

PRELIMINARY DRAFT

Connecticut's Early Childhood Education System

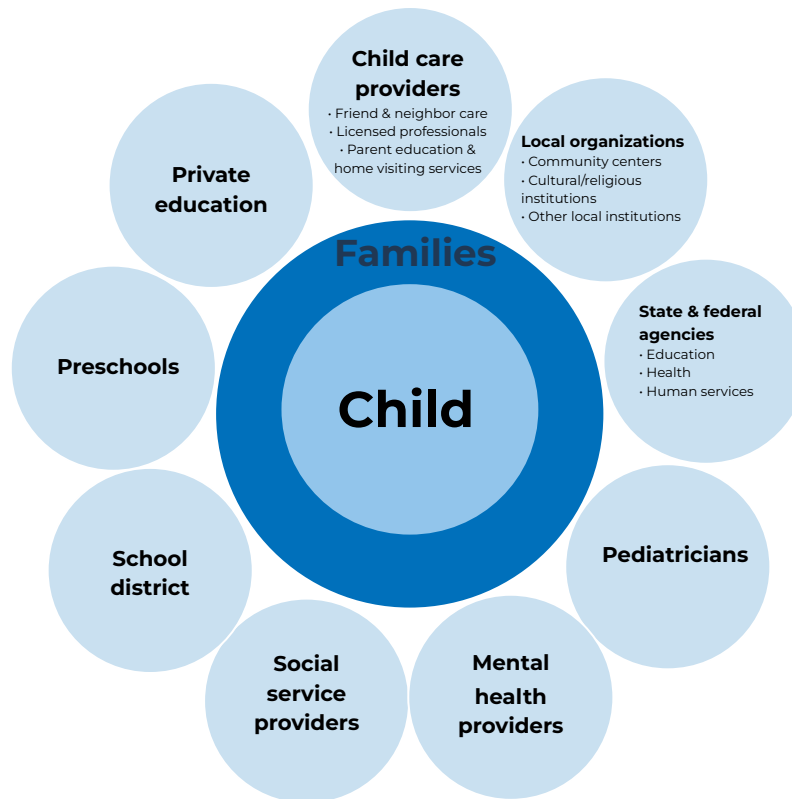


April 19th, 2023

ECE in Connecticut



CT Early Childhood Education Ecosystem



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

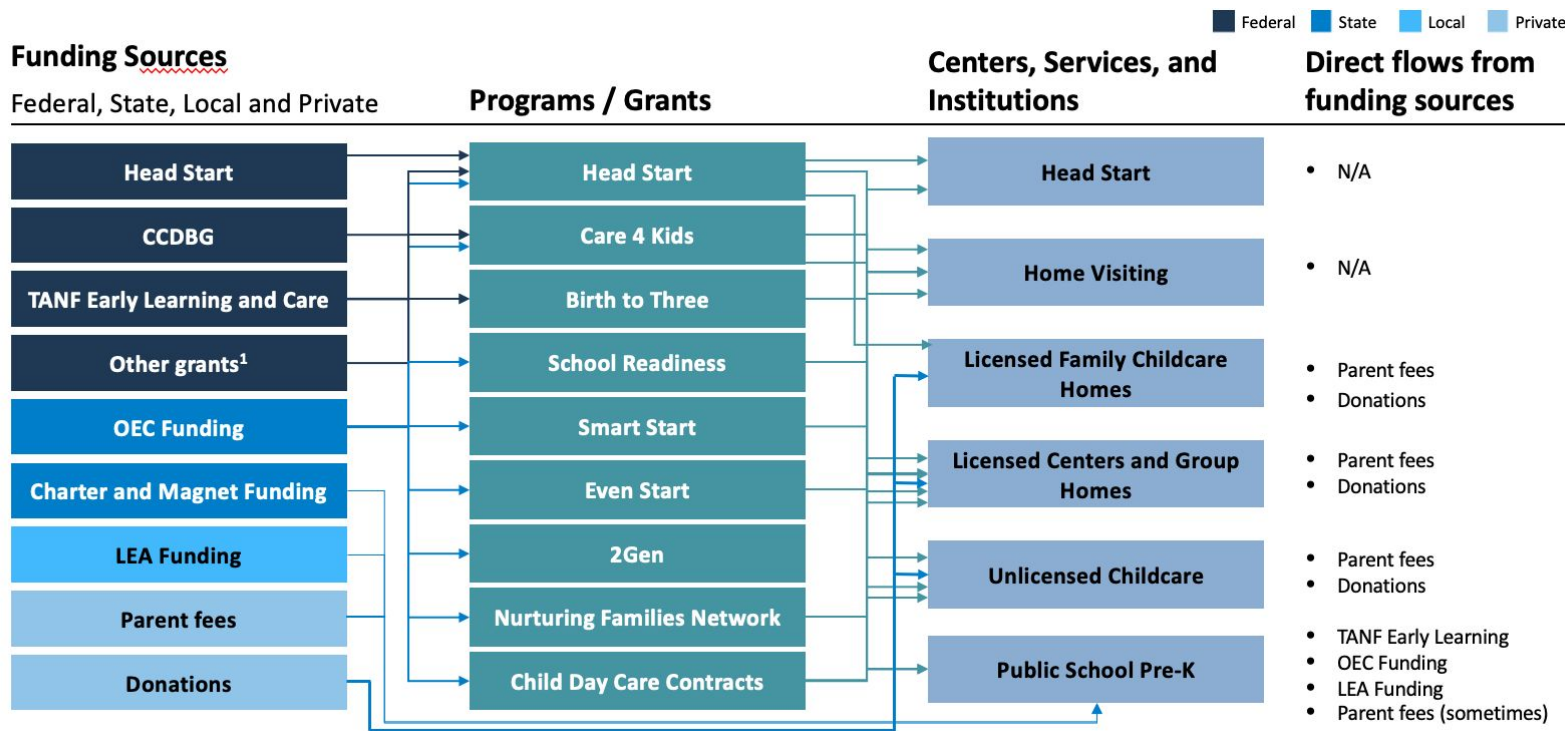
- Employers lose revenue from absences, reduced productivity, unfilled positions and turnover and the state experiences reduced tax revenues and increased demand public services due to inadequate care
- This is estimated to cost the state \$1.5B; yet research shows that quality early childhood has the 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

