
OLR Bill Analysis

sHB 5002 (as amended by House "A")*

AN ACT CONCERNING EARLY CHILDHOOD CARE AND EDUCATION.

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Renames the Early Childhood Education Fund created in the FY 24-25 budget act the Early Childhood Care and Education Fund and establishes a framework for the fund's deposits and investments and the state treasurer's authority and powers on behalf of the fund; creates a 23-member advisory commission within the Legislative Department to, among other things, review and report on the fund's financial health and status and prepare a five-year plan for its expenditures

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Requires OEC, within available appropriations, to establish a Tri-Share Child Care Matching Program serving New London County in which child care costs are shared equally between participating employers, employees, and the state

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Requires OEC, for FY 25, to set up and administer a wage supplement payment program that provides one-time payments of at least \$1,800 to eligible early childhood education teachers and teacher assistants; requires OEC to use \$9 million of its FY 25 General Fund appropriation for Early Care and Education used for school readiness and child day care purposes for the payments

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Requires the OEC commissioner to consult with a nonprofit organization to develop a document that explains the benefits of child care centers and homes maintaining liability insurance coverage and potential consequences of not having coverage; requires the document to be electronically distributed to child care facilities

§ 7 — OEC DEVELOPMENTAL MILESTONES DOCUMENT

Eliminates the requirement that child care centers and homes that exclusively serve school-age children post a copy of an OEC-developed developmental milestones document in the center or home

§§ 8-9, 11 & 12 — CARE 4 KIDS

Adds children under the care of a caregiver who receives subsidies under the subsidized guardianship program to the Care 4 Kids protective service class; repeals the Care 4 Kids program regulations and instead requires the OEC commissioner to (1) administer the program by implementing the federal Child Care Development Fund program's regulations and (2) develop policies and procedures necessary to do so; requires the secretary of the state to correspondingly update the online compilation of state regulations

§ 10 — BIRTH-TO-THREE SERVICES

Requires child care centers to allow a child with an individualized family service plan who is eligible to receive Birth-to-Three services to receive them on-site at a child care center or home

SUMMARY

This bill makes various changes relating to early childhood care and education. A section-by-section analysis follows.

*House Amendment "A":

1. changes the composition of the Early Childhood Care and Education Fund advisory commission's membership by, among other things, adding the Finance, Revenue and Bonding Committee's chairpersons and ranking members and two additional legislators appointed by the House speaker and Senate president pro tempore;
2. increases the frequency with which the advisory commission must submit and update its plan on fund expenditures, from every 10 years to every five;
3. makes additional commission members eligible for the bill's stipend;
4. eliminates a provision authorizing up to \$50 million in state general obligation bonds for the Office of Early Childhood (OEC) to implement programs and initiatives supporting the state's early childhood education and child care needs;
5. eliminates a provision transferring \$50 million from the General Fund to the Early Childhood Care and Education Fund in FY 25;

6. makes various changes to the Tri-Share program's administration, eligibility, and required reporting, including eliminating the requirement that employees have incomes below a specified threshold published by the United Way of Connecticut to qualify for the program;
7. eliminates the requirement that OEC set up and administer, for FY 26, a wage supplement and child care program enhancement grant program for eligible early childhood education program operators and child care services providers and instead requires OEC to set up and administer a one-time wage supplement payment program for FY 25 for eligible early childhood teachers and teacher assistants;
8. adds provisions that require the OEC commissioner to (a) add children under the care of a caregiver who receives subsidies under the subsidized guardianship program to the Care 4 Kids protective service class; (b) develop a document for child care centers and homes that explains the benefits of maintaining and potential consequences of not maintaining liability insurance coverage; and (c) notify the Office of Policy and Management (OPM) secretary if certain state property can be used to provide early childhood care and education programs;
9. adds a provision that requires child care centers to allow a child with an individualized family service plan who is eligible to receive Birth-to-Three services to receive these services on-site at a child care center or home; and
10. eliminates the requirement that child care centers and homes exclusively serving school-age children post a copy of an OEC-developed developmental milestones document.

EFFECTIVE DATE: July 1, 2024, unless otherwise noted below.

