OLR Bill Analysis
SB 487

AN ACT ESTABLISHING THE INFANT AND TODDLER EARLY CARE AND FAMILY SUPPORT INITIATIVE.

SUMMARY

This bill requires the Office of Early Childhood (OEC) to establish the Infant and Toddler Early Care and Family Support Initiative to provide grants to support the growth and enhancement of a high-quality early childhood care and education system by creating and subsidizing infant and toddler spaces in high-need areas throughout the state.

Under the bill, OEC may enter into five-year contracts with eligible providers, giving priority to accredited centers that are, among other things, creating new infant and toddler spaces and located in towns with the lowest median incomes and greatest early care availability deficits. The bill sets conditions and requirements for the grants and contracts. Generally, grants must equal at least 75% of the market rate for each infant and toddler slot, plus specified bonuses and additional funds for family support services.

Beginning in FY 24, the bill funds the program by transferring an amount equal to the percentage of revenue remaining after the revenue cap is calculated (see BACKGROUND). It also eliminates, beginning July 1, 2023, current law's procedural requirements for exceeding the revenue cap.

The bill also makes the initiative eligible for funding, beginning in FY 23, from existing (1) Smart Start operating and capital grant accounts and (2) bond authorizations for early care and education facility improvement grants.

EFFECTIVE DATE: July 1, 2022, except that the provision eliminating the revenue cap procedural requirements is effective July 1, 2023.

PROGRAM ELIGIBILITY AND ADMINISTRATION

Eligibility and Selection

Under the bill, OEC must provide grants through the initiative to "child care services providers" and "staffed family child care networks." A child care services provider is a child care center, child care home, or family child care home that provides child care services (see BACKGROUND). A staffed family child care network is a group of family child care homes supported by OEC for sharing and coordinating administrative and child care services.

The bill requires OEC to establish standards for the initiative, which may include (1) guidelines for child-staff interaction, (2) lesson plans, (3) parental involvement, (4) staff qualifications, and (5) training and curriculum content, including preliteracy development.

Priority. When selecting providers, the commissioner must give priority to providers that are:

1. located in towns with the lowest median household income and greatest deficit of "early care availability" (i.e., a town's ratio of infant and toddler spaces available in licensed child care centers and family child care homes for every 100 children under age three);
2. creating new infant and toddler spaces;
3. accredited by the National Association for the Education of Young Children, National Association for Family Child Care, a Head Start on-site program review instrument, or otherwise meeting OEC-established criteria; and
4. licensed to individuals who reflect the demographics of the infant and toddler population in the community in which the provider is located.

Contracts and Grants

The bill allows OEC to enter into five-year contracts with child care service providers or staffed family child care networks to create new or support existing infant and toddler spaces in child care centers, group child care homes, and family child care homes. The contracts must provide (1) a grant for each infant and toddler space in an amount at least equal to 75% of the market rate, as OEC determines pursuant to the current market rate study required under federal law (presumably the Child Care and Development Block Grant Act, see BACKGROUND), and (2) a bonus of 25% of this grant to any child care service provider that is accredited (as described above).

If the contracted provider is nonaccredited, then OEC must provide additional support to help the provider get accredited within three years after entering into the contract.

The bill also requires that the contracts provide access to and support for family support services totaling at least 10% of the total grant amount. These services include parenting support; information about child development; and assistance to help parents complete their education, learn English, enroll in a job training program, or find a job.

PROGRAM FUNDING

Revenue Cap Transfer

Beginning in FY 24, the bill annually transfers to the early care and family support account (see below) an amount equal to the percentage of revenue remaining after the revenue cap is calculated. It requires the Office of Policy and Management to make these funds available quarterly.

The bill eliminates current law's procedural requirements for exceeding the revenue cap. Currently, the legislature may not exceed the cap unless the (1) governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house vote to exceed the percentage for such purposes and (2) appropriation is for the fiscal year in progress only.