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 20202. 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.

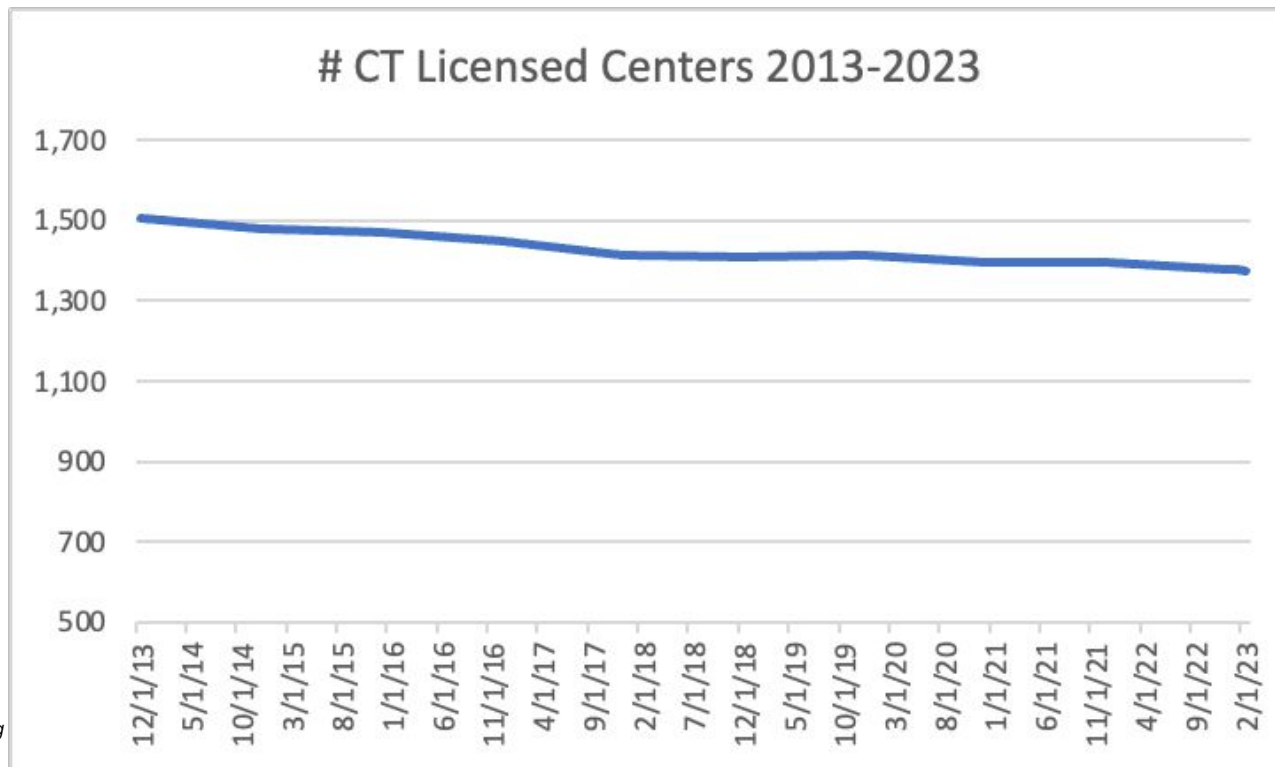
Source: OEC

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.).

