

Finance, Revenue and Bonding Committee JOINT FAVORABLE REPORT

Bill No.: House Bill 5002

Title: AN ACT CONCERNING EARLY CHILDHOOD CARE AND EDUCATION.

Vote Date: 4/3/2024

Vote Action: Joint Favorable Substitute

PH Date: 3/28/2024

File No.: 594

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SPONSORS OF BILL:

Finance, Revenue and Bonding Committee; Representatives Kate Farrar, 20th District; Michelle Cook, 65th District; Holly Cheeseman, 37th District; and Rachel Chaleski, 138th District.

Co-sponsors:

Representative Jason Doucette, 13th District
Representative Brandon Chafee, 33rd District
Representative John-Michael Parker, 101st District
Representative Hubert D. Delany, 144th District
Representative Geraldo C. Reyes, 75th District
Representative Farley Santos, 109th District
Representative Julio A. Concepcion, 4th District
Representative Fred Gee, 126th District
Representative Marcus Brown, 127th District
Representative Mary M. Mushinsky, 85th District
Representative Aundre Bumgardner, 41st District
Representative Travis Simms, 140th District
Representative Roland J. Lemar, 96th District
Representative James Sanchez, 6th District
Representative Rachel Khanna, 149th District
Representative Amy Morrin Bello, 28th District
Representative David Michel, 146th District
Representative Susan M. Johnson, 49th District
Representative Dominique Johnson, 143rd District
Representative Kara Rochelle, 104th District
Representative Robin E. Comey, 102nd District
Representative Aimee Berger-Girvalo, 111th District
Representative Eleni Kavros DeGraw, 17th District
Representative Hector Arzeno, 151st District
Representative Emmanuel Sanchez, 24th District
Representative Bobby G. Gibson, 15th District
Senator Julie Kushner, 24th District

REASONS FOR BILL:

This bill outlines a multifaceted approach to providing quality and affordable child care to families across Connecticut. It transfers \$50 million from the General Fund to the renamed Early Childhood Care and Education Fund, and authorizes \$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.

The bill establishes a 17-member advisory commission to review and report on the Early Childhood Care and Education Fund's financial health and status, submit and update a ten-year plan to the legislature on Fund expenditures that would best support the state's early childhood education and child care needs, and recommend related legislative changes.

The legislation also requires OEC, within available appropriations, to establish a Tri-Share Child Care Matching Program serving New London County, where child care costs are shared equally between participating employers, employees, and the state. Data indicates that there are [child care deserts](#) (places where there is licensed child care for less than one third of the children under age five) in Eastern Connecticut, which is why the program will be located in New London County. The bill also requires OEC to set up and administer a wage supplement and child care enhancement grant program for eligible early childhood education program operators and child care services providers.

SUBSTITUTE LANGUAGE:

The substitute language pushes the effective date out to Fiscal Year 26.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Jeffrey Beckham, Secretary, Office of Policy and Management](#), opposes the bill because it would expand the scope of the Early Childhood Education Fund far beyond its originally intended purpose by requiring taxpayers to support \$100 million in contributions to this fund by transferring \$50 million from the General Fund to the renamed Early Childhood Care and Education Fund as well as authorizing \$50 million of bonding for such Fund. He explains that the administration was supportive of establishing the Early Childhood Education Fund through Section 338 of [Public Act 23-204](#) because they were assured it would not require General Fund support, and would act as a repository for private gifts or donations that would support early childhood education.

[Beth Bye, Commissioner, Office of Early Childhood](#) supports the intent of the bill, but offers several revisions. Namely, OEC supports retaining the Early Childhood Education Fund as a repository for philanthropic donations in support of early care and education initiatives; recommends that OEC be highly involved in the operations of the Early Childhood Care and Education Fund Advisory Commission; and expresses concern that the spending outlined in the bill would be taken off budget, and not subjected to the scrutiny and review of the regular appropriations process, thereby circumventing the fiscal guardrails.

