

OFFICE OF FISCAL ANALYSIS

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HR-32

RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE STATE OF CONNECTICUT OFFICE OF EARLY CHILDHOOD AND THE CONNECTICUT STATE EMPLOYEES ASSOCIATION (CSEA-SEIU LOCAL 2001).

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$	FY 25 \$
Office of Early Childhood	Various - Cost	7,737,000	5,122,325	5,032,325

Note: Various=Various

Municipal Impact: None

Explanation

The resolution proposes approval of a memorandum of understanding (MOU) between the Office of Early Childhood (OEC) and the Connecticut State Employees Association (CSEA- SEIU Local 2001). This agreement covers the period July 1, 2022 through June 30, 2026 and applies to family child care providers (licensed and unlicensed).

Total estimated costs associated with this agreement is \$7,737,000 in FY 23; \$5,122,325 in FY 24; \$5,032,325 in FY 25; and \$11,886,325 in FY 26. A summary of these costs is reflected in the table below:

Family Child Care Providers (Local 2001) Cost Estimate

	FY 23 \$	FY 24 \$	FY 25 \$	FY 26 \$	\$ Annualized
Retroactive Lump Sum	7,400,000	-	-	-	-
Increase for Licensed Providers	-	800,000	1,600,000	6,500,000	6,500,000
Increase for Unlicensed Providers	-	3,800,000	2,900,000	4,800,000	4,800,000
Resource and Referral - \$5	-	205,325	205,325	205,325	205,325
Accreditation Bonus	237,000	217,000	227,000	281,000	541,000
Professional Development Fund Increase	50,000	50,000	50,000	50,000	50,000
New Professional Development Supports	50,000	50,000	50,000	50,000	50,000
Total Increases	7,737,000	5,122,325	5,032,325	11,886,325	12,146,325

Lump Sum for FY 23 - The agreement includes a one-time lump sum payment to all providers in the bargaining unit payable on or before September 1, 2023. The value of the of the lump sum payment is based on 6.5% of a provider's FY 23 Care4Kids income (from base rates only). A minimum lump sum payment of \$500 is available to providers who have provided care in six or more months of FY 23, while a minimum lump sum payment of \$250 is available to providers who provided care in at least one month but less than six months. This results in a cost of \$7.4 million in FY 23.

Rate Increase for Licensed Providers - The agreement establishes an 11% wage increase annually, effective July 1, 2023 through June 30, 2026. The wage increases for licensed family childcare providers is estimated to cost \$800,000 in FY 24, \$1.6 million in FY 25, and \$6.5 million in FY 26.

Rate Increase for Unlicensed Providers - The agreement establishes a 6% wage increase annually, effective July 1, 2023 through June 30, 2026. The agreement also continues to require the rate for unlicensed providers to be equal to one-third of the state's minimum wage rate and to increase accordingly. The wage increases for unlicensed providers is estimated to cost \$3.8 million in FY 24, \$2.9 million in FY 25, and \$4.8 million in FY 26.

Resource and Referral - OEC intends to issue a request for proposal (RFP) for purposes of creating a new online resource and referral

directory for licensed childcare providers. OEC will contribute five dollars per month for each month a bargaining unit provider has worked and received Care4Kids payments. The resource and referral payments is estimated to cost \$205,325 beginning in FY 24 and for each year thereafter through FY 26.

Accreditation Bonus - Family childcare providers with a national accreditation will receive a 7.5% increase while such accreditation is maintained. This is anticipated to result in a cost of \$237,000 in FY 23, \$217,000 in FY 24, \$227,000 in FY 25, and \$281,000 in FY 26.

Professional Development Fund Increase - Funding is increased annually, from \$200,000 to \$250,000, to support the Professional Development Fund from FY 23 through FY 26.

New Professional Development Supports - An additional \$50,000 will be allocated annually for new professional development supports beginning in FY 23 through FY 26.

Funding Availability - The Care4Kids program, which supports the costs associated with this agreement, is supported by both federal and state funds. sHB 6659, the FY 24 and FY 25 budget bill, as favorably reported by the Appropriations Committee, does not include specific adjustments associated with the agreement. The budget increases funding for the Care4Kids TANF/CCDF General Fund line item by \$14.2 million in FY 24 and \$53.3 million in FY 25. The budget also includes \$35 million in ARPA funding to support Care4Kids. In total, the budget bill net appropriates \$73.7 million in FY 24 and \$112.8 million in FY 25 under this line item. The federal share is anticipated to total approximately \$73 million in FY 24 and \$70.5 million in FY 25 in Child Care Development Fund (CCDF) related funding. In addition, approximately \$7.8 million is expected to be carried forward into FY 24 from the Early Care and Education line item to support contract costs. It is anticipated that sufficient funds will be available to support the costs associated with the agreement from FY 23 through FY 26.

The Out Years

The agreement is effective through June 30, 2026. The annualized ongoing fiscal impact identified above will continue into the future subject to the provisions of a successor agreement.