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Massachusetts Taxpayers Foundation



BUILDING BLOCKS

Status of Child Care Reform in Massachusetts
and What Comes Next



PREPARED AND PRESENTED BY:



Massachusetts
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EXECUTIVE SUMMARY

The Child Care Financial Assistance (CCFA) system is an integral and complex part of the Commonwealth's multi-pronged early education and care system, serving over 65,000 children across the state. CCFA serves Massachusetts' most vulnerable populations, from lower-income children to families experiencing homelessness. Funding for early education and care has more than doubled in Massachusetts since the pandemic and policy makers have placed increased emphasis on supporting the sector and expanding the quality and capacity of care. In 2023, the Massachusetts Taxpayers Foundation (MTF) released a report which made several recommendations on reforms that should be made to CCFA to ensure greater system efficiency, family engagement, outcomes for children, and support for providers.

Since then, the state has made significant progress in implementing many of these past recommendations. This report will build on past research to provide an update on where CCFA is now in reference to those recommendations and look ahead. Where are we now? Where have recommendations been completed and where is there still work to do? This report will answer these questions and provide suggested next steps for further reforms to the Commonwealth's early education and care system.

2023 Recommendations

Cost of Care

EEC should create a new model for setting provider rates based on a cost of care methodology.

Contracted Slot Re-Procurement

EEC should issue a re-procurement of the state's contracted providers and allow flexibility to evolve the contract allocations over time to adapt to changing needs.

Child Care Resource & Referral Agencies

Assess whether the role of CCR&Rs as administrative agencies is the best model going forward and identify where systems can be streamlined to improve family services and reduce administrative burden.

Family-Friendly Policies

CCFA policies should be made more accessible and reasonable for families and should reflect modern work and family arrangements.

Enrollment Goal-Setting

Incorporate an annual CCFA enrollment goal into budget language to help maximize program resources.

Commonwealth Cares for Children

The C3 grant program should be codified into state law and used to help incentivize CCFA participation and improve quality of care.

Where Are We Now?

Completed

- Integrate cost of care models into provider rates to more efficiently distribute and target resources.
- Update proof of income, family composition, and change of circumstance requirements to make sense for modern family structures.
- Codify C3 and use the program to incentivize CCFA participation and collect better data to understand the system as a whole.
- Issue a new RFR to re-procure contracts with providers and allocate slots based on current market conditions.

Ongoing/Partial

- Examine the role of CCR&Rs and reduce administrative burdens on staff and families.
- Improve the data systems available to CCR&Rs in order to better serve families.
- Redistribute contract seats over time to account for changing conditions.

Not Addressed

Include line-item language in the budget which specifies a CCFA enrollment goal.

What's Next?

WORKFORCE SUPPORTS

There have been many improvements to the CCFA system in recent years and at the same time there is more work to do especially around the expansion of available seats and the use of technology to improve system efficiency, family engagement, and provider experience. However, ultimately if there is not a strong, sustainable, and well-compensated early education and care workforce, it will be difficult to expand access for children system-wide. Looking ahead it will be important to focus on the workforce in these four areas:



Compensation & Retention

The Workforce Pipeline

Career Advancement

Entrepreneurship & Small Business Support



In January 2023, the Massachusetts Taxpayers Foundation (MTF) released a report titled *Preparing for Child Care Reform: How to Improve the Subsidy System to Maximize Future Investment*. This report analyzed the current Child Care Financial Assistance (CCFA) system, highlighted its shortcomings, and made several recommendations to improve the system so that investments are properly leveraged to ensure better long-term outcomes for children, families, educators, and the statewide economy. Although CCFA is just one component of the state's multi-pronged early education and child care structure, **CCFA serves many of the state's most vulnerable populations and acts as a foundation for the larger system**. Efforts to reform our early education and child care system are likely to build on reforms to CCFA.

Over the last several years, MTF has deepened its engagement in early education and care policy due to the essential role the sector plays in creating economic opportunity across the state. Quality early education is essential to prepare children for elementary school and the world around them. Having access to quality early education programs also provides parents with essential support so that they can enter and remain in the workforce, which aids employers as well. **However, the state's current early education and child care system is not always equitable for communities, sustainable for providers, nor affordable or accessible for families**. This comes at a cost to us all.