Commissioner Bye expressed serious concern that the bill calls for a new ten-year plan separate from the five-year [Blue Ribbon Panel on Child Care Plan](#) that was released in January 2024. The Blue Ribbon five-year plan provides a vision for Connecticut's child care infrastructure that will improve access to quality care for thousands of families through efforts aimed at affordability,

stabilizing and expanding child care businesses, and improving the quality of programs. The plan was informed by thousands of providers, parents, businesses, and interested residents, and evolved significantly. We believe the labor, time, and energy put into this collaborative effort was extremely valuable. A new planning process would simply be duplicative of this valuable work.

[Sean Scanlon, Comptroller, Office of the State Comptroller](#), testifies that the cost of child care is too expensive, staff are underpaid, and access is limited. He notes that while our state has made strides over the last three years to address these issues by improving workforce shortages, providing access to 6,500 additional families, and increasing state funding to facilities - there is much more we can do to help. The fund established in this bill will leverage public and private dollars to make long-term, sustainable investments determined by a ten-year strategic plan.

He asserts that investments in early child care are some of the smartest the legislature could make. The Comptroller highlights data in the [Blue Ribbon Panel on Child Care Plan](#) that shows the state receives a 7 to 13 percent return on investment when it spends on early childhood care and education; and that one in five Connecticut parents have become unemployed due to child care issues.

NATURE AND SOURCES OF SUPPORT:

[Robin Comey, State Representative, Connecticut General Assembly](#), speaks in strong support of the bill; specifically, the Tri-Share Child Care Matching Program in New London County, which is modeled after the successful public-private partnerships in Michigan and North Carolina, as well as the stabilization grants for wage supplements and enhancements. She asserts that the stabilization grants have been, and would continue to be, “lifesavers” for the families they serve. These funds go directly to maintaining high-quality child care on which our working families depend. These grants allow programs to spend a little bit more on fresh produce or to provide training and wages for their staff.

[Michelle Cook, State Representative, Connecticut General Assembly](#), underscores that Connecticut has the third most expensive child care for infants and toddlers, nationwide. She highlights that early childhood education providers struggle to maintain operations with less than 1% profit margins. The COVID-19 relief funds previously used to support child care and education have since expired, which prevents our most vulnerable communities from receiving a quality and equitable source of child care and education in their most crucial formative years.

[Rachel Khanna, State Representative, Connecticut General Assembly](#), emphasizes that Connecticut lacks a sufficient number of spots in early childhood education and child care programs to meet the current demand. The lack of early childhood education programs worsens the gender gap in workforce participation. In addition, increased demand for high quality early childhood education programs will only exacerbate this situation as we feel the effects of the ongoing influx of young families to Connecticut and the recent change to kindergarten enrollment deadline takes effect this fall.

Rep. Khanna asserts that our fiscal guardrails have put our state on sound economic footing. We have created many great reasons for people and businesses to make Connecticut their home - and it's working. She notes that we need affordable and available early childhood education programs to keep this momentum going.

Christopher Davis, Vice President of Public Policy, Connecticut Business Industry Association (CBIA), confirms that lack of affordable and reliable child care has had a negative effect on our state's economy; impacting the ability of many women and low-to-moderate income workers from entering or advancing in our workforce. This impact has real economic ramifications, with 44 percent of American parents having reduced their regular work hours because of child care-related challenges, and 41 percent lost out on professional advancement or promotions. As employers across the state continue to struggle to find help during our current workforce shortage, increasing access to affordable child care will help alleviate the economic pressures that have left many Connecticut families unable to afford this important piece of our economic infrastructure.

CBIA supports establishing a Tri-Share Child Care Matching Program model in New London County. Thousands of jobs remain open in New London County as its major defense, manufacturing, and hospitality industries struggle to find workers, in part because the area is a [child care desert](#). This proposed tri-share model has a proven track record of success in other states, particularly in Michigan, where the three participating regions (59 counties) have experienced an [80% increase in employee retention rates](#). Additionally, employees across all participating hubs decreased their monthly child care costs by \$464, with 86 percent of participating employees saying the tri-share program has made child care more affordable. From an employer perspective, 63 percent of participating employers believe the program has helped their company retain existing employees.