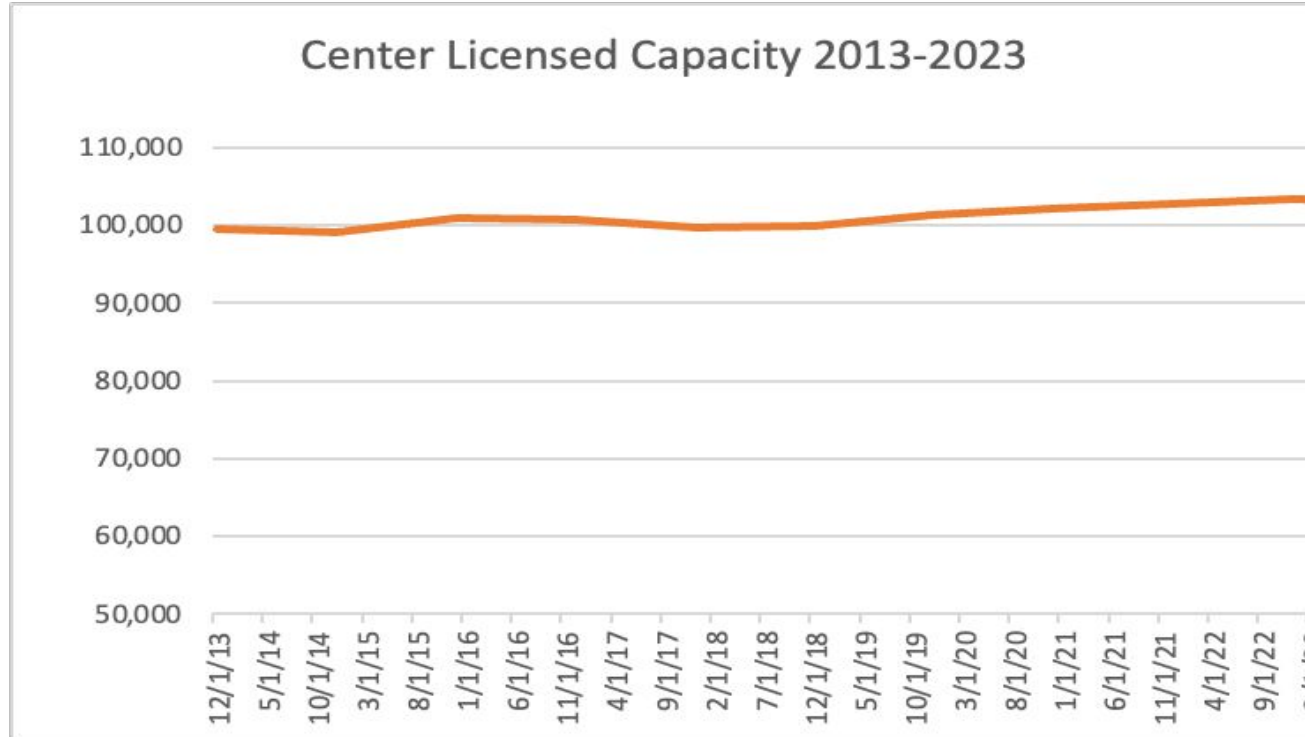
****State and Federally funded sites account for about 32% of all licensed spaces.***

