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## *Invest in Quality Early Childhood Education* **QUALITY EARLY CHILDHOOD DEVELOPMENT PROGRAMS ARE AN INVESTMENT IN TOMORROW'S WORKFORCE**

With limited state resources, it is essential that state funding be targeted to programs that provide the greatest benefit and the highest quality. Research has shown the tremendous benefit that Early Childhood Development programs can provide to children, their families and our economy. The comprehensive model (similar to Head Start) that addresses the social, health and educational needs of low-income children and their families provides the best return-on-investment and ensures that we can meet the needs of the whole child and family.

Research indicates the importance of early childhood brain development and the necessity of eliminating the risk factors associated with poverty that may impair brain development. High quality early childhood development programs can ameliorate these risk factors and can enable a child to be more successful in school. **High quality programs are an investment in the workforce of the future.** A study from Art Rolnick and Rob Grunewald of the Federal Reserve Bank of Minneapolis demonstrated that every **\$1** spent in early childhood programs, yields **\$7.16** in tangible, spendable, taxable public good, and demonstrates a **16% annual return-on-investment**, when adjusted for inflation.

Yet Connecticut's nationally recognized Early Childhood Education system is heading toward a crisis due to a patchwork of funding streams that is creating program deficits. These program deficits have been caused by cuts in funding to Care4Kids which was reduced by nearly 40 percent from FY02 to FY05, unequal payment rates across state agencies for similar services, and no cost of living increases for state funded programs while the cost of doing business has increased. In the current fiscal year, a number of nationally accredited early childhood programs at our agencies face deficits ranging from \$200,000 to \$500,000.

In order to address the funding deficits among quality early childhood education programs, Connecticut must develop a fair and stable funding system for all ECE programs. We recommend:

- **Restore Care 4 Kids funding to \$90 million and prioritize Care 4 Kids funds for state-funded School Readiness and Child Care Centers, especially CHEFA financed centers.** 19 facilities built using \$48 million in CHEFA financed bonds, which are guaranteed School Readiness and/or State-funded Child Day Care slots, are not guaranteed Care 4 Kids certificates. This creates a built-in funding gap and is the major cause of today's program deficits.
- **Increase the unit reimbursement rates for School Readiness and State-Funded Child Care and equalize the funding across programs.** These programs have been virtually level-funded since the late 1990's and are not funded equally even though they provide similar services. (\$5,500 from DSS compared to \$7,500 from SDE per child).

- **New state funding should support full day, full year ECE Programs that use a comprehensive services model that is focused on low-income children and their families.** Limited resources should be targeted to where they will have the greatest impact.

Ensuring that children are better prepared for success in school is the primary goal of Connecticut's Early Childhood Education system. The federal No Child Left Behind is increasing attention on our lowest performing schools and districts. However, recent trends indicate that the children who would most benefit from early childhood education services are not necessarily receiving them. In some of our poorest cities, the percentage of children entering Kindergarten having attended Preschool has dropped. For example, in Hartford, the percentage of Kindergarten students who attended an ECE program was 54.9% in the 1998-99 school year. In the 2003-04 school year it had dropped to 44.9%.

There may be multiple reasons for this drop, but the reduction in Care 4 Kids funding by 40% and the economic stress on families who depend on the income from Care 4 Kids are certainly major factors in this unfortunate trend. If Connecticut is going to be serious about addressing the achievement gap and preparing low-income children for success in school, then the state needs to ensure that low-income children attend quality early childhood education programs.

Connecticut needs to repair the current funding system for Early Childhood Education programs. When the School Readiness program was created, the reimbursement rates for both School Readiness and the State-funded Child Care Centers did not fully fund the actual cost of providing the service. The remaining funding was to come from Care 4 Kids certificates and parent fees. With significant reductions in the Care 4 Kids funding and approximately 65% of Care 4 Kids children receiving care from relatives, neighbors, and friends, it is no wonder that many state-funded School Readiness and Child Care Centers are running operating deficits.

Current operating deficits threaten closure of several facilities. This would effect thousands of young children, who would lose access to quality early childhood services. In order to stabilize the funding system, Care 4 Kids certificates should be prioritized toward any state-funded School Readiness or Child Care Center. This would ensure that the funding that was originally envisioned as part of Connecticut's ECE system would actually support the quality programs. This would avert the pending crisis and create a sustainable funding system that would support quality early childhood education services and protect the investment that the state has already made.

Research is clear that if we endeavor to help low-income young children to succeed in school and in life, they and their families need comprehensive programs that can meet their diverse needs. The comprehensive approach (modeled after Head Start) that addresses these issues and is of high quality is the most cost-effective use of public dollars. This model provides the best return-on-investment and ensures that we can meet the needs of the whole child and family.

#### CAFCA recommends:

- Restore Care 4 Kids funding and prioritize Care4Kids funds to target CHEFA bonded facilities and state funded care.
- Increase the unit reimbursement rate for Quality Early Childhood programs that prioritize low-income children.
- Funding should be targeted to ECE programs that use a comprehensive services model.