Emily Byrne, Executive Director, Connecticut Voices for Children, references the [annual State of Early Childhood report](#) published by Connecticut Voices for Children that speaks to various components of the early care and education (ECE) sector. Since the pandemic, their reports have showcased the exceptionally high cost for parents and caretakers, low wages within the ECE sector, the slim margins under which providers operate, as well as the ultimate price paid by our state's children who are unable to access high-quality ECE. Their [2023 State of Early Childhood Report](#) uplifts the work led by Governor Ned Lamont and Commissioner Beth Bye vis-à-vis the Governor's Blue Ribbon Panel on Child Care. Connecticut policymakers recognize that Connecticut's ECE system is at a dramatic inflection point. Parents can't afford quality care and often lack proximal access to it, educator wages are undignified, providers can't hire fast enough, and the federal dollars and state contributions are woefully insufficient. They commend the Committee's efforts to address these challenges by tackling some of the root problems within the ECE sector through House Bill 5002.

John L. Cattelan, Vice President of Government Relations, Connecticut Alliance of YMCAs, explains that YMCAs have held off on increasing parent fees to support staff salary raises in state-funded programs. Given that child care costs are already prohibitive for many households, expecting families to shoulder further financial burdens is unreasonable. He notes that on average, Connecticut families already spend between \$15,000 to \$20,000 annually on child care. Relying on families to fund salary increases for child care workers is simply impractical.

Cora D'Alessandro, Teaching Faculty, University of Connecticut is a parent of two young children in full time care. Her family currently pays \$4,685 per month in child care expenses, which is equivalent to 35 percent of her household income. Despite she and her husband having higher education degrees and two stable careers, they are struggling to make ends meet due to the astronomical cost of child care. Ms. D'Alessandro is the student coordinator for the early childhood program at UConn Stamford and cannot recruit enough students to fill her classes; they typically cap out at three to six students. College students are not interested in pursuing early childhood education

as a career as many of them will be taking out \$60k -100k in student loans to make \$40k or less per year.

[Wendy O. DeLucca, Ed.M., Assistant Director, Branford Early Learning Center](#) wonders why our society is not in a place where it is guarantee for schools to be open and teacher salaries to be paid for ALL schools - including day cares and preschools. Families rely on birth to five centers not only for day care, but for early childhood schooling. She asserts that instruction at this age is as important (if not more so) than any other period of a child's education. Yet, families - especially ALICE and low-income families - struggle to find affordable early childhood centers. She notes that there are not enough centers, or enough slots, for our children. If there is one action that the State of Connecticut could do to support families, it is to make a commitment to early childhood centers. This means providing annual, ample funding that does not waiver due to an everchanging political climate.

[Merrill Gay, Executive Director, Connecticut Early Childhood Alliance](#) testifies that there are [4,000 vacant staff positions](#) (one out of every seven) in Connecticut child care centers. Hundreds of classrooms are closed. At a time when programs clearly need to raise wages to attract and retain an early educator workforce, only 36 percent of programs report having enough revenue to sustain themselves for the long term. As of November 2023, only one in five programs still had any of their COVID relief funds left. By now most of that is gone. As a result, the system is operating at just 74 percent of its licensed capacity. This [interactive map](#) prepared by United Way 211 will let you see the child care capacity in each town in the state.

He notes that only 20 to 30 percent of early care and education is subsidized in Connecticut. The rest is in the private market. As the supply of early care has shrunk, tuition rates have increased by roughly a third in the past four years. Many families find themselves having to pay the equivalent of a second rent or mortgage payment for child care. As a result, many families are priced out of the market all together. This [interactive map](#) compares the market rate cost of infant toddler care in a town versus the average family income in that town. It shows that in all but two towns the cost to put one child under three in child care exceeds the federally recommended 7 percent of average household income.