CT ECE Licensed Centers 2013-2023



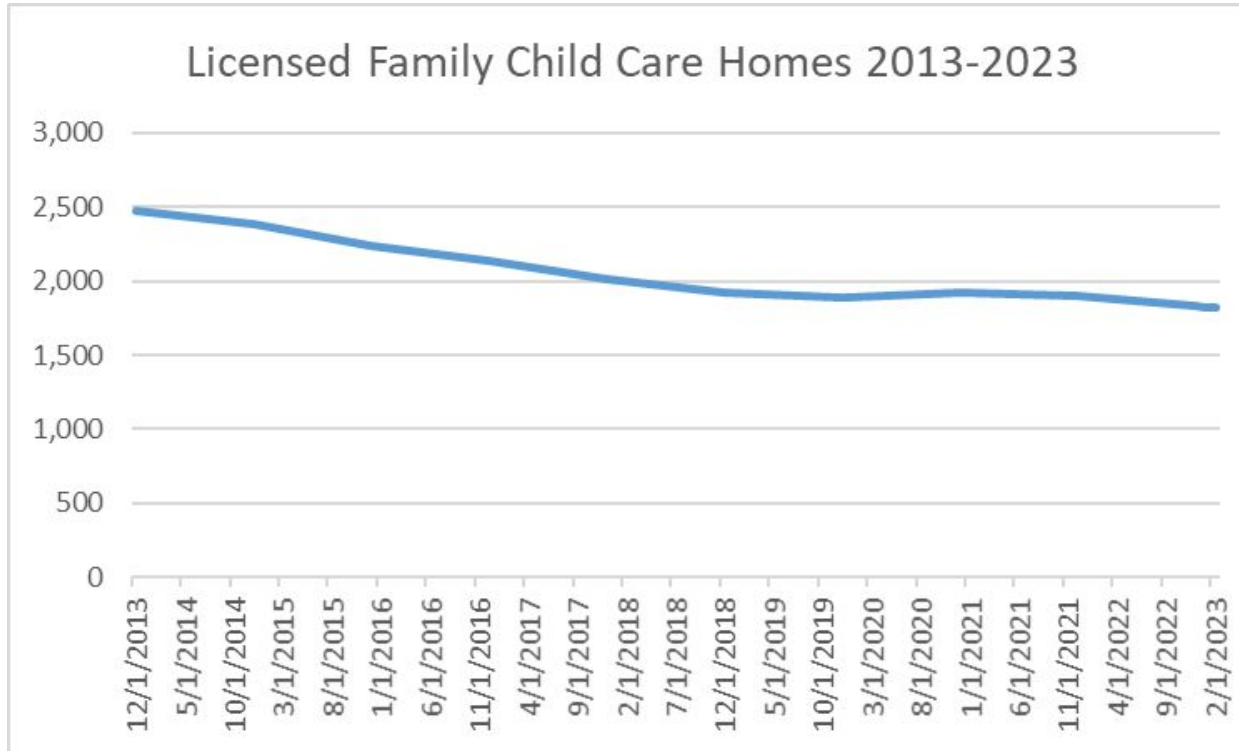
Source: OEC Licensing

CT ECE Licensed Center Capacity 2013-2023



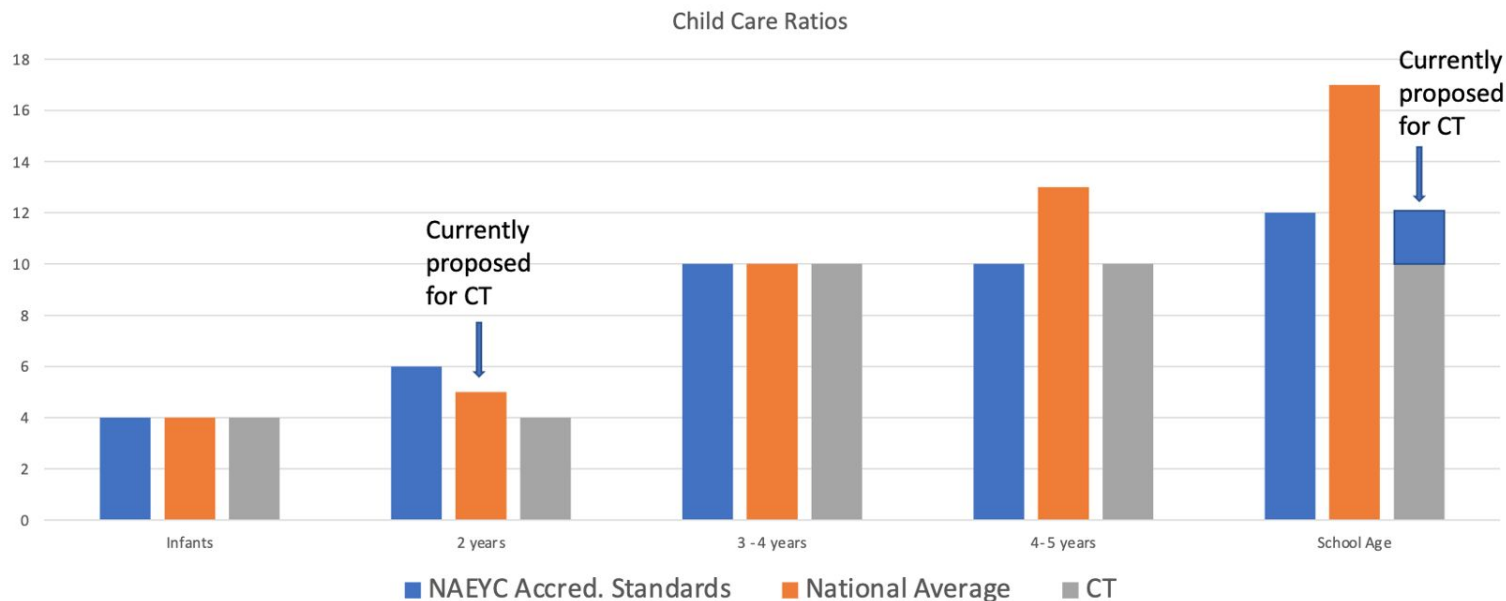
Source: OEC Licensing

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

"Daycare for my children costs more than my monthly salary."

- **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.



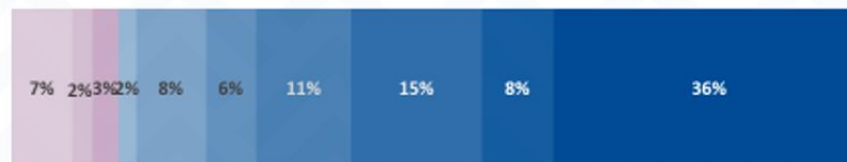
28% of respondents who earn less than \$25,000/year reported out-of-pocket child care expenses of \$500-1000 per month.

Parent Survey Results

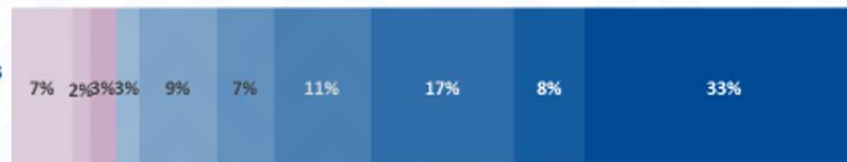
Child Care Impact on Job Choice on a scale of 1-10



