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## OLR Bill Analysis

### HB 5465

## **AN ACT INCREASING EARLY CHILDHOOD EDUCATOR SALARIES AND EXPANDING CHILD CARE OPPORTUNITIES FOR FAMILIES.**

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*Requires local school readiness councils to conduct an early childhood education needs assessment for children and families in the community; allows a local or regional school readiness council to convert unused school readiness space into infant and toddler spaces*

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*Appropriates an unspecified amount to OEC in FY 23 to provide (1) scholarships and professional development for early childhood program providers and staff and (2) help for state-funded program staff members to meet qualification requirements*

**BACKGROUND**

**COMMENT**

**§ 1 — EARLY CHILDHOOD EDUCATOR SALARY ENHANCEMENT GRANT PROGRAM**

*Requires OEC to administer an annual salary enhancement grant to eligible employees of family child care homes and early childhood care and education programs beginning in FY 23*

Beginning in FY 23, the bill requires the Office of Early Childhood (OEC) to administer the early childhood care and education salary enhancement grant program. OEC must annually pay a salary enhancement grant to each family child care home and early childhood care and education program, which in turn must distribute the funds to their eligible employees consistent with OEC policy. Under the bill, early childhood care and education programs are the following:

1. child care centers;
2. group child care homes;
3. private preschool programs;
4. school readiness programs;
5. state funded child care centers for disadvantaged children; and

6. any state-funded, unlicensed child care services provider or school readiness program with infant, toddler, and preschool spaces that is located in a public school building but not part of the public school system (see BACKGROUND).

The bill requires the OEC commissioner to develop a grant program policy by October 1, 2022, before distributing grant funds to these entities. The policy must address at least the following: eligibility criteria, registration process, grant distribution requirements, and any other requirements the commissioner finds necessary.

### ***Grants to Family Child Care Homes***

Under the bill, OEC must annually pay each family child care home a salary enhancement grant in the following amount for each of the following employees: \$20,000 for each licensee; \$6,000 for each OEC-approved full-time assistant or substitute staff member; and \$3,000 for each part-time OEC-approved assistant or substitute staff member.

Each licensee must distribute the grant funds consistent with the OEC-developed policy.

### ***Grants to Early Childhood Care and Education Programs***

The bill requires each early childhood care and education program to register with OEC to receive a grant under the program, providing any information required by the office consistent with the program policy. The commissioner determines when and how the programs must register.

Under the bill, OEC must give each of these programs a grant that equals its respective salary enhancement amount. Each program's salary enhancement amount is calculated using the following formula:

1. finding the difference between each individual employee's (a) prescribed salary under the OEC's early childhood compensation schedule (see §§ 2 & 3 below) and (b) actual salary paid on December 31, 2021, or the annual starting salary for the position on that date if it was vacant;

2. adding \$7,500 to that number for each employee; and
3. adding together the above sums for each individual employee in the program for the fiscal year.

The bill requires these programs to distribute the grant funds to their employees consistent with the policy that OEC develops for the grant's administration.

EFFECTIVE DATE: July 1, 2022

### **§§ 2 & 3 — EARLY CHILDHOOD COMPENSATION SCHEDULE AND SALARIES**

*Requires OEC to amend its proposed early childhood educator compensation schedule to include more employee categories; requires each early childhood care and education program employee to be paid an annual salary as prescribed in the OEC-developed compensation schedule beginning in FY 23*

Existing law required OEC to develop a proposed early childhood educator compensation schedule for employees of early childhood education programs and submit it, along with cost estimates, implementation recommendations, and other analyses to the Appropriations and Education committees by January 1, 2021. Specifically, the compensation schedule must be a list or series of lists specifying a series of compensation steps and ranges for the salary, wages, benefits, and other forms of valuable consideration provided to employees for their work.

#### ***Compensation Schedule Amendment (§ 3)***

The bill requires OEC to amend the compensation schedule to include employees of “early childhood care and education programs” by January 1, 2023.