Mr. Gay highlights that while private tuition rates have gone up substantially, payment rates to the subsidized programs are a completely different story. They have been stagnant and are substantially below market rate. Parents trying to access the Care4Kids child care subsidy currently face waits of three to six months, and 60 percent of applicants are denied. That is a serious barrier for parents trying to reenter the workforce. There is a real cost associated with not fixing this problem. In March 2024, the [Department of Labor](#) reported that there are 94,000 open jobs in Connecticut. At the same time, thousands of parents can't find child care that they can afford so that they could take one of those jobs.

[Jessica Guelke, Owner, Red Barn Children's Center](#) shares that her privately-owned, for-profit structure solely funded by tuition is facing mounting challenges. Recent minimum wage increases, though beneficial, have strained their business and personal finances. While they prioritize fair compensation for their staff, raising tuition to meet the rising cost of ownership burdens families, particularly those working minimum wage struggling to afford childcare. Additionally, their inability to offer competitive salaries and benefits risks losing talented educators to publicly funded positions. Though COVID-19 relief aided them between 2020-2022, the lack of sustained support now forces them to make tough decisions. They are questioning the sustainability of their mission. While serving

children brings immense joy, the financial strain is undeniable. Personal investments and debts to sustain operations weigh heavily. They have supported their school with personal funds, and gone into debt to pay employees in order to remain open.

[Lisa Hammersley, Executive Director, School and State Finance Project](#) testifies that as an organization that sits in the K-12 education space, they recognize the importance of a robust early childhood education and child care system. These formative years are pivotal in shaping a child's learning and preparing them for elementary and secondary education. Access to quality child care is indispensable for parents across Connecticut, including many K-12 teachers, paraeducators, and staff. It's imperative to acknowledge the symbiotic relationship between early childhood education and K-12 education. Their funding should never be pitted against each other but should be seen as complementary investments in our state's future.

The School and State Finance Project strongly supports the funding of the Early Childhood Care and Education Fund and the placement of dollars for early childhood education and child care outside of the General Fund. By placing these dollars outside of the General Fund and away from the limits of the state's spending cap and other budgetary restraints, Connecticut can ensure sustained investments in this critical sector. The budgetary maneuvers contained in House Bill 5002 demonstrate our state's commitment to prioritizing the well-being and development of our youngest learners and supporting the educators who nurture them.

[Joanne Kelleher, Executive Director, Early Childhood Collaborative of Southington](#) emphasizes that early educators are some of the lowest paid workers in the economy and many do not have benefits. Due to health concerns, stress, and especially, low pay (in the \$15.69 to \$18 per hour range), early childhood educators are changing careers and leaving the industry. They could be paid more, and receive benefits, by switching to the public schools or working retail. Staff shortages have led to empty classrooms in Southington's childcare centers and long waiting lists for families. Stabilization grants or other mechanisms to increase staff compensation without placing additional burdens on families are needed.

The following individuals also testified in support of House Bill 5002:

- [Elizabeth Anderson, Assistant Director, Thames Valley Council for Community Action and Head Start](#)
- [Sherita Little Bald Eagle](#)
- [Shereleys Bare Espinal, Child Care Provider, Kids Castle Day Care](#)
- [Timothy Bartlett, President and Chief Executive Officer, Central Connecticut Coast YMCA](#)
- [Lynn Behrmann](#)
- [Antonia Better-Wirz, All Our Kin](#)
- [Pamela Bisailon](#)
- [Andrew Boone, Financial Advisor, United Bank of Scotland](#)
- [Elizabeth Brown](#)
- [Sarah Boone, Manager, Guilford Racquet and Swim Club](#)
- [Mary Cecchinato, Executive Director, Torrington Child Care Center](#)
- [Heidi Chappell, Little People Daycare](#)
- [Stephan Ciceron](#)
- [Tiara Miller-Ciceron](#)
- [Julie Corbett](#)