The CCFA system had remained largely unchanged for many years, resulting in many challenges for providers, administrators, and families. This updated report will **build on MTF's previous research** – reviewing the progress the Commonwealth has made on needed reforms to the CCFA system since our report in 2023, identifying areas in need of additional attention, and making further recommendations to support continued growth and stability in the overall early education sector. Efforts to improve the supply side of the child care system are also ongoing but it is important that we continue to build on reforms to CCFA so that as capacity expands and more children are able to be served, they are entering a better system than before. The following sections provide a brief overview of the CCFA system and a synopsis of the problems identified in the previous report before going into the recommendations, updates on progress, and what comes next.



A REVIEW OF THE CCFA SYSTEM



There are roughly 65,000 children currently receiving child care through CCFA. The child care assistance system in Massachusetts is complicated, serving three different eligible populations with two different forms of support provided by multiple funding streams. **Outdated policies and inefficiencies in the system have historically led to a difficult system for families to navigate, stagnant enrollment numbers, long waitlists for care, and financial instability for providers.** This section provides a brief overview of how the CCFA system works. More detail on the child care landscape and history can be found [here](#).

HOW IS THE CCFA SYSTEM STRUCTURED?

The Department of Early Education and Care (EEC) is the agency that oversees all aspects of the child care system in Massachusetts. Providers that participate in CCFA serve children who qualify through one of the three programs outlined in the chart on the next page: 1) care for income-eligible families, 2) care for families involved with the Department of Transitional Assistance (DTA), and 3) care for certain families who have active cases with the Department of Children and Families (DCF).

EEC oversees the licensing and monitoring of providers as well as the management and disbursement of CCFA across the providers that accept children receiving CCFA throughout the state.

The agency is also responsible for interpreting federal rules and designing program eligibility requirements and specifying priority populations for CCFA.

Both center-based providers and family child care (FCC) providers are licensed by the EEC and can choose whether or not to serve families receiving CCFA. Child Care Resource and Referral (CCR&R) agencies work with families, providers, and EEC to administer CCFA vouchers and place children in care. Further information on the CCR&Rs and their role will be shared below and later in the report.

The next section will outline in greater detail the process families must navigate in order to access CCFA for their child as well as the provider's journey to accepting CCFA.



| | <u>Income-Eligible CCFA</u> | <u>DTA CCFA</u> | <u>DCF CCFA</u> |
|-----------------------------------|--|--|--|
| Eligible Population | Families with household income at or below 50% of state median income (SMI). Eligibility will increase to 85% of SMI in 2025 due to an expansion that was included in the FY 2025 budget. | Families engaged with the Department of Transitional Assistance. | Families involved with the Department of Children and Families. |
| Length of Eligibility | Families are typically eligible for 12 months at which point their eligibility is reassessed for renewal. | Families are eligible while they are on benefits, and remain eligible for a two-year transition period after benefits close. | Families are eligible while they have an active case with DCF and for one year after. |
| Type of Assistance | Contracted slots and vouchers are available. | Only vouchers. | Contracted slots and vouchers are available. |
| Access Point | Families typically get access to care by working with a CCR&R or directly with a contract provider. | Families are typically referred to child care through a DTA social worker. | Families are typically referred to child care through a DCF social worker. |
| Cost & Access Timeline | Income-eligible CCFA is not an entitlement program and assistance is dependent on capacity and available funding, therefore families are often placed on a statewide waitlist for care and, depending on their income level, may pay parent fees for care. | CCFA is an entitlement program for families involved with DTA, therefore families are entitled to care at no cost and are not put on a waitlist for care. However, due to the limited supply of seats, it is possible that a family referred to child care may not immediately receive it. | CCFA is an entitlement program for families involved with DCF, therefore families are entitled to care at no cost and are not put on a waitlist for care. However, due to the limited supply of seats, it is possible that a family referred to child care may not immediately receive it. |

HOW DO FAMILIES ACCESS CARE

In Massachusetts' child care system, families receiving CCFA can access care through one of two mechanisms: 1) a **voucher** which a family can use at any child care provider that accepts vouchers, or 2) a reserved **contract slot** with a specific provider who has a contract with EEC. Many providers serve children through both vouchers and contracted seats.

Whether a family accesses care through a voucher or by finding an open contracted slot, providers that participate in CCFA are reimbursed by EEC based on predetermined, per-child rates. Voucher slots are administered and managed by CCR&Rs while contracted slots are managed by individual providers who hold contracts with the state. Depending on income, families may be responsible for a provider co-pay, regardless of whether a family is accessing care through a voucher or a contract slot, though some providers also offer additional financial assistance for families beyond the state's contribution. More information on the history and structure of CCFA can be found in MTF's 2023 [report](#).

Families can access care through multiple avenues which are outlined below. There are inefficiencies in these systems but work is being done to improve the way families are connected to care for their children, as will be discussed in upcoming sections.