Under the bill, these employees include individuals who meet the following criteria:

1. work for a (a) child care center, group child care home, or school readiness program that does not accept state funds; (b) child care or school readiness program that accepts state funds for infant, toddler, and preschool spaces; (c) private preschool program; or

- (d) state-funded child care center for disadvantaged children and
- 2. satisfy the eligibility criteria described in OEC’s (a) compensation schedule, rather than the staff qualifications requirements established by law (see BACKGROUND) as current law requires for the January 2021 schedule, and (b) policies for the early childhood care and education salary enhancement program (see § 1).

**Salaries to Match Compensation Schedule (§ 2)**

Beginning July 1, 2022, the bill requires each early childhood care and education program employee to be paid an annual salary as prescribed in the OEC-developed compensation schedule. By law, OEC must establish a recommended minimum salary for employees as part of the proposed early childhood educator compensation schedule. If, however, an employee’s salary is greater than the amount prescribed in the schedule, then the employee must be paid the greater amount.

Because this requirement takes effect in 2022, salaries must reflect the 2021 compensation schedule, not the new 2023 schedule required by this bill (see § 3; see COMMENT).

**Early Childhood Education Program Definition (§ 3)**

The bill also defines the term “early childhood education program” a second time. Under current law, the term refers to any child care or school readiness program with state-funded infant, toddler, and preschool spaces. The bill adds a second, separate definition, defining the term to mean a private preschool program, a private school readiness program, or a state-funded child care center for disadvantaged children. (Presumably, the term captures both definitions, which do not conflict.)

EFFECTIVE DATE: July 1, 2022

**§ 4 — EARLY CHILDHOOD EDUCATOR LOAN FORGIVENESS GRANT**

*Requires OHE to administer an early childhood educator loan forgiveness grant in collaboration with OEC beginning in FY 23*

Beginning in FY 23, the bill requires the Office of Higher Education (OHE), in collaboration with OEC, to administer an early childhood educator loan forgiveness grant program within available appropriations. This program provides grants to eligible applicants in the amount of their remaining federal or state educational loan balance. Applicants must meet the following criteria to receive a grant:

1. have been continuously employed by a licensed child care center or group or family child care home for at least four years at the time they apply and
2. hold either an associate or bachelor's degree with a concentration in early childhood education from a regionally-accredited Connecticut public higher education institution, and the degree program is approved by (a) the Board of Regents for Higher Education or OHE and (b) OEC.

By law, a “concentration in early childhood education” is a program of study that includes early childhood education, child study, child development, or human growth and development (CGS § 10-16p(a)(10)).

Under the bill, OHE's executive director determines when and how applicants should apply to the program. Any funds appropriated for the program are nonlapsing, and any unexpended funds must be available during the following fiscal year.

EFFECTIVE DATE: July 1, 2022

## **§ 5 — SCHOOL READINESS COMPETITIVE GRANT PROGRAM**

*Increases the per child cost cap used to calculate certain school readiness program grants beginning in FY 23*

Beginning in FY 23, the bill increases the per child cost cap used to calculate school readiness program grants for OEC's school readiness competitive grant program, which provides spaces in school readiness programs located in alliance districts, areas with priority schools or former priority schools, and the 50 poorest or formerly poorest towns whose school districts are not priority districts (CGS § 10-16p(d)(1)).

The bill raises the cap on the per child cost of this program offered by a school readiness provider by \$1,000, increasing the maximum cost from \$9,027 to \$10,027. This increase affects the calculation of OEC's competitive school readiness grant. By law, the grant amount for an applicant town is calculated by multiplying the per child cost by the number of spaces in the school readiness program. Therefore, a program that provides services at a cost above the current per child cap will receive a grant that is up to \$1,000 larger under the bill.