Infants & Toddlers



Preschoolers



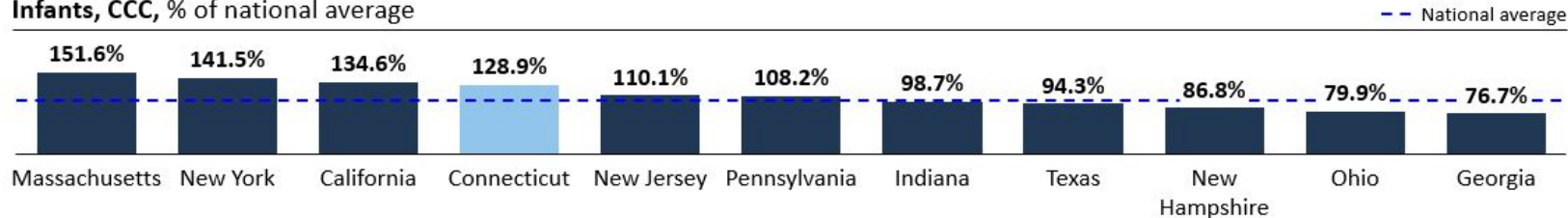
1= Not at all

10 = A great deal

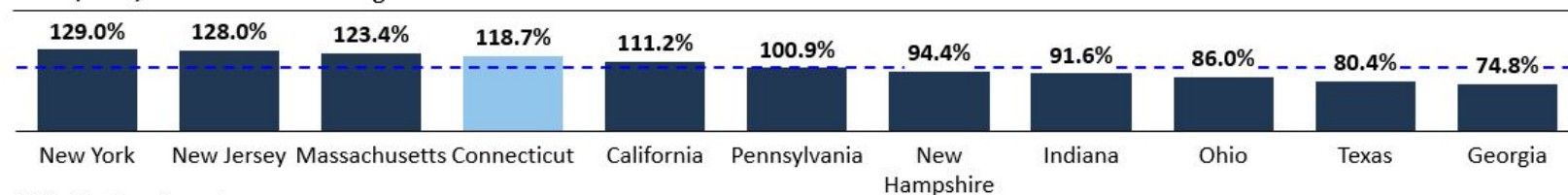
According to Center of American Progress estimates, CT's ECE costs are among the highest in the US, along with other high cost-of-living states

2021 per child costs by state relative to the national average

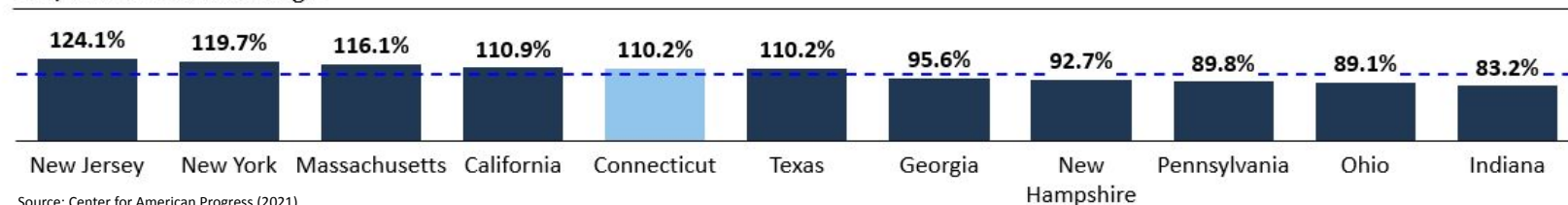
Infants, CCC, % of national average



Pre-K, CCC, % of national average



FCC, % of national average



Source: Center for American Progress (2021)

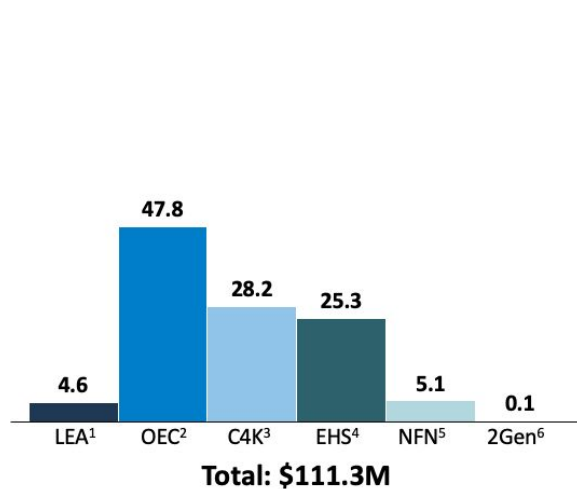
1. Center of American Progress estimates differ from the UConn cost of care for infants and FCCs

Despite infant/toddler costs being about twice pre-k costs, pre-k receives more than 3x the funding

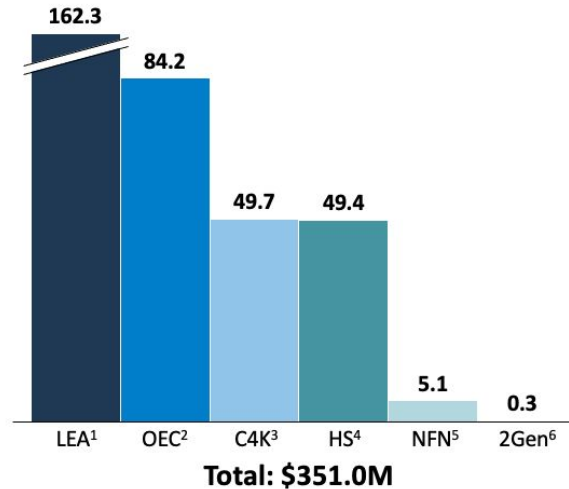
2021 Connecticut early childhood education public funding sources

Million USD

Infant/toddler



Preschool



- 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

1. Estimate 2. Early care and Education, Smart Start, Even Start, Child care quality enhancements 3. CCDF and TANF Funds
4. Head Start and Early Head Start, Federal and state funds 5. Nurturing Family Network 6. TANF Funds 7. Birth to Three

Source: Head Start – Early Childhood Learning and Knowledge Center, CCDBG – Office of Childcare, TANF Early Learning – First Five Years Fund, MIECHV – Maternal and Child Health HRSA, IDEA – US Dept of Education, OEC – Connecticut State Budget FY23 Revisions, Philanthropies – Foundation Center, Parent Fees – CT OEC Market Rate Survey and UConn ECE Supply and Demand Data

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.

