



House of Representatives

General Assembly

File No. 594

February Session, 2024

Substitute House Bill No. 5002

House of Representatives, April 22, 2024

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING EARLY CHILDHOOD CARE AND EDUCATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-511 of the 2024 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 [The Comptroller shall establish] (a) There is established the Early
5 Childhood Care and Education Fund. Said fund may contain any
6 moneys required or permitted by law to be deposited in the fund and
7 [any funds received from any public or private contributions, gifts,
8 grants, donations, bequests or devises to the fund.] shall receive and
9 hold all payments and deposits for contributions intended for said fund,
10 as well as gifts, bequests, endowments or federal, state or local grants
11 and any other funds from any public or private source and all earnings
12 until disbursed in accordance with the provisions of this section.

13 (b) The amounts on deposit in said fund shall not constitute property
14 of the state and said fund shall not be construed to be a department,
15 institution or agency of the state. Amounts on deposit in said fund shall
16 not be commingled with state funds and the state shall have no claim to

17 or against, or any interest in, such deposits. Any contract entered into
18 by or any obligation of said fund shall not constitute a debt or obligation
19 of the state and the state shall have no obligation to any person on
20 account of said fund and all amounts obligated to be paid from said
21 fund shall be limited to amounts available for such obligation on deposit
22 in said fund. Said fund shall continue in existence as long as it holds any
23 deposits or has any obligations and until its existence is terminated by
24 law.

25 (c) The Treasurer shall invest the amounts on deposit in said fund in
26 a manner reasonable and appropriate to achieve the objectives of said
27 fund, exercising the discretion and care of a prudent person in similar
28 circumstances with similar objectives. The Treasurer shall give due
29 consideration to rate of return, risk, term or maturity, diversification of
30 the total portfolio within said fund, liquidity, the projected
31 disbursements and expenditures and the expected payments, deposits,
32 contributions and gifts to be received. The Treasurer shall not require
33 said fund to invest directly in obligations of the state or any political
34 subdivision of the state or in any investment or other fund administered
35 by the Treasurer. The assets of said fund shall be continuously invested
36 and reinvested in a manner consistent with the objectives of said fund
37 until disbursed by the Comptroller in accordance with the provisions of
38 this section.

39 (d) The Treasurer, on behalf of said fund and for purposes of said
40 fund, may:

41 (1) Receive and invest moneys in said fund in any instruments,
42 obligations, securities or property in accordance with this section;

43 (2) Enter into one or more contractual agreements, including
44 contracts for legal, actuarial, accounting, custodial, advisory,
45 management, administrative, advertising, marketing and consulting
46 services for said fund and pay for such services from the assets of said
47 fund;

48 (3) Procure insurance in connection with said fund's property, assets,

49 activities or deposits to said fund;

50 (4) Apply for and accept gifts, grants or donations from public or
51 private sources to enable said fund to carry out its objectives;

52 (5) Adopt regulations in accordance with chapter 54 for purposes of
53 this section;

54 (6) Sue and be sued;

55 (7) Establish one or more accounts within said fund; and

56 (8) Take any other action necessary to carry out the purposes of this
57 section and incidental to the duties imposed on the Treasurer pursuant
58 to this section.

59 (e) The amounts on deposit in said fund shall be used for the
60 purposes of supporting early childhood education in, and child care
61 needs of, the state and shall not be expended for any other purpose.

62 Sec. 2. (NEW) (*Effective from passage*) (a) (1) There is established the
63 Early Childhood Care and Education Fund Advisory Commission,
64 which shall be part of the Legislative Department. The commission shall
65 review and report on the financial health and status of the Early
66 Education Childhood Fund, submit and update a ten-year plan to the
67 General Assembly on expenditures from said fund that would best
68 support early childhood education in, and child care needs of, the state
69 and make recommendations for legislative changes to further the
70 purposes of said fund.