§§ 1-2 & 13 — EARLY CHILDHOOD CARE AND EDUCATION FUND

Renames the Early Childhood Education Fund created in the FY 24-25 budget act the Early Childhood Care and Education Fund and establishes a framework for the fund's deposits and investments and the state treasurer's authority and powers on behalf of the

fund; creates a 23-member advisory commission within the Legislative Department to, among other things, review and report on the fund's financial health and status and prepare a five-year plan for its expenditures

Fund Requirements (§ 1)

The bill renames the Early Childhood Education Fund created in the FY 24-25 budget act the Early Childhood Care and Education Fund. As under current law, the bill requires the Early Childhood Care and Education Fund to contain any money required or allowed by law to be deposited in it, including funds received from public or private contributions, gifts, and grants. The bill explicitly allows it to contain federal, state, or local grants, and additionally allows it to contain any earnings until they are disbursed according to the bill.

The bill requires the fund's deposits to be used solely to support the state's early childhood education and child care needs. They are not state property, cannot be combined with state funds, and the state has no claim on them. The fund is not a state department, institution, or agency. It must continue to exist as long as it has deposits or obligations and until terminated by law.

Under the bill, any contract entered into by the fund, or any obligation of the fund, is not a state debt or obligation, and the state has no obligation on account of the fund. Amounts that must be paid from the fund are limited to the amount deposited there that is available for the payments.

Treasurer's Authority and Powers (§ 1)

The bill eliminates the requirement that the comptroller establish the fund and instead authorizes the treasurer, on the fund's behalf and to carry out its purposes, to do the following:

1. receive and invest the fund's money in any instruments, obligations, securities, or property as described below;
2. enter into contractual agreements for services for the fund (e.g., legal, actuarial, administrative, and consulting) and pay for them with the fund's assets;

3. obtain insurance for the fund's property, assets, activities, or deposits;
4. apply for and accept public or private donations to enable the fund to achieve its objectives;
5. adopt regulations;
6. sue and be sued;
7. establish accounts within the fund; and
8. take other necessary action to carry out the bill's purposes and related to the treasurer's duties under the bill.

Investments (§ 1)

The bill requires the state treasurer to (1) invest the fund's deposits in a reasonable way to achieve its objectives; (2) exercise a prudent person's care and discretion; and (3) consider such things as rate of return, risk, maturity, portfolio diversification, liquidity, projected disbursements and expenditures, and expected deposits and other gifts.

Under the bill, the state treasurer need not require the fund to invest in state or municipal bonds or other funds he administers. The fund's assets must be continuously invested and reinvested, consistent with the fund's objectives, until they are disbursed by the comptroller as the bill allows.

Advisory Commission (§§ 2 & 13)

Membership and Administration. The bill creates a 23-member Early Childhood Care and Education Fund Advisory Commission within the Legislative Department to (1) review and report on the fund's financial health and status, (2) submit and update a five-year plan to the legislature on fund expenditures that would best support the state's early childhood education and child care needs, and (3) recommend legislative changes to further the fund's purposes. Under the bill, the commission consists of the 14 appointed members shown in the table below; the chairpersons and ranking members of the Finance, Revenue

and Bonding Committee; and the following state officials or their designees: the OPM secretary, state treasurer, state comptroller, and early childhood and education commissioners.

Table: Early Childhood Care and Education Fund Advisory Commission

<i>Appointing Authority</i>	<i>Number of Appointments</i>	<i>Appointee's Qualifications</i>
House speaker	3	One must be a member of OEC's parent cabinet who is a parent One must be an early childhood teacher One General Assembly member
Senate president pro tempore	3	One must operate or represent a home-based child care services provider in Connecticut One must be the parent of a child receiving Birth-to-Three services One General Assembly member
House majority leader	2	One must represent an early childhood education program operator in Connecticut One must represent a family resource center and be an Early Childhood Cabinet member
Senate majority leader	2	One must represent a philanthropic organization engaged in early childhood education or child care issues in Connecticut and be an Early Childhood Funder Collaborative member One must represent OEC's Connecticut Head Start State Collaboration Office and be a member of the Early Childhood Cabinet
House minority leader	2	One must represent a non-home-based child care services provider in Connecticut One must be an OEC representative who administers the Childhood Care and Development Fund and a member of the Early Childhood Cabinet
Senate minority leader	2	One must represent a corporation with a significant physical presence in Connecticut that employs people who may benefit from early childhood education and state child care initiatives One must be an OEC representative who administers the federal Individuals with Disabilities Education Act (IDEA) Part C program (i.e., the early intervention program for infants and toddlers with disabilities and their families)

Under the bill, appointed members serve at the pleasure of their appointing authority coterminous with their appointing authority. To

the extent practicable, appointing authorities must appoint members to ensure that the state's geographic areas are represented. They must also fill any vacancies, and those occurring other than by term expiration must be filled for the remainder of the unexpired term.