EFFECTIVE DATE: July 1, 2022

## **§ 6 — EXCESS SCHOOL READINESS GRANT FUNDS**

*Allows OEC to use appropriated, unexpended school readiness funds to provide scholarships for early childhood care and education program providers and their staff; eliminates licensed school readiness programs' authority to use unspent school readiness grant funds that exceed the per child school readiness cost to increase classroom teacher or caregiver salaries*

The bill makes two changes to how the OEC commissioner and licensed school readiness programs may spend excess school readiness grant funds.

### ***Provider and Staff Scholarships***

Under existing law, OEC also offers a school readiness program grant to provide spaces in accredited school readiness programs located in current or former priority school districts (see BACKGROUND). Current law allows the OEC commissioner to use up to \$1 million of any appropriated, unexpended grant funds in the following fiscal year to provide, among other things, professional development for early childhood care and education program providers and their staff, so long as their programs accept state funds for infant, toddler, and preschool spaces. The bill expands this use of funds to include scholarships for these providers and their staff members.

Existing law, unchanged by the bill, requires the commissioner to use the funds to assist individual staff members with the cost of higher educational courses leading to a bachelor's degree. She may give up to \$10,000 per staff member per year for this purpose.

### ***Staff Salary Increases***

Current law requires licensed school readiness programs to use unspent school readiness grant funds that exceed the per child school readiness cost for FY 20 (see § 5 above) to increase salaries for individuals who directly teach or care for children in a school readiness classroom. The bill eliminates this requirement.

EFFECTIVE DATE: July 1, 2022

**§ 7 — EXCESS GRANT FUNDS FOR CHILD CARE CENTERS FOR DISADVANTAGED CHILDREN**

*Eliminates the requirement that child care centers for disadvantaged children to use state per child grant amounts that exceed their FY 19 per child costs exclusively to increase their educators' salaries*

By law, the state through the OEC commissioner may enter into contracts with municipalities, human resource development agencies, or nonprofit corporations for state financial assistance (i.e., grants) for developing and operating child care centers for disadvantaged children.

Current law requires that the contracts provide for a state grant for the following:

1. part of the program's cost, as determined by the OEC commissioner, if the program is not federally assisted;
2. half the amount by which the program's net cost, as approved by the commissioner, exceeds its federal grant; or
3. at least equal to the per child cost set in state law (see § 5 above) for each child age three to five not yet eligible to enroll in school.

The bill removes the requirement that any portion of the per child amount received by these centers under the third state grant option that exceeds the per child cost amount set in the contract for FY 19 be used exclusively to increase educators' salaries at the centers.

EFFECTIVE DATE: July 1, 2022

**§§ 8-10 — CARE 4 KIDS CHILD CARE SUBSIDY PROGRAM**

*Removes a program funding limitation related to federal COVID-19 relief fund availability; makes changes to applicant income limits and copays; requires OEC*

*acceptance of specific evidence of program eligibility; and requires provider subsidies to be at least 75% of the market rate*

OEC's Care 4 Kids child care subsidy program helps low- to moderate-income families pay for child care costs if a parent or caretaker is working, attending high school, or enrolled or participating in certain postsecondary education and workforce training programs.

The bill (1) removes a program funding limitation related to federal COVID-19 relief fund availability; (2) makes changes to applicant income standards and copays; (3) requires OEC acceptance of specific evidence of program eligibility; and (4) requires provider subsidies to be at least 75% of the market rate.

**COVID-19 Relief Funding Limitation (§§ 8 & 9)**

The bill removes from current law a funding availability limitation on applicants participating in certain postsecondary education and workforce training programs. Under current law, these groups are only eligible to receive Care 4 Kids benefits if certain COVID-19 related relief funds are available under federal law (i.e., the Coronavirus Response and Relief Supplemental Appropriations Act (P.L. 116-260) or the American Rescue Plan Act (P.L. 117-2)) and designated by the commissioner to fund the subsidies. Specifically, the bill removes this limitation for subsidy recipients enrolled in any of the following:

1. a public or private higher education institution,
2. a private occupational school,
3. a job training or employment program administered by a regional workforce development board,
4. a Department of Labor-administered apprenticeship program,
5. a State Board of Education-approved alternate route to certification program,
6. an adult education program or other high school equivalency program, or

7. a local Even Start program or other adult education program approved by the OEC commissioner.