71 (2) The commission shall consist of the following members:

72 (A) Two appointed by the speaker of the House of Representatives,
73 one of whom shall be a parent who is a member of the Early Childhood
74 Cabinet established pursuant to section 10-16z of the general statutes;

75 (B) Two appointed by the president pro tempore of the Senate, one of
76 whom shall be a representative of a corporation with a significant
77 physical presence in the state and that employs individuals who may

78 benefit from early childhood education and state child care initiatives;

79 (C) Two appointed by the majority leader of the House of
80 Representatives, one of whom shall be a representative of a
81 philanthropic organization engaged in early childhood education issues
82 or child care issues in the state;

83 (D) Two appointed by the majority leader of the Senate, one of whom
84 shall be a representative of an early childhood education program
85 operator in the state;

86 (E) Two appointed by the minority leader of the House of
87 Representatives, one of whom shall be a representative of a non-home-
88 based child care services provider in the state;

89 (F) Two appointed by the minority leader of the Senate, one of whom
90 shall be an operator or a representative of a home-based child care
91 services provider in the state;

92 (G) The commissioners of Early Childhood and Education, or their
93 designees;

94 (H) The Secretary of the Office of Policy and Management, or the
95 secretary's designee;

96 (I) The Treasurer, or the Treasurer's designee; and

97 (J) The Comptroller, or the Comptroller's designee.

98 (3) Any member of the commission appointed under subparagraph
99 (A), (B), (C), (D), (E) or (F) of subdivision (2) of this subsection may be a
100 member of the General Assembly and each such appointed member
101 shall serve in accordance with the provisions of section 4-1a of the
102 general statutes.

103 (4) The administrative staff of the joint standing committee of the
104 General Assembly having cognizance of matters relating to finance,
105 revenue and bonding shall serve as administrative staff of the
106 commission.

107 (5) The Comptroller and one member of the commission selected by
108 the speaker of the House of Representatives and one member of the
109 commission selected by the president pro tempore of the Senate shall
110 serve as the chairpersons of the commission. Such chairpersons shall
111 schedule the first meeting of the commission, which shall be held not
112 later than ninety days after the effective date of this section. The
113 commission shall meet as often as deemed necessary by the
114 chairpersons or a majority of the commission. Any appointed member
115 who fails to attend three consecutive meetings or who fails to attend
116 fifty per cent of all meetings held during any calendar year shall be
117 deemed to have resigned from the commission.

118 (6) Any vacancy shall be filled by the appointing authority. Any
119 vacancy occurring other than by expiration of term shall be filled for the
120 balance of the unexpired term.

121 (7) A majority of the commission shall constitute a quorum for the
122 transaction of any business.

123 (8) (A) The members of the commission shall serve without
124 compensation, but shall, within the limits of available funds, be
125 reimbursed for travel expenses necessarily incurred in travelling to and
126 from a commission meeting, except that the following members shall be
127 eligible, within the limit of available funds, for a stipend of twenty-five
128 dollars for each hour or portion thereof that such member attends a
129 commission meeting:

130 (i) A parent member of the Early Childhood Cabinet;

131 (ii) A representative of an early childhood education program
132 operator, provided such representative is an employee of such program
133 operator and is compensated by such program operator on an hourly
134 basis;

135 (iii) A representative of a non-home-based child care services
136 provider, provided such representative is an employee of such provider
137 and is compensated by such provider on an hourly basis; and

138 (iv) An operator or a representative of a home-based child care
139 services provider, provided such representative is an employee of such
140 provider.

141 (B) The time spent by a member under subparagraphs (A)(i) to
142 (A)(iv), inclusive, of this subdivision to travel to and from such meeting
143 shall not be counted for purposes of calculating the stipend under this
144 subdivision.

145 (C) Each member seeking the travel expenses or stipend under this
146 subdivision shall submit a request to the executive director of the Office
147 of Legislative Management, in such form and manner as prescribed by
148 said director, and shall provide any documentation required by said
149 director to substantiate the requested amount.

150 (b) The commission shall have the following powers and duties:

151 (1) Review and monitor the Early Childhood Care and Education
152 Fund to assess its financial sustainability;

153 (2) Obtain from any executive department, board, commission or
154 other agency of the state such assistance and data as necessary and
155 available to carry out the purposes of this section; and

156 (3) Perform such other acts as may be necessary and appropriate to
157 carry out the duties described in this section.