The commission is chaired by the (1) state comptroller and (2) two General Assembly members appointed by the House speaker and Senate president pro tempore. The chairpersons must schedule and hold the first meeting within 90 days after the bill's passage. The commission must meet as often as the chairpersons or a majority of its members deem necessary, and a majority of members constitutes a quorum.

Members are considered to have resigned from the commission if they miss three consecutive meetings or 50% of the meetings held during any calendar year.

The bill requires the Finance, Revenue and Bonding Committee's administrative staff to serve as the advisory commission's administrative staff.

Travel Expenses and Stipend. Members generally serve without compensation but must be reimbursed for necessary travel expenses, within available funds. The exception is for the following commission members who are eligible, within available funds, for a \$25 per hour stipend for each hour (or part of an hour) that they attend a commission meeting:

1. parent member of OEC's parent cabinet,
2. parent of a child receiving Birth-to-Three services,
3. early childhood teacher, and
4. representatives of an early childhood education program operator and home- and non-home-based child care services providers if they are employees of the respective operator or provider and (except for the home-based child care services provider representative) paid hourly.

Under the bill, the travel time to and from the meeting does not count towards the stipend. Eligible members must submit a request to the Office of Legislative Management's executive director, as he requires, to receive the travel expenses or stipend. They must provide any documentation the executive director requires to substantiate the requested amount.

Powers and Duties. The bill authorizes the commission to do the following:

1. review and monitor the Early Childhood Care and Education Fund to assess its financial sustainability;
2. get the help and data it needs to carry out its purposes from any executive department, board, commission, or state agency; and
3. do anything else necessary and appropriate to carry out its duties.

Reporting Requirement. Annually, starting by January 1, 2026, the commission must report to the Appropriations; Finance, Revenue and Bonding; Education; and Children's committees on the Early Childhood Care and Education Fund's financial health and status. The report must include:

1. the amount deposited in the fund and whether it is sufficient to achieve the fund's purposes,
2. actual or expected disbursements for the applicable fiscal year,
3. the fund's investments' rates of return, and
4. any recommendations for policy changes and statutory changes to further the fund's purposes.

By January 1, 2026, the commission must also submit to these same committees a five-year plan for the fund's expenditures that would best support the state's early childhood education and child care needs. In developing this plan, the commission must consider (1) reports on the

state of these needs in Connecticut and kindergarten readiness and (2) best practices in other states. It must update and submit this plan to these committees at least annually.

The bill also eliminates the requirement that the OEC commissioner annually report to the legislature on the current Early Childhood Education Fund and the Blue-Ribbon Panel on Child Care’s recommendations (§ 13).

Public Hearing. Beginning with FY 26, the commission must annually hold a public hearing on the state of the fund and of early childhood education and child care in the state.

EFFECTIVE DATE: Upon passage

§ 3 — TRI-SHARE CHILD CARE MATCHING PROGRAM

Requires OEC, within available appropriations, to establish a Tri-Share Child Care Matching Program serving New London County in which child care costs are shared equally between participating employers, employees, and the state

Program Duration and Administrator

The bill requires OEC, within available appropriations, to create a Tri-Share Child Care Matching Program for New London County (1) in which child care costs are shared equally between participating employers, employees, and the state and (2) that runs for at least two years. Under the bill, OEC must choose a regional or statewide organization to administer the program. The administrator must:

1. set the program’s eligibility criteria for employers and employees (although the bill sets specific criteria as described below) and recruit employers to participate;
2. ensure that the child care facilities receiving program funds are state-licensed and disburse funds to the appropriate providers;
3. collect and ensure timely payment from the state and participating employers and employees;
4. coordinate adequate communication between all parties; and

5. collect and submit data to OEC on participating employees (e.g., their annual household income), as long as this data is deidentified.

OEC must enter into an agreement with its chosen administrator to perform these duties. This agreement must at least include:

1. a provision that the administrator must receive, for its administrative costs, up to 10% of the funds the state allocates to the program;
2. a requirement that the administrator not commingle program funds with any other funds it holds or controls, other than those it receives for administrative costs;
3. any restrictions or prohibitions on disclosing data the administrator received or collected on participating employees; and
4. penalties for violating any provision of the agreement or the bill's Tri-Share program provisions.