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

■ Figures used in analysis

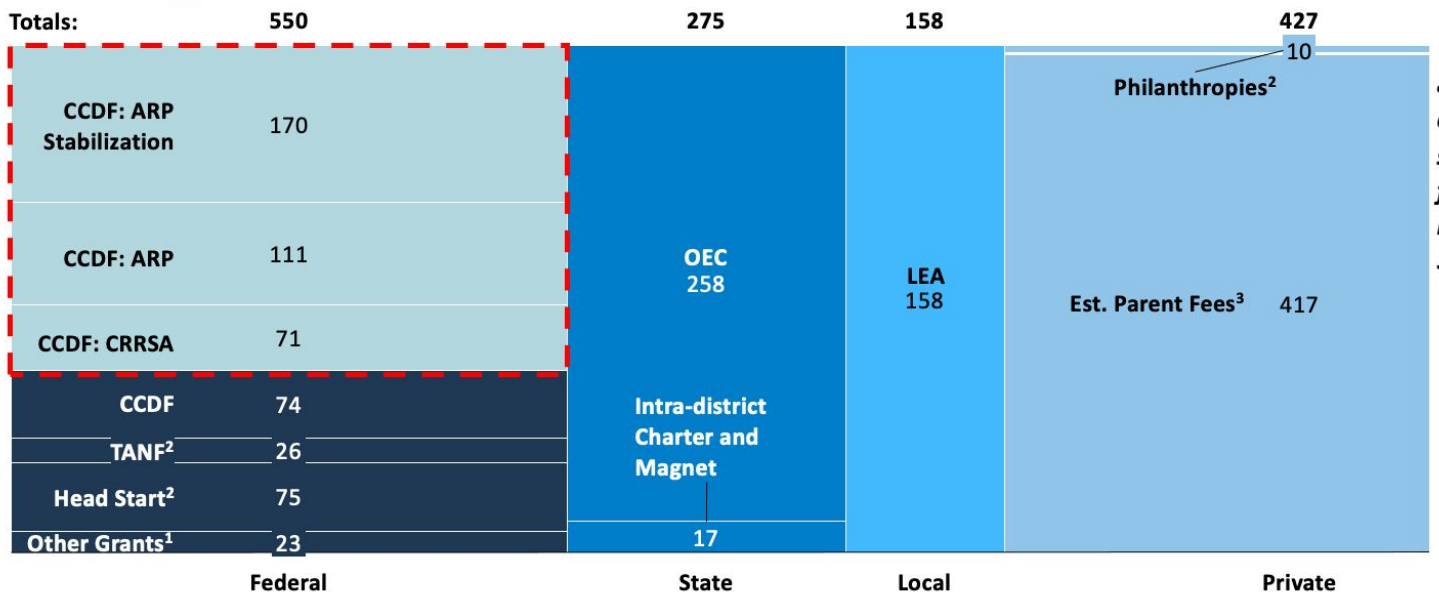
While pre-k supply exceeds demand in total across the state, 95 towns have excess capacity and 74 towns have unmet need

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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

Million USD Non-recurring funds



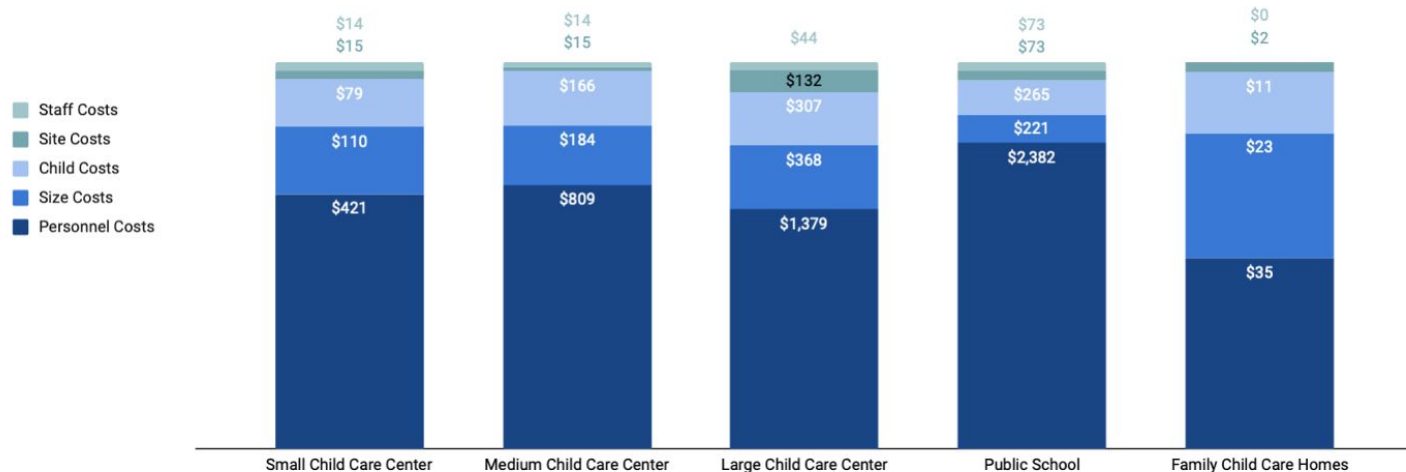
**Assuming
80% actual
enrollment,
system
funding would
be about
\$1.13B*