158 (c) The commission shall:

159 (1) Not later than January 1, 2026, and annually thereafter, submit a
160 report, in accordance with the provisions of section 11-4a of the general
161 statutes, to the joint standing committees of the General Assembly
162 having cognizance of matters relating to appropriations and the budgets
163 of state agencies, finance, revenue and bonding, education and children,
164 on the financial health and status of the Early Childhood Care and
165 Education Fund, including, but not limited to, (A) the amounts on
166 deposit in said fund, (B) disbursements made or expected to be made
167 from said fund for the applicable fiscal year, (C) the rates of return on

168 investments made by the Treasurer pursuant to subsection (c) of this
169 section, (D) a statement as to the sufficiency of the amounts on deposit
170 in said fund to achieve the purposes of said fund, and (E) any
171 recommendations for policy changes and amendments to the general
172 statutes necessary to further the purposes of said fund;

173 (2) Not later than January 1, 2026, submit a ten-year plan, in
174 accordance with the provisions of section 11-4a of the general statutes,
175 to the joint standing committees of the General Assembly having
176 cognizance of matters relating to appropriations and the budgets of state
177 agencies, finance, revenue and bonding, education and children, of
178 recommendations of expenditures from said fund that would best
179 support early childhood education in, and child care needs of, the state.
180 The commission shall, in developing such plan, consider reports on the
181 state of (A) early childhood care and education in the state, and (B)
182 kindergarten readiness in the state, as well as best practices in other
183 states. The commission shall update such plan at least annually and
184 submit such updated plan annually to said committees; and

185 (3) Commencing with the fiscal year ending June 30, 2026, hold a
186 public hearing annually on the state of the fund and of early childhood
187 education and child care in the state.

188 Sec. 3. (NEW) (*Effective July 1, 2024*) (a) For the purposes described in
189 section 10-511 of the general statutes, as amended by this act, the State
190 Bond Commission shall have the power from time to time to authorize
191 the issuance of bonds of the state in one or more series and in principal
192 amounts not exceeding in the aggregate fifty million dollars.

193 (b) The proceeds of the sale of such bonds, to the extent of the amount
194 stated in subsection (a) of this section, shall be used by the Office of Early
195 Childhood for the purpose of implementing programs and initiatives
196 enacted to support early childhood education in, and child care needs
197 of, the state.

198 (c) All provisions of section 3-20 of the general statutes, or the exercise
199 of any right or power granted thereby, that are not inconsistent with the

200 provisions of this section are hereby adopted and shall apply to all
201 bonds authorized by the State Bond Commission pursuant to this
202 section. Temporary notes in anticipation of the money to be derived
203 from the sale of any such bonds so authorized may be issued in
204 accordance with section 3-20 of the general statutes and from time to
205 time renewed. Such bonds shall mature at such time or times not
206 exceeding twenty years from their respective dates as may be provided
207 in or pursuant to the resolution or resolutions of the State Bond
208 Commission authorizing such bonds. None of such bonds shall be
209 authorized except upon a finding by the State Bond Commission that
210 there has been filed with it a request for such authorization that is signed
211 by or on behalf of the Secretary of the Office of Policy and Management
212 and states such terms and conditions as said commission, in its
213 discretion, may require. Such bonds issued pursuant to this section shall
214 be general obligations of the state and the full faith and credit of the state
215 of Connecticut are pledged for the payment of the principal of and
216 interest on such bonds as the same become due, and accordingly and as
217 part of the contract of the state with the holders of such bonds,
218 appropriation of all amounts necessary for punctual payment of such
219 principal and interest is hereby made, and the State Treasurer shall pay
220 such principal and interest as the same become due.

221 Sec. 4. (*Effective July 1, 2024*) Not later than June 30, 2025, fifty million
222 dollars shall be transferred from the General Fund to the Early
223 Childhood Care and Education Fund, established pursuant to section
224 10-511 of the general statutes, as amended by this act.

225 Sec. 5. (NEW) (*Effective July 1, 2024*) (a) The Office of Early Childhood
226 shall, within available appropriations, establish a Tri-Share Child Care
227 Matching Program serving New London County. Under such program,
228 costs for child care provided by duly licensed child care facilities in the
229 state shall be shared equally among participating employers, employees
230 and the state.