Eligibility Criteria

To participate in the program, employers must have a physical facility in New London County that is its employees' principal workplace. Employees must:

1. be employed by a participating employer,
2. live in Connecticut,
3. have a principal workplace in New London County, and
4. not be receiving other public assistance for child care costs.

Reporting Requirement

The bill requires the OEC commissioner, beginning with the fiscal year immediately following the program's first year, to annually report on the program to the Appropriations; Finance, Revenue and Bonding;

Education; and Children’s committees. The report must at least include:

1. for the immediately preceding fiscal year, the (a) number of participating employers and employees and (b) amounts the administrator disbursed for child care costs and retained for administrative costs;
2. the percentage of participating employees whose household incomes are below the asset limited, income constrained, employed population threshold calculated in the United Way of Connecticut’s most recent ALICE report (see *Background – ALICE Threshold*); and
3. the commissioner’s recommendations for programmatic or legislative changes to improve the program or further its purposes.

Background — ALICE Threshold

The United Way’s ALICE (i.e., asset limited, income constrained, and employed) threshold represents the minimum income level needed for a household to afford an estimated minimum budget (i.e., the ALICE household survival budget). The threshold is adjusted for household size and composition for each county.

Based on the United Way’s 2023 ALICE report for Connecticut, to cover the household survival budget for 2021, a single adult had to earn \$16.56 per hour and a family with two children had to earn a combined \$45.71 per hour.

§ 4 — WAGE SUPPLEMENT PAYMENT PROGRAM

Requires OEC, for FY 25, to set up and administer a wage supplement payment program that provides one-time payments of at least \$1,800 to eligible early childhood education teachers and teacher assistants; requires OEC to use \$9 million of its FY 25 General Fund appropriation for Early Care and Education used for school readiness and child day care purposes for the payments

Wage Supplement Payments

The bill requires OEC to set up and administer a wage supplement program for FY 25 that gives eligible early childhood teachers and teacher assistants a one-time wage supplement payment of at least

\$1,800. Under the bill, OEC must provide these payments on a first-come, first-served basis, up to the amount made available for the payments, and award all eligible applicants the same payment amount. The bill requires OEC to use \$9 million of its FY 25 General Fund appropriation for Early Care and Education used for school readiness and child day care purposes for the payments.

Eligible Applicants

To qualify for the wage supplement payment, “early childhood teachers” and “teacher assistants” must be in a state-funded school readiness program or state-funded child care program. “Early childhood teachers” must have primary responsibility for a classroom of children for at least 50% of their assigned time, while “teacher assistants” must have a primary duty to assist an early childhood teacher in providing early childhood care or as part of a school readiness program. Both must be regularly scheduled and have been employed in these respective capacities for at least six months at the time of the application.

Application Process

The OEC commissioner must determine (1) the application period and process for eligible applicants to apply to register for a wage supplement payment and (2) how to disseminate information about the program to best achieve the bill’s purposes. OEC must review the submitted applications, confirm each applicant’s eligibility, and, within 30 days of receiving an application, notify applicants of whether or not they were approved and the reason why if they were not approved.

Income or Asset Disregard

Under the bill, to the extent federal law allows, the wage supplement payments are not considered income or assets for determining eligibility for any state-administered public assistance program, including any HUSKY program.

Legislative Report

The OEC commissioner must report on the program by October 1, 2025, to the Appropriations; Finance, Revenue and Bonding; Education;

and Children’s committees. At a minimum, the report must include (1) the number of eligible early childhood teachers and teacher assistants that applied and were approved for a payment, (2) the payment amounts to each group and in total; and (3) a recommendation for whether the program should be expanded or extended.

EFFECTIVE DATE: Upon passage

§ 5 — SURPLUS LAND FOR EARLY CHILDHOOD CARE AND EARLY CHILDHOOD EDUCATION PROGRAMS

Requires the OEC commissioner to notify the OPM secretary if certain surplus state property can be used to provide early childhood care and education programs

The bill requires the OEC commissioner to notify the OPM secretary if certain surplus state property can be used to provide early childhood care and early childhood education programs.

By law, the secretary must notify all state agencies when an agency informs him it no longer needs a property it controls. The law requires nine specific commissioners to determine and notify the secretary if the property can be used for certain purposes related to their agency’s mission (e.g., commissioners of Economic and Community Development, Transportation, and Housing). Commissioners who determine they can use the property must submit a plan describing the proposed use for the secretary’s review (CGS § 4b-21). The bill adds the OEC commissioner to this group.

