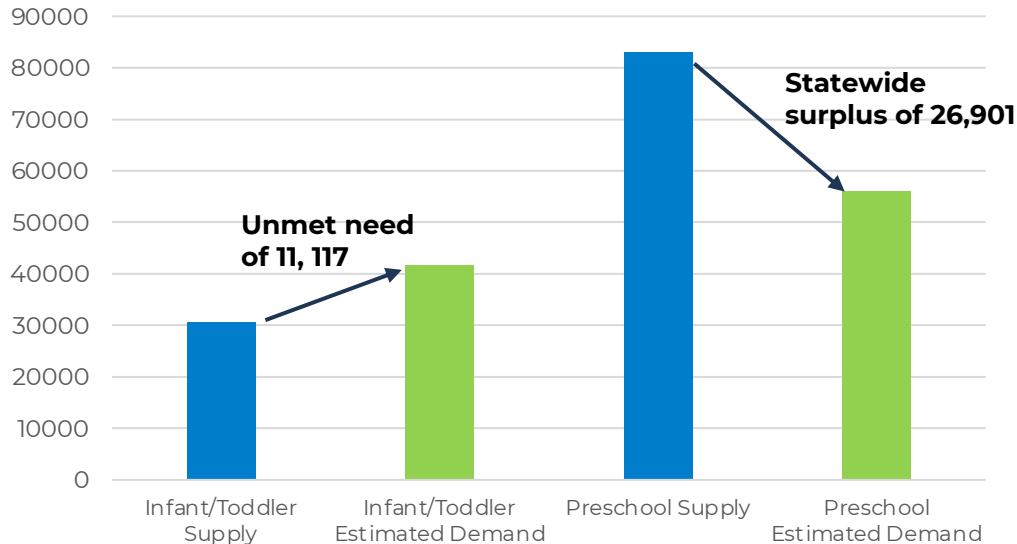
Note: Public school capacity refers to all slots in schools, including state-funded slots. Excludes all closed, summer programs, and school-age-only-providers.

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.

Predicted System Demand versus Supply

Estimated Supply vs. Demand By Age Served



Source: Omnibus Data (dated 4-23-2023). Public School data is based on Omnibus data 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

- Demand for **infants and toddlers** is **44.2%**, starting with an assumption that 50% of families would prefer formal care, adjusted downwards for 12 week 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**; whereas
- The top 10 towns with unmet Infant and Toddler need account for 6,366 slots

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 the providing professional wages and benefits, above all other workforce-related recommendations
 - Systems: related to a host of recommended systems investments. These will 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 from stakeholders and panel members, **estimates will be refined and new options may be considered**

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 & Centers	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 Centers

- 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.

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 & Centers	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 Centers

- 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.

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

Estimates Related to Increasing Access

Expanding contracted infant and toddler slots:

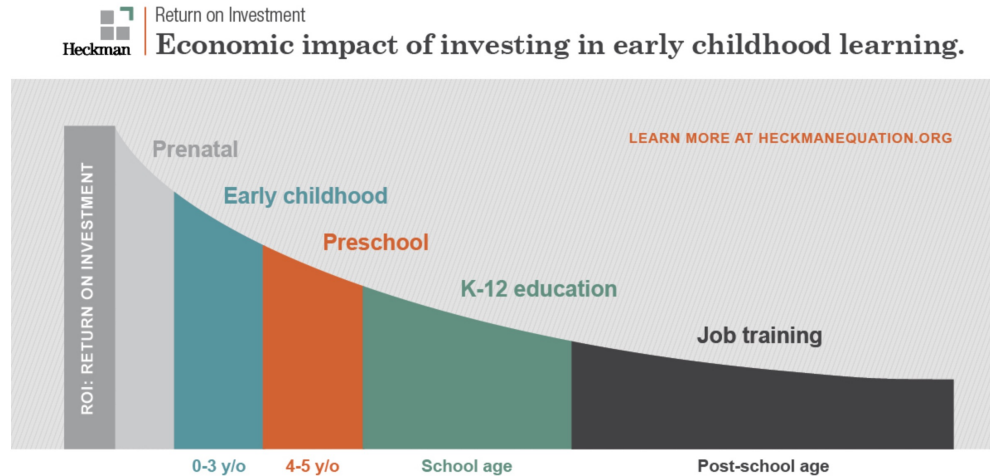
- Increasing the state funded contracted slot infant/toddler program would represent an incremental cost of **\$50 million** and add an additional **2,600 slots**. Increasing access to start-up funds for family child care homes and facility classroom conversion costs for centers could also support increased 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 16.3%. Tripling this program would only cost **\$6.7M** and would increase access by nearly **1,900 students** and expand access for approximately **530 children with special needs** as well.