231 (b) (1) The program shall be established for a minimum of two years
232 and the office shall select a regional or state-wide organization as the

233 administrator of the program. Such administrator shall (A) determine
234 employers' and employees' eligibility for participation in the program,
235 (B) ensure that child care facilities to which payments will be made
236 under the program are licensed by the state, (C) collect and ensure
237 timely payment from participating employers, participating employees
238 and the state, (D) disburse funds to the appropriate child care provider,
239 (E) recruit employers to participate in the program, and (F) coordinate
240 adequate communication between all parties.

241 (2) To be eligible to participate in the program:

242 (A) An employer shall have a physical facility located in New London
243 County that is the principal workplace of its employees; and

244 (B) An employee shall (i) be employed by a participating employer,
245 (ii) shall reside in the state, (iii) have as such employee's principal
246 workplace a location in New London County, (iv) be part of the asset
247 limited, income constrained, employed population that is below the
248 ALICE threshold, as calculated in the most recent annual report by the
249 United Way of Connecticut and provided to the administrator by the
250 commissioner, and (v) not be receiving other public assistance for child
251 care costs.

252 (c) The Commissioner of Early Childhood shall enter into an
253 agreement with such administrator to perform the duties described
254 under subdivision (1) of subsection (b) of this section. Such agreement
255 shall include, but need not be limited to, (1) a provision that the
256 administrator shall receive, for administrative costs of the program, up
257 to ten per cent of the funds allocated by the state for the program, (2) a
258 requirement that the administrator not commingle funds received for
259 purposes of the program, other than funds for administrative costs
260 allowed pursuant to subdivision (1) of this subsection, with other funds
261 held or controlled by the administrator, and (3) penalties for violation
262 of a provision of the agreement or of this section.

263 (d) Commencing with the fiscal year immediately following the first
264 year of the program and annually thereafter, the commissioner shall

265 submit to the joint standing committees of the General Assembly having
266 cognizance of matters relating to appropriations and the budgets of state
267 agencies, finance, revenue and bonding, education and children, a
268 report on the program. Such report shall include, but need not be limited
269 to, (1) for the fiscal year immediately preceding, (A) the number of
270 participating employers and participating employees, and (B) the
271 amounts disbursed by the administrator for child care costs and the
272 amounts retained by the administrator for administrative costs, and (2)
273 any programmatic or legislative changes the commissioner
274 recommends to improve the program or further its purposes.

275 Sec. 6. (*Effective July 1, 2025*) (a) As used in this section:

276 (1) "Early childhood education program operator" means a school
277 readiness program, private preschool program or program pursuant to
278 section 8-210 of the general statutes; and

279 (2) "Child care services provider" means a child care center, group
280 child care home or family child care home, as those terms are described
281 in section 19a-77 of the general statutes.

282 (b) For the fiscal year ending June 30, 2026, the Office of Early
283 Childhood shall establish and administer a wage supplement and child
284 care program enhancement grant program for early childhood
285 education program operators and child care services providers. On and
286 after August 1, 2025, the office shall provide grants to early childhood
287 education program operators and child care services providers that
288 meet the eligibility requirements developed by the office pursuant to
289 subsection (d) of this section and submit an application for a grant, in
290 such form and manner as prescribed by the office. A grant awarded
291 under this section may be used by such early childhood education
292 program operator or child care services provider to supplement the
293 annual salaries of the employees of such operator or provider or to
294 address any other programmatic or administrative needs, in accordance
295 with the guidelines developed by the office pursuant to subsection (d)
296 of this section.

297 (c) In determining whether to award a grant under this section, the
 298 commissioner shall give priority to early childhood education program
 299 operators and child care services providers that will use such grant
 300 exclusively to supplement the annual salaries of the employees of such
 301 operator or provider.

302 (d) The office shall develop (1) eligibility criteria for which early
 303 childhood education program operators and child care services
 304 providers are eligible to receive a grant under this section, and (2)
 305 guidelines for the administration of the program and the expenditure of
 306 a grant awarded under this section by a childhood education program
 307 operator or child care services provider. Such eligibility criteria shall
 308 limit grants to early childhood education program operators and child
 309 care services providers serving high-need populations, as determined
 310 by the commissioner, taking into account the findings and
 311 recommendations in the 2023 report issued by the Blue-Ribbon Panel on
 312 Child Care established by Executive Order Number 23-1 issued by
 313 Governor Ned Lamont.