2. Head Start includes Early Head Start. Head Start, TANF, and philanthropy figures are 2022, 2020, and 2019 respectively due to data availability

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

Annual cost of care for providers by type, USD 000s



Total Provider Costs (\$000's)	\$640	\$1,188	\$2,230	\$3,015	\$71
Per Child Cost (\$000's)	\$17.8	\$15.6	\$15.9	\$25.1	\$11.8
Number of Providers	672	652	185	1,818	388
Total System-Wide Cost (\$MM)	\$230	\$381	\$249	\$488	\$109

Sum of per staff and per site costs were split evenly

Source: The Cost of Providing Early Childhood Education and Care in Connecticut: A Narrow Cost Analysis

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*

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

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.

~80%
enrollment,
providers forgo
\$282M of Net
Income annually

 Estimated current state enrollment

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

PRELIMINARY DRAFT

Blue Ribbon Planning will estimate the costs and impacts of a range of potential strategies to address systemwide issues and opportunities



Improve enrollment

(e.g., parent navigation and enrollment management systems, advertise, list center on referral agencies, social media, offer parent support resources)



Improve quality of care

(e.g., built-in planning time, coaching, nutrition support, behavioral health screenings, hire staff reflective of the community)



Improve equitable access and affordability

(e.g., increase per child reimbursement, expand or build new centers in high need communities, convert unused pre-k classrooms to infant and toddlers,)



Increase provider pipeline and decrease attrition

(e.g., offer competitive pay, improve/offer benefits)



Partner with businesses and nonprofits in the community

(e.g., partner with a local college, public schools, cultural centers, aquarium, museums or science museum, secure in-kind donations)



Provide teacher training and apprenticeships

(e.g., set aside hours for training, access to free webinars)