Initiative Account

The bill establishes the "early care and family support account" as a separate, nonlapsing General Fund account. It must contain any money the law requires to be deposited in it and must be used by OEC for the initiative the bill establishes.

Under the bill, OEC may use a portion of account funds to do the following:

1. provide technical assistance to child care providers planning to expand infant and toddler spaces, including business planning, accreditation support, predevelopment expenses for renovations to an existing building or for new construction, and developing standardized plans and prefabricated buildings;
2. develop family support services; and
3. develop data collection and evaluation tools for continuous program improvement.

The bill limits the portion of funds that may be used for the above purposes to (1) 50% for FY 24, (2) 35% for FY 25, and (3) 20% in FY 26. Then, beginning with FY 27, OEC may spend up to 10% of account funds for program evaluation, quality improvement, and capacity expansion.

Bonds and Smart Start Accounts

Existing law authorizes bonds for early care and education facility improvement grants, including $10 million effective in each of FYs 23 and 24. Under current law, OEC may use these bond proceeds for, among other things, expanding the delivery of child care services to infants and toddlers where a demonstrated need exists. Under the bill, OEC may instead use these funds to expand infant and toddler child care services under the initiative the bill establishes. As under existing law, these bond proceeds may also be used for Smart Start, Even Start, and the school readiness program, among other purposes.

The bill also allows the OEC commissioner to use funds in the smart start operating and capital grants accounts for the initiative the bill establishes. The Smart Start program provides competitive grants to school districts to establish or expand public preschool programs.

BACKGROUND

Child Care Centers and Homes

A "child care center" offers or provides supplementary care to more than 12 children outside their own homes on a regular basis.

A "group child care home" offers or provides supplementary care (1) to between seven and 12 children on a regular basis or (2) meets the family day care home definition except that it is not in a private family home.

A "family child care home" is a private family home caring for up to six children, including the provider's own children, not in school full-time, where the child is cared for between three and 12 hours per day on a regular basis (CGS § 19a-77).

Market Rate Survey Under Child Care and Development Block Grant Act

The Child Care and Development Block Grant (CCDBG) Act authorizes the federal child care subsidy program known as the Child Care and Development Fund (CCDF), which funds the Connecticut Care 4 Kids program. Under the CCDF program, payment rates must be set at a level that ensures equal access for eligible children to childcare services that are comparable to services provided to ineligible children. To ensure adequate payment levels, lead agencies (OEC in Connecticut) must conduct a market rate survey or develop an alternative methodology within two years of adopting their three-year CCDF plan (49 C.F.R. § 98.45 (c)).

Revenue Cap and Bond Lock

The "revenue cap" prohibits the legislature from authorizing General Fund and Special Transportation Fund appropriations in any fiscal year that exceed a specified percentage of the estimated revenues included in the budget act, except under specific conditions. The percentage decreases in steps from 99.5% in FY 20 to 98% in FY 26 and thereafter (CGS § 2-33c). (It is 98.5% in FY 24.)

Under existing law, for each fiscal year during which state GO or credit revenue bonds issued from May 15, 2018, to June 30, 2020, are outstanding, the state must comply with the (1) budget reserve fund law, including the volatility cap; (2) revenue cap; (3) state spending cap; and (4) caps on general obligation (GO) and credit revenue bond authorizations, allocations, issuances, and expenditures. For bonds issued during this timeframe, the treasurer must include a pledge to bondholders that the state will not enact any laws taking effect from May 15, 2018, to June 30, 2023, that change the state's obligation to comply with the laws listed above until the bonds are fully paid off, except under certain circumstances. The pledge applies for five years from the bonds' first issuance date (CGS § 3-20(aa)).

Related Bill

sSB 11 (§ 18), reported favorably by the Finance, Revenue and Bonding Committee, requires an amount equal to the percentage of revenue remaining after the revenue cap is calculated to be annually transferred to the children's trust account the bill establishes.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 35 Nay 15 (04/05/2022)