314 Sec. 7. Section 10-511a of the 2024 supplement to the general statutes
 315 is repealed. (*Effective from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	10-511
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2024</i>	New section
Sec. 4	<i>July 1, 2024</i>	New section
Sec. 5	<i>July 1, 2024</i>	New section
Sec. 6	<i>July 1, 2025</i>	New section
Sec. 7	<i>from passage</i>	Repealer section

FIN Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Treasurer	GF - Cost	Up to 75,000	-
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Resources of the General Fund	GF - Revenue Loss	50,000,000	-
Treasurer	ECCEF - Revenue Gain	50,000,000	-
Office of Early Childhood	GF - Cost	See Below	See Below
State Comptroller - Fringe Benefits ¹	GF - Cost	At least 68,000	At least 68,000
Legislative Mgmt.	GF - Potential Cost	Minimal	Minimal

Note: GF=General Fund; ECCEF=Early Childhood Care and Education Fund

Municipal Impact: None

Explanation

Section 1 establishes the Early Childhood Care and Education Fund and requires the Office of the State Treasurer to administer it. A one-time cost of up to \$75,000 is associated with establishing the fund in accordance with the bill's requirements.

Section 2 establishes the Early Childhood Care and Education Fund Advisory Commission within the Office of Legislative Management (OLM) resulting in a potential cost to OLM. This section allows Commission members to seek travel expense reimbursements or

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.25% of payroll in FY 25.

stipends resulting in a potential minimal cost to OLM to the extent these are approved and issued by the agency.

Section 3 authorizes \$50 million in General Obligation bonds to be used by the Office of Early Childhood for the purpose of implementing programs and initiatives enacted to support early childhood education and childcare needs in the state. To the extent bonds are fully allocated and expended, total debt service is expected to be approximately \$71.5 million over the 20-year duration of the bonds, with annual payments starting no earlier than FY 26.

Section 4 transfers \$50 million from the General Fund to the Early Childhood Care and Education Fund.

Section 5 results in a cost to the Office of Early Childhood (OEC) beginning in FY 25 to establish the Tri-Share Pilot Matching Program serving New London County. The bill requires OEC to enter into an agreement with an administrator, which would receive up to ten percent of the funds allocated for the program to support administrative costs. The extent of the costs to establish and operate the program is dependent on the amount of funds allocated by the state.

Section 6 of the bill results in a cost to OEC beginning in FY 26 associated with establishing and administering a wage supplement and childcare program enhancement grant. The extent of these costs is dependent on the scope of the grant program to be developed by OEC, pursuant to the bill. OEC will incur additional annual staffing costs of approximately \$165,000, with associated fringe benefit costs of approximately \$68,000, to support administration of the program. For context, the annual starting salary of a Fiscal Administration Officer and Associate Accountant is \$76,386 and \$88,106, respectively.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.

OLR Bill Analysis**sHB 5002****AN ACT CONCERNING EARLY CHILDHOOD CARE AND EDUCATION.****SUMMARY**

This bill renames the Early Childhood Education Fund created in the FY 24-25 budget act the Early Childhood Care and Education Fund and transfers \$50 million to the fund from the General Fund for FY 25 (§ 4). It establishes a framework for the fund's deposits and investments and the state treasurer's authority and powers on behalf of the fund.

The bill creates a 17-member advisory commission within the Legislative Department to (1) review and report on the fund's financial health and status, (2) submit and update a 10-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. It also authorizes up to \$50 million in state general obligation bonds for the Office of Early Childhood (OEC) to implement programs and initiatives to support the state's early childhood education and child care needs (§ 3). The bonds are subject to standard statutory bond issuance procedures and repayment requirements.

The bill also does the following:

1. 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 (§ 5);
2. requires OEC, for FY 26, to set up and administer a wage supplement and child care program enhancement grant program for eligible early childhood education program operators and

child care services providers (§ 6); and

3. 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 (§ 7).