FAMILY RESOURCES

Mass211: Mass 211 can help families place children on the waitlist for income-eligible care and can help families locate child care programs in their area.

Families can speak with [Mass211 Child Care Specialists](#) to learn more or ask questions about the process by dialing 2-1-1 and using extension 23.

Your Local CCR&R: Families can also contact their regional CCR&R for help connecting to care and other services. Families can go to childcare.mass.org/eec_ccrsearch to find their CCR&R.

Central & Western

sevenhills.org
(508) 856-7930

North Shore

childcarecircuit.org
(978-686-4288)

Metro Boston

qcap.org
(617) 617657-5305

Boston

cccboston.org
(617) 542-5437

S. East/Bristol County

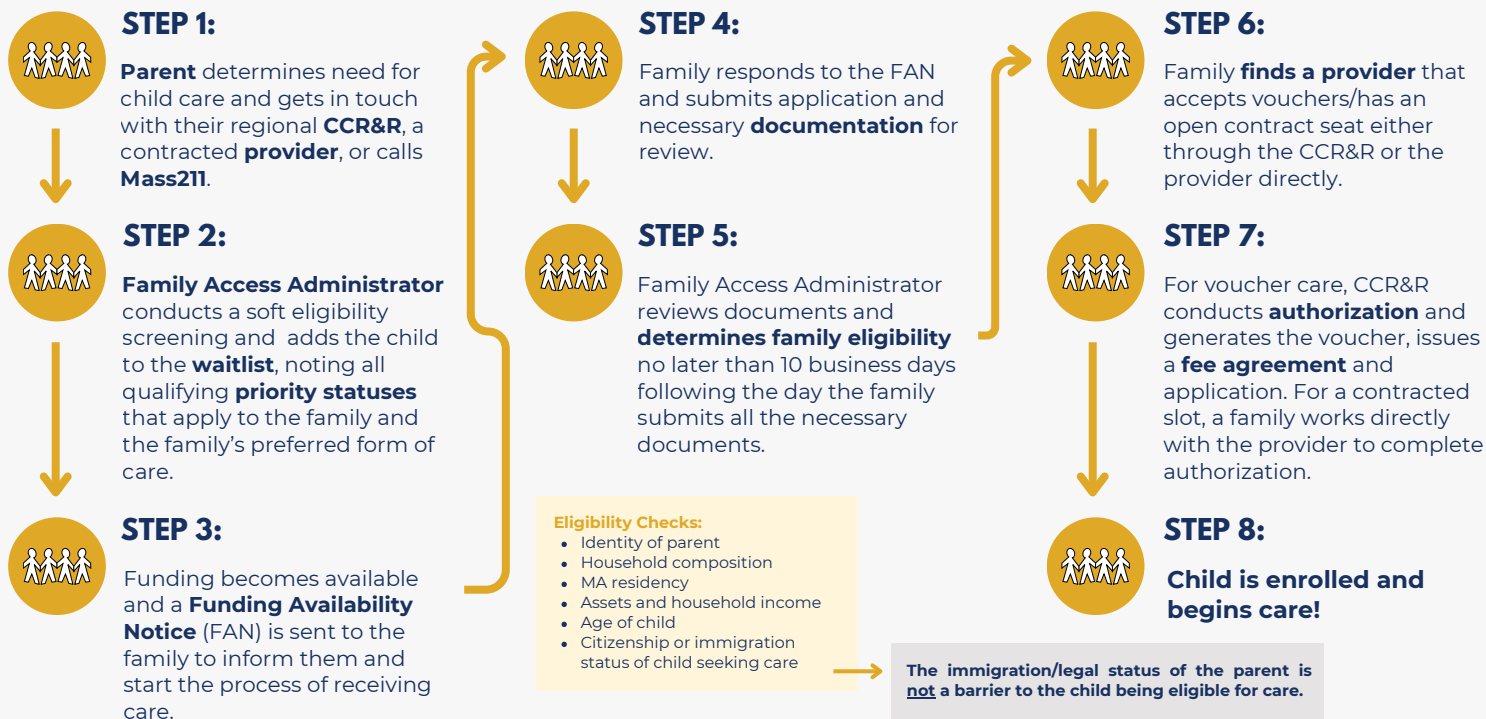
paceinfo.org
(508) 999-9930

South Shore/Cape & Islands

cacci.cc
(508) 778-9470

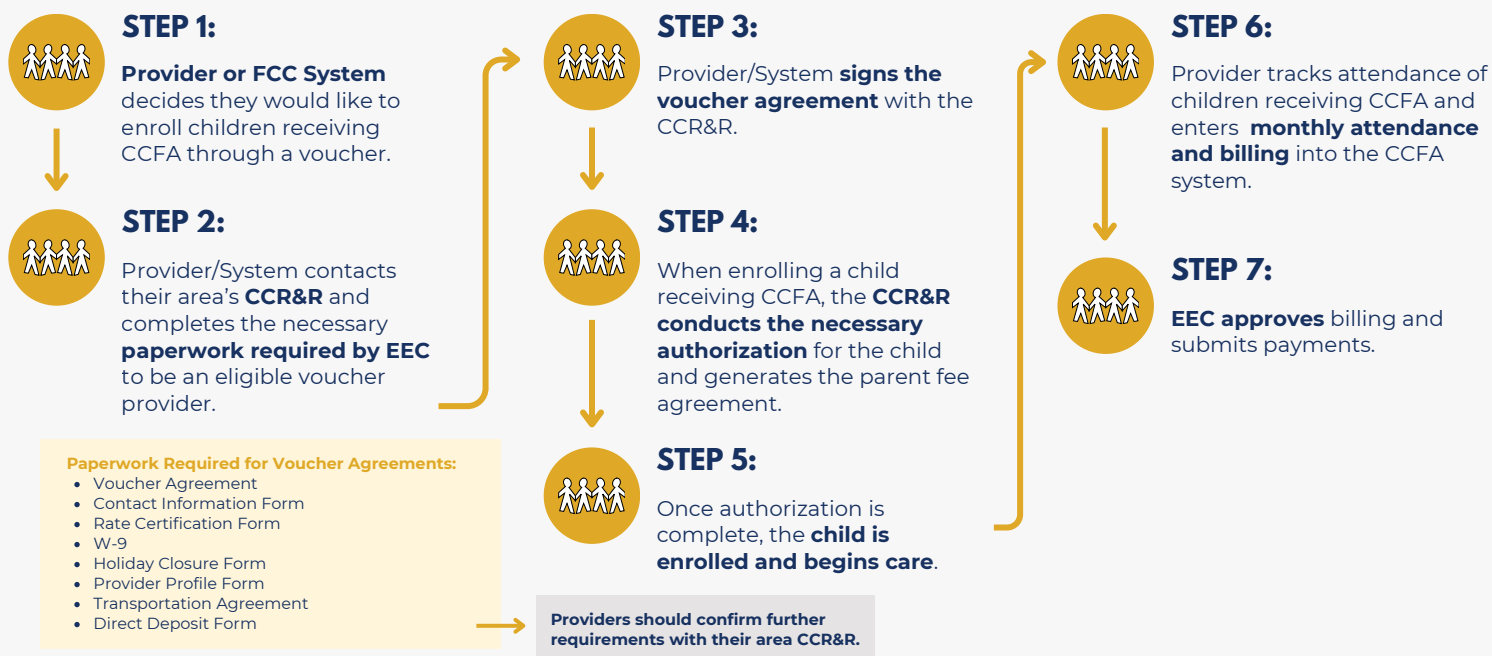
Family Journey - Accessing Income-Eligible Care

This graphic shows the many step process by which families access care for their children. Families are often connected to care through CCR&Rs who assist them with the application process.



Provider Journey - Obtaining a Voucher Agreement

This graphic shows the process a provider must go through in order to serve children who receive CCFA vouchers. Licensed providers are not automatically enrolled in the CCFA system, they must enter into a voucher agreement before being able to accept CCFA children into their program.