Overarching recommendation

There is no greater social return on investment than early childhood



Source:
https://149919181.v2.pressablecdn.com/wp-content/uploads/2020/06/F_Heckman_Share_graphic_ROIChart_2019-1.jpg

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

Subgoal Recommendations to the Blue Ribbon Panel

Funding Uses for Financial Modeling and Planning

Draft Recommendations For Consideration

- Commit to adequately and equitably fund 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)

Subgoal Recommendations to the Blue Ribbon Panel

Maximizing Current State, Local and Federal Resources

Draft Recommendations For Consideration

- **Support Systems recommendations** to develop a more **flexible and responsive system matching supply and demand and increase 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 leveraged for early care and education

Subgoal Recommendations to the Blue Ribbon Panel

Funding Strategies

Draft Recommendations For Consideration

- 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 population just out of reach of subsidies
- Develop recommendations for **utilizing the Early Childhood Education Fund** including potential funding strategy, 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

**Funding and Costs
Workgroup**

Breakout Groups:
Discuss Draft Recommendations

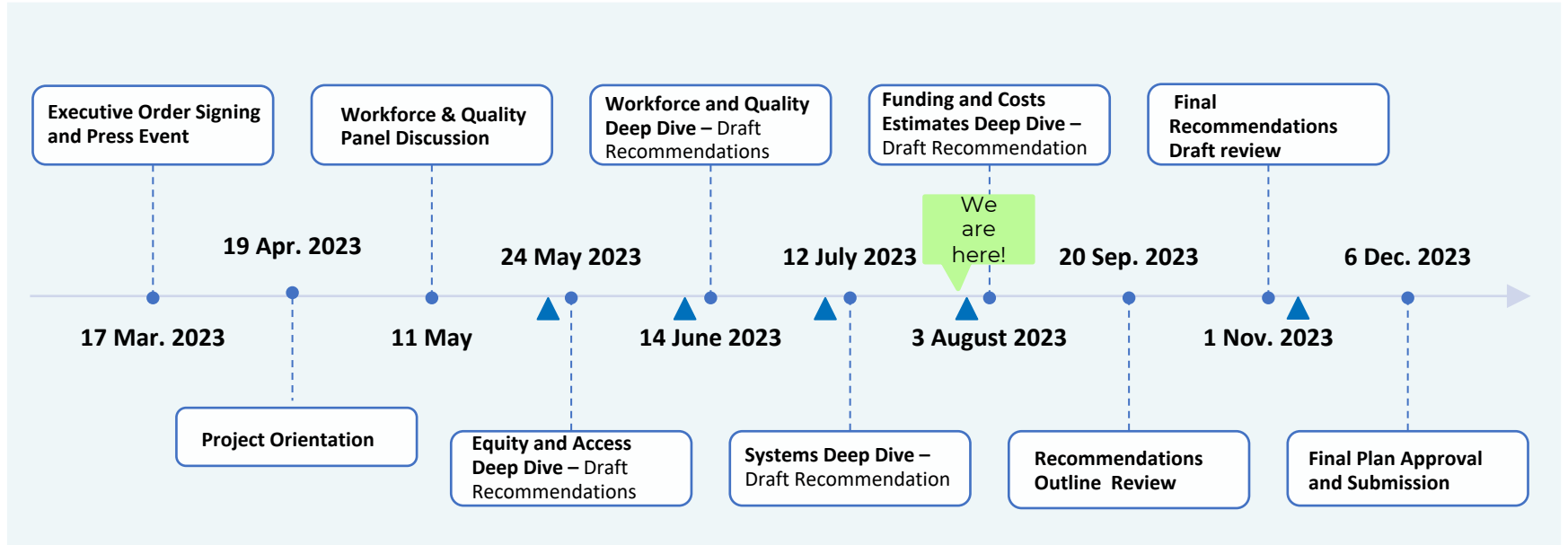


Note that these sessions will be recorded

Questions For Discussion

- What are your general reactions to the recommendations? What do you need more clarity on?
- What would you prioritize or deprioritize within these, and why?
- What is missing from these recommendations?
- What questions do you have about the recommended strategies? Where should the workgroup dig in further as we continue to build out the recommendations?

Next Steps and Further Feedback



- **Please visit the Blue Ribbon Panel on Child Care website and/or reach out to us directly with additional questions or comments:**
 - **There will be a form added to the website to submit any feedback and questions**
- **We will incorporate your feedback and continue to keep you updated as these recommendations are prioritized and defined - Let us know other ways you would like to be able to provide input!**



Thank you for your participation today!