EFFECTIVE DATE: July 1, 2024, except that the (1) fund, advisory commission, and repealer provisions are effective upon passage and (2) wage supplement and grant program provision is effective July 1, 2025.

§ 1 — EARLY CHILDHOOD CARE AND EDUCATION FUND

Fund Requirements

As under current law, the Early Childhood Care and Education Fund must 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, they 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

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

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.

§ 2 — ADVISORY COMMISSION

Membership and Administration

Under the bill, the Early Childhood Care and Education Fund

Advisory Commission consists of the 12 appointed members shown in the table below 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

Appointing Authority	Number of Appointments	Appointee's Qualifications
House speaker	2	One must be an Early Childhood Cabinet member who is a parent
Senate president pro tempore	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
House majority leader	2	One must represent a philanthropic organization engaged in early childhood education or child care issues in Connecticut
Senate majority leader	2	One must represent an early childhood education program operator in Connecticut
House minority leader	2	One must represent a non-home-based child care services provider in Connecticut
Senate minority leader	2	One must operate or represent a home-based child care services provider in Connecticut

Under the bill, appointed members may be legislators. They serve at the pleasure of their appointing authority for a term coterminous with their appointing authority. Appointing authorities must 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 (1) the state comptroller and (2) two members selected by the House speaker and Senate president pro tempore, respectively. 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 (1) parent member of the Early Childhood Cabinet and (2) representatives of an early childhood education program operator and home- and non-home- based child care services provider, if they are employees of the respective provider and paid hourly. Under the bill, these members are eligible for a \$25 per hour stipend for each hour (or part of an hour) that they attend a commission meeting. 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 10-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 reports on the state of (1) these needs in Connecticut, (2) kindergarten readiness here, and (3) best practices in other states. It must update and submit this plan to these committees at least annually.

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.

§ 5 — TRI-SHARE CHILD CARE MATCHING PROGRAM

Program Duration and Administrator

The bill requires OEC, within available appropriations, to create a Tri-Share Child Care Matching Program for New London County that runs for at least two years. It 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, and
4. coordinate adequate communication between all parties.

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; and
3. 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;
4. be part of the asset limited, income constrained employed population that is below the ALICE threshold, based on the United Way of Connecticut's most recent annual report (see BACKGROUND); and
5. 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; and
2. the commissioner's recommendations for programmatic or legislative changes to improve the program or further its purposes.

6 — WAGE SUPPLEMENT AND CHILD CARE PROGRAM ENHANCEMENT GRANT PROGRAM

Eligible Program Operators and Providers

The bill requires OEC to establish a wage supplement and child care program enhancement grant program for FY 26 and begin awarding the grants starting August 1, 2025. Under the bill, the grants are for early childhood education program operators (i.e., school readiness programs, private preschool programs, and OEC-contracted child day care programs) and child care services providers (i.e., child care centers and group and family child care homes) that (1) meet the eligibility requirements the agency sets under the bill and (2) submit a grant application in the way OEC requires.

Eligible Uses

Grantees may use these grants to either (1) supplement the annual salaries of their employees or (2) address any other programmatic or administrative needs, according to the OEC guidelines described below. However, in awarding the grants, the OEC commissioner must give priority to program operators and providers that will use the grant exclusively to supplement employee salaries.

Eligibility Criteria and Guidelines

Under the bill, OEC must develop (1) eligibility criteria for program operators and providers and (2) guidelines for administering the

program and spending the grants. These eligibility criteria must limit the grants to program operators and providers serving high-need populations, as determined by the OEC commissioner. In doing so, she must consider the Blue-Ribbon Panel on Child Care’s findings and recommendations issued in its 2023 report. (The governor’s executive order (EO 23-1, March 17, 2023) established this panel, chaired by the OEC commissioner, to serve as his principal advisor on child care and early childhood issues and coordinate state agencies’ efforts to promote an effective child care and early childhood education system.)

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.

Related Bill

sSB 10, favorably reported by the Finance, Revenue and Bonding Committee, contains an identical \$50 million general obligation bond authorization for programs and initiatives enacted to support the state’s early childhood education and child care needs.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47 Nay 4 (04/03/2024)