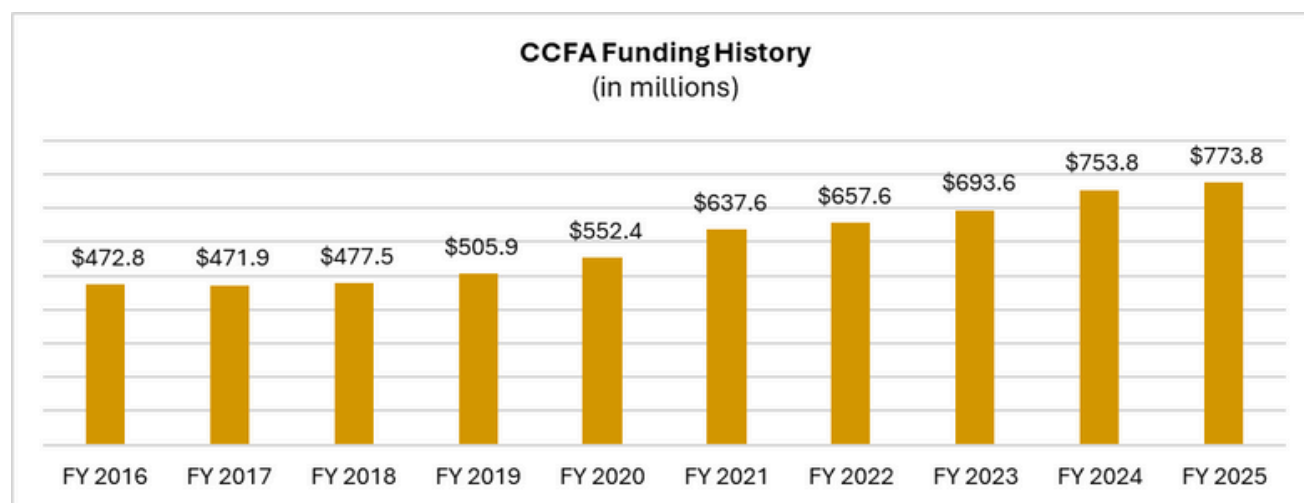
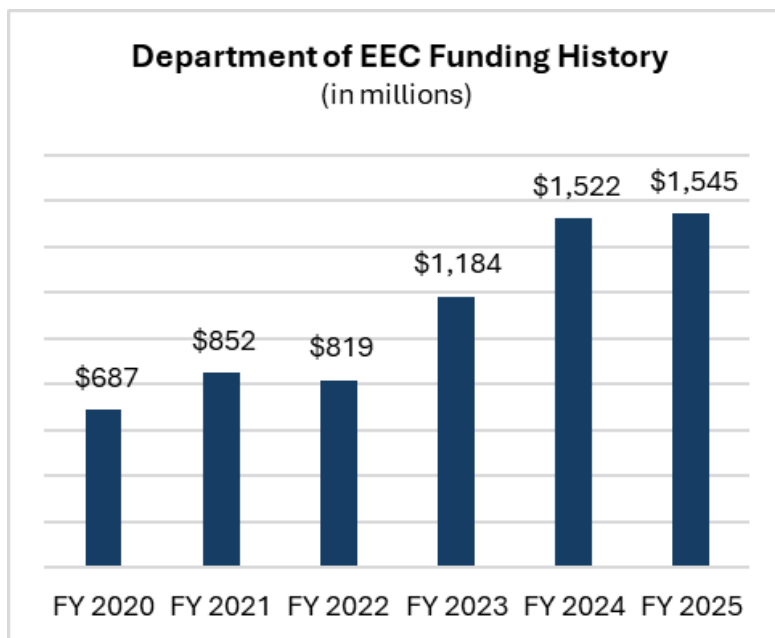


HOW IS CCFA FUNDED?

CCFA is funded through appropriations in the state's annual budget, which are supported through a combination of state dollars and federal Child Care and Development Fund (CCDF) resources.

Though federal funding has seen some growth in recent years, the majority of the cost of supporting child care is left to the state.

Since the pandemic, the state has significantly increased its investments in early education.



Between FY 2020 and FY 2025, total investment in EEC has grown by \$858 million (125 percent). Funding for CCFA has been one driver of that increase, largely due to increases in provider rates, which then must be annualized in future budgets.

REVIEWING CCFA RECOMMENDATIONS

For many years, CCFA system challenges resulted in provider reimbursement payments not meeting actual costs, outdated and often arbitrary policies affecting families and system efficiency, geographic inequities across the state, an inefficient use of public resources, and burdens for already vulnerable families. This section provides an overview of the issues MTF identified as needing reform in our 2023 report, as well as the policy recommendations made.

PAIN POINTS IDENTIFIED IN 2023

MTF's previous report identified several challenges in the CCFA system, which are summarized below. More details on these highlighted pain points can be found in the [2023 report](#).

Insufficient Reimbursement Rates

- Historically, the rates at which providers were reimbursed for serving children receiving CCFA were based on market rates which reflect the amounts charged for child care, as opposed to the real cost of providing that care.
- The dramatic mismatch between market rates and true cost of care made reimbursement rates insufficient for many providers - which disincentivized CCFA participation and exacerbated a lack of investment in the system, leaving providers and families to cover the cost.

Outdated System for Contracted Slots

- At the time of MTF's previous report, the contracts for providers who serve children through contracted slots had been in place since 2009.
- The outdated contract did not reflect current needs and did not allow for flexibility for EEC to re-allocate slots to different areas or age groups as needs evolved.