- [Laura Cordeira](#)
- [Sheila Daniels, Council Member, Middletown School Readiness](#)
- [Maria de Lourdes Lopez, Lulu's Home Day Care](#)
- [Sandi Docimo, Head Teacher](#)
- [Dawn Dubay, School Readiness Liaison](#)
- [Natalia Doran, Kiddie Academy of Rocky Hill](#)
- [Ekanem Ebinne](#)
- [Amber Escourse](#)
- [Debbie Esposito](#)
- [James Farnam, Owner, Farnam Associates, LLC](#)
- [Judith Ferholt](#)
- [Kiana Flores](#)
- [Andrew G.](#)
- [Fabiola Garcia](#)
- [Gloria Gaskins](#)
- [Ashley Gaudiano](#)
- [Susan Giglio, Executive Director, Families Network of Western Connecticut](#)
- [Lena Greco](#)
- [Izzi Greenberg, Director, Middlesex Coalition for Children](#)
- [Kathleen Guion](#)
- [Maria Hernandez](#)
- [Catherine Hogan, Early Care and Education Director, Family Centers](#)
- [LaToya Ireland, Parent, Ambassador, Waterbury Bridge to Success](#)
- [Erin Kelly](#)
- [David Kulick, Regional Director of Sales, Kaplan Early Learning Company](#)
- [Sandhya Kumar, Student, Yale School of Public Health](#)
- [Dani Langan](#)
- [Daniela Larsson, Policy Manager, Child Care for Connecticut's Future](#)
- [Elizabeth E. Lawal](#)
- [Lynn Legary, Family Home Daycare Provider](#)
- [Ryan Leworthy, District Operations Director, Central Connecticut Coast YMCAs](#)
- [Rayann Lezama](#)
- [Tracey Madden-Hennessey, Executive Director of the YWCA New Britain](#)
- [Lavern Maitland](#)
- [Fabiana Marin, Head Administrative Teacher, Family Centers](#)
- [Kamaria Mateen, Daycare Owner](#)
- [Molly Milligan, Site Manager, Family Centers](#)
- [Mercedes Monzon, Daycare Provider](#)
- [Tiffany Morrissey, Parent](#)
- [Jasna Muminovic, Daycare Provider](#)
- [Kailyn Nadeau, Teacher, Director, Parent, Norfolk Early Learning Center](#)
- [Susan Netter](#)
- [Diane Pappacoda, Executive Director, Branford Early Learning Center](#)
- [Mary Peniston, Executive Director, Connecticut Early Childhood Funder Collaborative](#)
- [Edie Reichard, Director, Sleeping Giant Day Care](#)

- [Lynn Reichart, Director of Early Childhood Services, Child and Family Agency of Southeastern Connecticut](#)
- [Tracy Richardson](#)
- [Flor Rivera, Child Care Provider](#)
- [Randi Rubin Rodriguez, Executive Director, Kids Family Center](#)
- [Allyx Schiavone, Executive Director, Friends Center for Children](#)
- [Constanza Segovia](#)
- [Sana Shah, Director of Policy and Advocacy for The Connecticut Project Action Fund](#)
- [Ellen Sibilia, Owner, Creative Kids Learning Center](#)
- [Shanina Smith](#)
- [Davette Stephens, Owner, Just a Helping Hand Group Daycare](#)
- [Janet Stolfi Alfano, Chief Executive Officer, The Diaper Bank of Connecticut](#)
- [Joy Talotta](#)
- [Troy Taylor](#)
- [Jade Thomas, Policy Specialist, All Our Kin](#)
- [Lushanna Thompson, Owner of Every Child Ahead, LLC](#)
- [Yenny Toone](#)
- [Stephanie Trcka, Child Care Director](#)
- [Jonna Trovato, Site Manager, Family Centers Preschool](#)
- [Carlos Velazquez](#)
- [Naria Velazquez, Owner, Bright Minds Learning Center](#)
- [Francheska Velazquez, CERCLE](#)
- [Jim Williams, Government Relations Director, American Heart Association in Connecticut](#)
- [Rosalie Witt, Higher Education, Purple Ladder, LCC](#)
- [Orlando Yarborough III, Past Board Clerk, Friendship Center for Children](#)

NATURE AND SOURCES OF OPPOSITION:

The following individuals submitted testimony in opposition to the bill:

- [Lagabriella Vargas, No Pay Solution to Child Care](#)
- [Daniel Gentile](#)

Reported by: Jason Snukis

Date: April 23, 2024