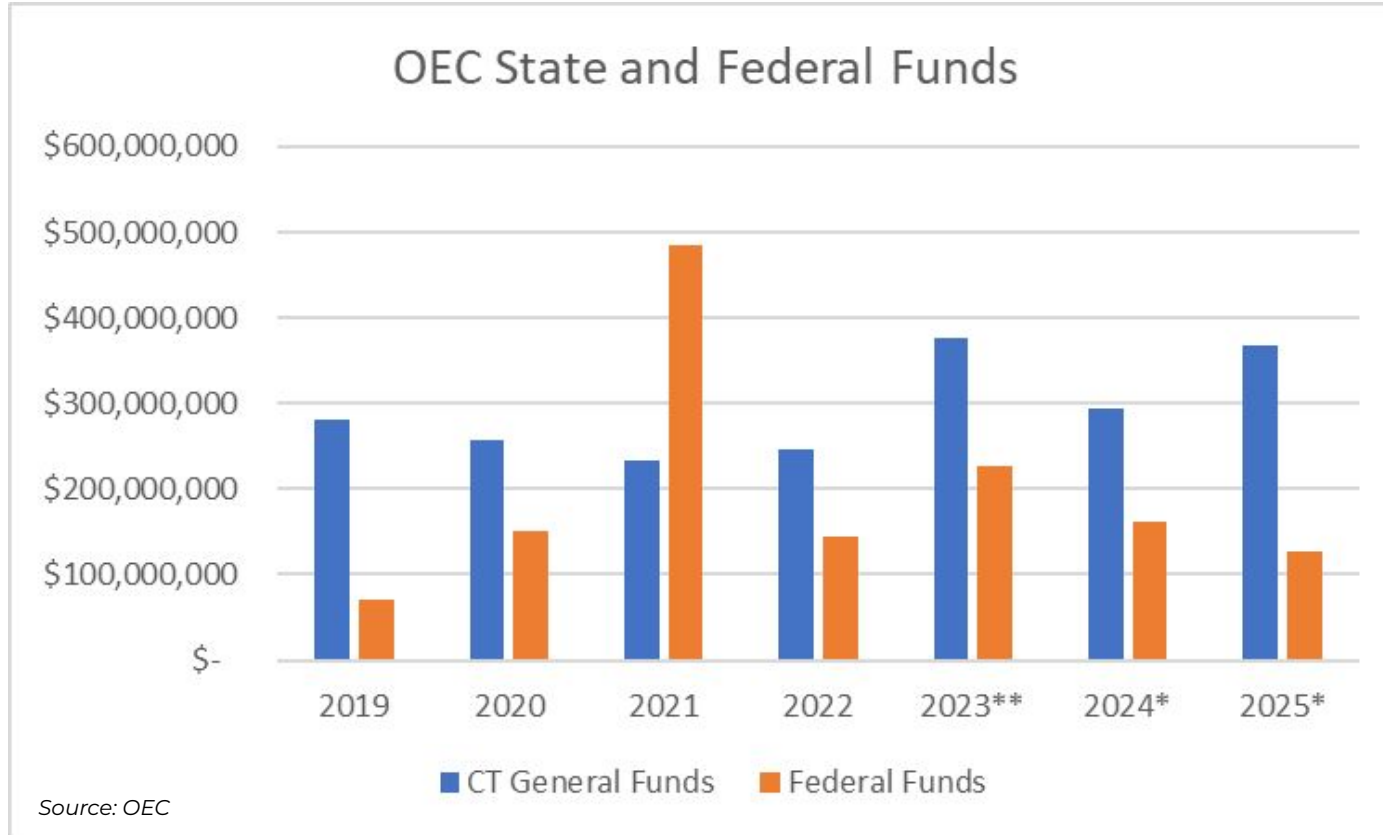
OEC



OEC Draft Vision

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

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

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

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

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

System Vision

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

Current State

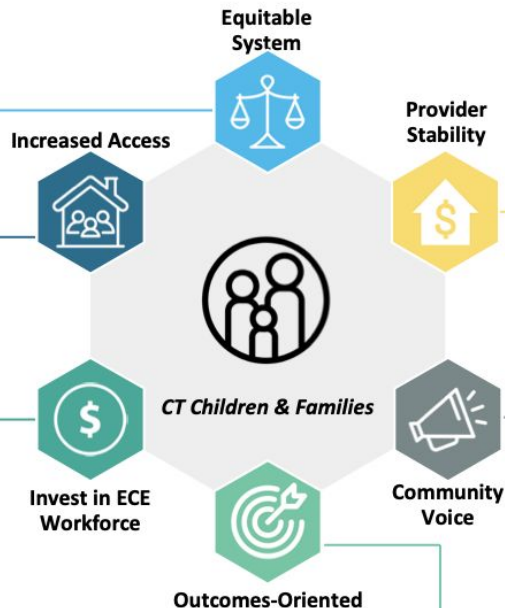
Stakeholder & workforce input has informed understanding of pain points and ECE vision. Lack of parent voice in system

System Vision

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

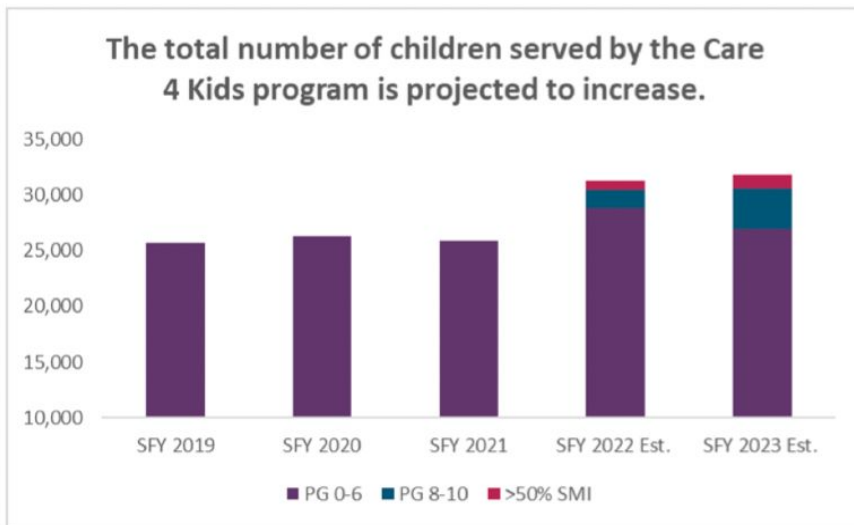
Current State

Compliance focused mindset necessitating burdensome reporting requirements, very poor data about child outcomes.

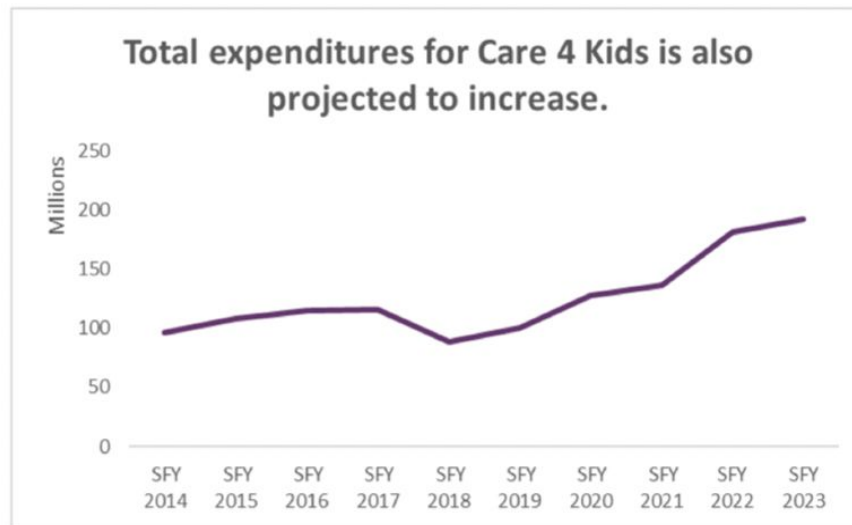


Expanded Access to Care 4 Kids for Families

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



PG 8-10 is workforce development families



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

- 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