Child Care Resource and Referral Agency Challenges

- CCR&Rs have many responsibilities and have sometimes struggled to provide sufficient levels of support for families due to lack of coordination within the system, outdated methods, and the administrative burdens they are faced with as well as a lack of resources, time, and capacity.
- This often places the burden of navigating the process on families, many who may have multiple jobs, language differences, and are unfamiliar with the CCFA system.

Burdensome Policies and Procedures for Families

- CCFA policies and procedures also had not been updated in many years and were not well-designed for single-parent families, present-day work realities, and immigrant families.
- Many documentation requirements placed unnecessary added demands on families and undermined program effectiveness and access for children.

Goal Setting and Provider Participation

- There are currently 65,000 children receiving assistance through CCFA, but there are still more than 20,000 children on the waitlist for income-eligible CCFA, exemplifying a significant gap between demand and supply.
- There has not been clear goal setting in CCFA budget language which would allow for more strategic use of resources. Though more recently EEC is spending down the CCFA appropriation fully, in the past, there have been large funding reversions where appropriated dollars remained unspent at the end of the fiscal year.
- Providers also face their own challenges that prohibit them from expanding capacity within the system.

The next section gives a summary of the CCFA reform recommendations that were made in [MTF's 2023 report](#) in response to the pain points outlined above before diving into progress that has been made in these areas.

OVERVIEW OF 2023 RECOMMENDATIONS - BUILDING BLOCKS TO A STRONGER FUTURE

Foundation: Cost of Care Rates and Updated Contracts

- **Recommendation 1:** EEC should create a new model for setting provider rates based on a cost of care methodology. Using cost of care will help to more efficiently distribute and target resources to areas with the highest need.
- **Recommendation 2:** The new Request for Responses (RFR) for contracted slots should allow flexibility to adapt to changing market conditions and to the distribution of children and families across the state over time. To make the system more responsive, EEC should have the discretion to move slots that go underutilized for an extended period and the age-based allocation structure should be re-assessed.



Infrastructure: Investment in CCR&Rs and Accessible Policies

- **Recommendation 3:** Policymakers should consider assessing whether the role of CCR&Rs as largely administrative agencies is still the right model and review where administrative processes can either be centralized or automated. Investing in better data systems is key to improving services for families and EEC should also survey CCR&Rs to help establish a baseline level of service across regions
- **Recommendation 4:** Overall, policies and reporting requirements should be made more accessible and reasonable for families. The process for determining income eligibility should be streamlined to put fewer burdens on families, program integrity policies should be designed with common work and family arrangements in mind, and policies should be aligned as much as possible between agencies that interact with families..

Building Higher: Maximization of C3 and Setting an Enrollment Benchmark

- **Recommendation 5:** The Commonwealth should integrate further incentives into the Commonwealth Cares for Children (C3) operational grant program to improve quality, collect better data, and increase the supply of CCFA seats. Furthermore, C3 should be codified into law to give certainty to the early education field and allow for CCFA dollars to be spent more efficiently and effectively. During the COVID-19 pandemic, the C3 program helped providers stay open and continue to serve families. More information on [the importance of C3 can be found here](#).
- **Recommendation 6:** EEC should set an annual goal for the number of children it hopes to serve with CCFA each year to help maximize resources and this goal should be incorporated into budget language. If funding were appropriated based on a clear enrollment benchmark, rather than current capacity levels, it would give EEC the authority to utilize a greater number of vouchers and contracted slots throughout the entire year.

C3 SPOTLIGHT

- Over 8,000 providers receive C3 grants, 95 percent of providers serving children with CCFA participate in C3.
- Licensed capacity has grown by 7 percent since FY 2023. FCC providers have especially been opening at higher rates.
- Capacity growth is seen across all age groups and regions, with infant and toddler classrooms showing the largest gains.

1,161 providers reported in the March 2023 C3 survey that they would close without continued C3 funding.



20,839 licensed seats would be lost if these programs closed.



14,000 CCFA seats

WHERE ARE WE NOW?

Of the six recommendations made in 2023, three have seen significant work: incorporating the cost of care model into the rate structure, making compliance requirements more family-friendly, and using the C3 grant program to increase provider participation in CCFA. There is still more to be done around contract seat procurement, CCR&R improvements, and enrollment goal setting but overall important progress has been made in many of the areas highlighted in MTF's last report.

Over the last several years, early education and care issues have increasingly been at the forefront of policy conversations at the state level and we can see important progress being made while still recognizing there is more to strive for.