***Applicant Income Limits and Copays (§ 8)***

The bill requires the OEC commissioner to expand Care 4 Kids eligibility by raising the income limit, allowing applicants and recipients to be families with a gross income up to 75%, rather than 50%, of the statewide median income (SMI). It also eliminates a separate income limit (55% of SMI) for people who qualify because they are no longer eligible for Temporary Family Assistance. It removes from current law the commissioner's authority to increase the income level up to maximum allowed under federal law (i.e., up to 85% of SMI under the Child Care Development Fund (CCDF) program, the federal funding source for child care subsidies).

Additionally, the bill requires the commissioner to limit an eligible family's copay amount to 7% of its household income. There are no copay limits for families specified under current law.

***Evidence of Eligibility (§ 9)***

Under the bill, when determining an applicant's eligibility for Care 4 Kids subsidies as a working parent or caretaker, the OEC commissioner must accept evidence of registration with a DOL-administered job search assistance program. The commissioner must consider this applicant to have half-time employment and be eligible for the subsidy for 90 days while seeking employment.

***Provider Subsidies (§ 10)***

Beginning in FY 23, the bill requires the Care 4 Kids subsidy amount paid to child care providers to be at least 75% of the market rate, as determined by the OEC commissioner under the current market rate study that federal law requires. The federal Child Care Development Block Grant Act of 2014 requires CCDF lead agencies such as OEC to certify, through a market rate survey and other means, that their payment rates are sufficient to ensure equal access for eligible children comparable to child care services provided to children whose parents are not eligible for CCDF.

EFFECTIVE DATE: July 1, 2022

**§ 11 — FAMILY CHILD CARE HOME STAFFING AND ENROLLMENT**

*Requires family child care homes to employ an OEC-approved assistant to care for more than six and up nine children and removes a similar requirement in current law, limited to children enrolled in school, that only requires extra staff during the summer and for children that are not the provider's own children; allows all of a family child care home provider's own children to attend any time of year*

Under current law, a family child care home may care for up to six children, including the provider's own children who are not in school full time, plus three additional children during the regular school year who are in school full time. However, if the provider has more than three children who are in school full time, then all of the provider's children may attend.

During the summer months when school is not in session, current law requires the family child care home to employ an OEC-approved assistant or substitute staff member for up to three additional school-aged children beyond the six to attend, including the provider's own children. However, currently, additional staff is not required if all the additional children are the provider's own.

The bill maintains the base maximum number of enrolled children at six throughout the year, including the provider's own children who are not enrolled in school full time. However, the bill requires the employment of an OEC-approved assistant or substitute at all times of the year, rather than only in the summer as under current law, to enroll up to three more children, for a maximum total of nine. It also allows the three additional children to be any mix of ages, rather than specifying that they must be enrolled in school full time as required under current law. (It is unclear whether the assistant or substitute staff member must be present in addition to and simultaneously with the provider.)

Additionally, the bill allows all of the family child care home provider's children to attend at any time of the year, regardless of their school enrollment status. (It is unclear whether the six-child, year-round cap and the nine-child, year-round cap include all of the provider's

children (see COMMENT).)

EFFECTIVE DATE: July 1, 2022

## **§ 12 — SCHOOL READINESS LOCAL NEEDS ASSESSMENT**

*Requires local school readiness councils to conduct an early childhood education needs assessment for children and families in the community; allows a local or regional school readiness council to convert unused school readiness space into infant and toddler spaces*

By law, to be eligible for a school readiness grant, towns must convene a local school readiness council that makes recommendations to school officials and elected officials on issues relating to school readiness. The bill requires local school readiness councils to conduct a needs assessment as necessary for early childhood education for children and families in the community. It also allows regional school readiness councils, which two or more towns or school districts may form, to conduct this needs assessment.