§ 6 — OEC LIABILITY INSURANCE COVERAGE DOCUMENT FOR CHILD CARE CENTERS

Requires the OEC commissioner to consult with a nonprofit organization to develop a document that explains the benefits of child care centers and homes maintaining liability insurance coverage and potential consequences of not having coverage; requires the document to be electronically distributed to child care facilities

The bill requires the OEC commissioner, by December 1, 2024, to consult with a nonprofit organization that provides entrepreneurial and financial education services to women to develop a document that explains the (1) benefits of child care centers and homes maintaining liability insurance coverage and (2) potential consequences of not having this coverage. The OEC commissioner must electronically distribute the document to licensed child care centers, group child care

homes, and family child care homes each year, starting by January 1, 2025.

EFFECTIVE DATE: Upon passage

Background — Related Bill

sHB 5160 (File 23), favorably reported by the Children’s Committee, has an identical provision.

§ 7 — OEC DEVELOPMENTAL MILESTONES DOCUMENT

Eliminates the requirement that child care centers and homes that exclusively serve school-age children post a copy of an OEC-developed developmental milestones document in the center or home

Current law requires each operator of a child care center or group or family child care home to post a copy of an OEC-developed document (1) listing key developmental milestones for children from birth to age five and (2) including information that parents or guardians concerned that their child has not met any developmental milestones may access the OEC Child Development Infoline for information on appropriate services.

Under the bill, beginning on July 1, 2024, centers that exclusively serve school-age children are no longer required to post a copy of this document.

Background — Related Bill

SB 152 (File 94), favorably reported by the Children’s Committee, has a similar provision.

§§ 8-9, 11 & 12 — CARE 4 KIDS

Adds children under the care of a caregiver who receives subsidies under the subsidized guardianship program to the Care 4 Kids protective service class; repeals the Care 4 Kids program regulations and instead requires the OEC commissioner to (1) administer the program by implementing the federal Child Care Development Fund program’s regulations and (2) develop policies and procedures necessary to do so; requires the secretary of the state to correspondingly update the online compilation of state regulations

Protective Service Class (§ 9)

The bill adds children under the care of a caregiver who receives subsidies through the Department of Children and Families’s subsidized guardianship program to OEC’s protective service class and

extends eligibility to them for up to one year from the date their subsidy was approved. These children then become eligible for Care 4 Kids regardless of the program's eligibility requirements.

By law, the OEC commissioner may institute a protective service class in which she may waive current law's Care 4 Kids eligibility requirements for certain at-risk populations, instead applying guidelines that she prescribes and the Office of Policy and Management reviews. Under current law, these at-risk populations include (1) certain foster care children, (2) certain newly adopted children, and (3) homeless children. The bill also specifies that certain adopted children are eligible for a subsidy for up to one year from the date of adoption.

Regulations, Policies, and Procedures (§§ 9 & 11-12)

The bill repeals the Care 4 Kids program regulations and the commissioner's authority to adopt them, and instead requires the OEC commissioner to administer the program by implementing the requirements of the federal Child Care Development Fund, which funds the Care 4 Kids program (45 C.F.R. § 98). Under the bill, the OEC commissioner must develop policies and procedures necessary to implement these federal requirements.

The bill also requires the secretary of the state to correspondingly update the official online compilation of state regulations by October 1, 2024.

Background — Related Bill

SB 152 (File 94), favorably reported by the Children's Committee, has similar provisions.

§ 10 — BIRTH-TO-THREE SERVICES

Requires child care centers to allow a child with an individualized family service plan who is eligible to receive Birth-to-Three services to receive them on-site at a child care center or home

The bill requires licensed child care centers and group or family child care homes to allow a child who is eligible for Birth-to-Three and who has an individualized family service plan to receive early intervention services at the center or home from the provider designated in the plan.

By law and under the bill, individualized family service plans are written plans for providing early intervention services to an eligible child and the child's family. These services must, among other things, be (1) provided under public supervision, (2) selected in collaboration with the parents, and (3) designed to meet the infant's or toddler's developmental needs and the family's needs in certain areas (34 C.F.R. § 303.13(a)).

Background — Related Bill

SB 152 (File 94), favorably reported by the Children's Committee, has a similar provision.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47 Nay 4 (04/03/2024)