COST OF CARE MODEL

Since MTF's 2023 report, EEC has taken three major actions to transition to a cost of care provider rate reimbursement model and incorporate the cost of care into program considerations:

1. Commissioning research to analyze the true cost of providing child care,
2. Revising the provider reimbursement rate structure, and
3. Seeking federal authorization to make further improvements to the rate system.

Analyzing the True Cost of Care and Its Implications

EEC's first step in modernizing rates was commissioning the development of cost estimation models and research around the true cost of care. [The Center for Early Learning Funding Equity \(CELFE\) produced a report](#) published in September 2023 which developed models and made recommendations on the rate structure and other strategies for improving the child care funding system based on the cost of providing quality child care across regions.

The CELFE study found that **the cost for providing care far outpaced FY 2023 reimbursement rates** for center-based providers in all cases except for preschool providers in the Central, Metro, and Metro Boston regions.



In addition, though **FY 2023 rates differed across the six regions**, the results of the analysis showed that **often there was a very small difference in actual costs between regions**. Costs in Metro and Metro Boston differed very little while their rates varied. The same was found for the Western, Central, and Southeast regions which also had different rates but similar costs. These discrepancies only served to **exacerbate geographic disparities**.

For FCC providers, CELFE's study included several findings with policy ramifications, notably:

- Costs per child are significantly higher when only serving infants and toddlers because licensing regulations limit the number of young children that can be served at an FCC program.
- Adding one full-time assistant for an FCC program increases costs by an average of **20 percent**.

The study also modeled the effects of increased salaries, increased staffing, and a combination thereof for center-based providers and found that the model which included both increased salaries and increased staff resulted in up to **66 percent** higher costs across regions for providers serving infants, toddlers, and preschoolers, and **between 93 and 125 percent** higher costs for those serving school-age children.

Incorporating Cost of Care Into Reimbursement Rates

Informed by the CELFE study, EEC proposed and implemented reforms to the rate structure for FY 2024, with the support of \$65 million in funding in the FY 2024 budget for rate increases.

EEC's rate reform proposal, which was implemented on February 1, 2024, and retroactive to the previous July:

- Added an across-the-board cost of living adjustment (COLA) of **5.5 percent** to account for increasing operational costs.
- Consolidated the **six reimbursement rates into three** using the cost of care models as well as market rate information to better address long-standing inequities in rate amounts by geographic region. The rates are now organized as follows:
 - The Metro and Metro Boston regions have the same rates.
 - The Western, Central, and Southeast regions have the same rates.
 - The Northeast region retains a separate rate from the other regions.
- Increased the consolidated rates for center-based care to **81 percent** of the highest cost of care in the group.



This new rate structure more equitably distributes funds across the state and uses cost of care as a key metric for determining rates, in combination with market rates. Western Massachusetts provides a clear example of this, which can be seen in the table below. Historically, the region has had lower rate levels compared to other regions with similar costs of care, but this new structure brings Western Massachusetts to the same daily reimbursement rate as regions with similar costs. The Governor’s office estimates that the reform increases rates for Western Massachusetts providers by 34 percent for infants, 14 percent for toddlers, and 13 percent for preschoolers compared to FY 2023.

Western Massachusetts Per-Child Provider Reimbursement Rates, FY 2023 and FY 2024

| | Infant | Toddler | Preschool |
|-----------------------|------------|------------|------------|
| FY 2023 | \$66.70 | \$61.16 | \$46.51 |
| FY 2024 | \$97.18 | \$75.48 | \$57.23 |
| Percent Change | 34% | 14% | 13% |

In June of 2024, EEC also announced it had reached a contract agreement with SEIU 509, the union that represents FCC providers, so that rate increases could be implemented for FCC programs as well, retroactive to July of 2023.

Ultimately, the CELFE cost estimates showed that even with the most recent rate increases, in most places the daily cost per child still exceeds the daily reimbursement rates for providers. As an example, the chart below shows the cost estimates for infants compared with infant rates across regions.

Infant Daily Cost Estimate vs. Daily Reimbursement Rates for Center-Based Providers, FY 2024

| | Western | Central | Southeast | Northeast | Metro | Metro Boston |
|---------------------------|----------|----------|-----------|-----------|----------|--------------|
| Cost Estimate | \$115.15 | \$118.20 | \$119.98 | \$126.01 | \$134.45 | \$136.55 |
| Reimbursement Rate | \$97.18 | | | \$102.70 | \$119.52 | |

Federal Approval for Further Rate Reform

Finally, EEC has also received federal approval to set CCFA rates primarily based on the cost of care and will no longer be required to use market rates in their reimbursement rate structure. EEC is working with the American Institutes for Research to update their cost models which will be used to inform the rate increase proposal for FY 2025. Typically rate increases are proposed towards the end of the calendar year and implemented early in the new year. The federal government also requires that cost models be updated at least every three years.