Additionally, if a needs assessment reveals that a surplus of unused school readiness spaces exists, then the bill allows a local or regional school readiness council to convert the spaces into infant and toddler spaces; however, the per child cost for the converted spaces cannot exceed the per child cost for infant and toddler spaces for state-funded child care centers (which is established by contract using one of three grant models in state law; see § 7 above).

EFFECTIVE DATE: July 1, 2022

## **§ 13 — SCHOOL READINESS APPROPRIATION**

*Appropriates an unspecified amount to OEC in FY 23 to provide (1) scholarships and professional development for early childhood program providers and staff and (2) help for state-funded program staff members to meet qualification requirements*

The bill appropriates an unspecified amount to OEC from the General Fund in FY 23 to (1) provide scholarships and professional development for early childhood care and education program providers and their individual staff members and (2) help state-funded early childhood education programs and their individual staff members meet the staff qualification requirements in state law.

EFFECTIVE DATE: July 1, 2022

## **BACKGROUND**

### ***Related Bills***

SB 2, § 1 (File 276), favorably reported by the Committee on Children, also raises the cap on the school readiness program per-child cost, but by a greater amount (a \$5,473 increase, from \$9,027 to \$14,500, rather than a \$1,000 increase under this bill).

SB 2, § 19, also contains an identical provision to § 11 in this bill on family child care home staffing and enrollment.

HB 5279, § 4, favorably reported by the Education Committee, also contains a similar, but not identical, provision revising family child care home staffing and enrollment.

### ***Family Child Care Home***

A family child care home is a private family home caring for up to six children, including the provider's own children not in school full time, where a child is cared for between three and 12 hours per day on a regular basis. Care may be provided for up to 72 consecutive hours to accommodate a need for extended care or intermittent short-term overnight care. During the regular school year, a family child care home may care for more than six children in certain cases (CGS § 19a-77(a)(3)).

### ***Child Care Center***

A child care center offers or provides supplementary care to more than 12 children outside their own homes on a regular basis (CGS § 19a-77(a)(1)).

### ***Group Child Care Home***

A group child care home (1) offers or provides supplementary care to between seven and 12 children on a regular basis or (2) meets the family child care home definition, except that it does not operate in a private family home (CGS § 19a-77(a)(2)).

### ***School Readiness Program***

A school readiness program is a non-religious, state-funded program that provides a developmentally appropriate learning experience for

children ages three to five who are too young to enroll in kindergarten (CGS § 10-16p).

### ***Early Childhood Staff Qualifications***

These qualification requirements call for lead classroom teachers in state-funded child care programs to meet increasingly higher educational standards over the next seven years, which culminate in requiring that all lead classroom teachers hold a bachelor's degree by July 1, 2029, with certain exceptions (CGS § 10- 16p(b)).

### ***Priority School District***

Priority school districts are districts (1) whose students receive low standardized test scores, (2) that have high levels of poverty, or (3) in the eight towns with the largest population in the state (CGS § 10-266p(a)). There were 15 priority school districts in 2020-21.

## **COMMENT**

### ***Conflict***

In § 2, the bill requires each early childhood care and education program employee to be paid an annual salary as prescribed in the OEC-developed compensation schedule beginning July 1, 2022. However, because this requirement takes effect in 2022, salaries must reflect the 2021 compensation schedule, not the new 2023 schedule required by this bill. The 2021 schedule therefore does not contain a prescribed minimum salary for the following employees that the bill contemplates (1) child care centers, group child care homes, and school readiness programs that do not receive state funding and (2) private preschool programs.

### ***Conflict***

In § 11, the bill allows all of the family child care provider's own children of any age to attend the family child care home at any point in the year; however, it simultaneously caps the number of children attending at six (including the provider's own children who are not in school full time) or at nine with an assistant present. It is unclear whether the six- or nine-child cap includes any of the provider's own children.

**COMMITTEE ACTION**

Education Committee

Joint Favorable

Yea 31 Nay 8 (03/25/2022)