Legislative Action

The Massachusetts Legislature has also been interested in studying the cost of providing child care and using cost of care to inform rate setting for CCFA as well as grant distribution for the C3 program. In March 2024, the Senate unanimously passed *An Act ensuring affordability, readiness and learning for our youth and driving economic development*, a comprehensive early education and care bill. Though this bill ultimately was not signed into law during the legislative session, many of its provisions to reform state CCFA policy were included in the FY 2025 final budget language.

One significant proposal passed in an outside section of the FY 2025 budget specifically directed the establishment of a reimbursement rate structure informed by the cost of providing high-quality early education and care. The inclusion of this language in the state budget highlights how successful advocacy has been around the need to base the child care funding model on the actual cost of providing that care.

Through both the budget and legislative process, the Legislature is increasingly lifting up early education and care as a keystone issue and more attention has been focused on the work that EEC has been doing to enhance and reform the system.

Bottom Line

Though difficulties in securing greater federal investment remain, **EEC has made significant strides toward reforming how child care providers are reimbursed**, and it is continuing its work to understand the true cost of care and how best to incorporate those calculations into a complicated system.

Inequities persist across and within age groups, communities, regions, and provider types but having **accurate and actionable data on the costs of providing high-quality early education** to children across our Commonwealth is incredibly helpful as EEC plans for future changes to the system.

| 2023 Cost of Care Recommendations | Status |
|--|----------|
| Further integrate the cost of care methodology into the rate setting process. | Complete |
| Utilize cost estimation models to more efficiently distribute resources and target them in the areas where rates are farthest from covering costs. | Complete |
| Seek federal approval to determine rates primarily based on provider costs. | Complete |
| Next Step: Update and improve provider rates based on the cost of care. | |

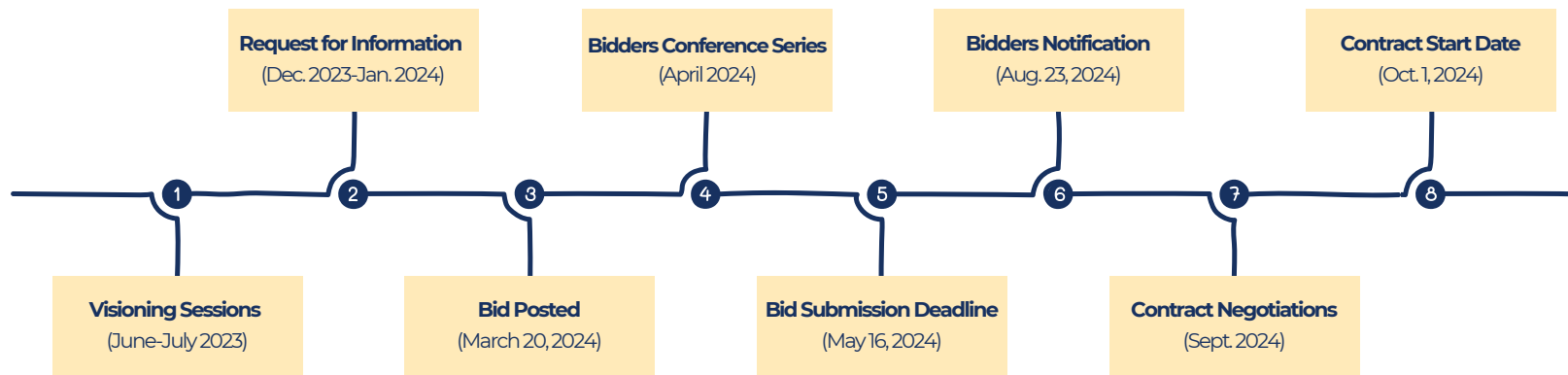
PROVIDER CONTRACT RE-PROCUREMENT

In the past year EEC has re-procured the contracts for the state's contracted providers. As detailed in MTF's last report, the contracts had not been updated or reopened since 2009 and it had long been a department priority to release a new Request for Responses (RFR) to re-procure contracts. **The decades-long delay in re-procurement had led to an out-of-date and inflexible system with gaps in service for children.** MTF's main recommendations around the RFR and procurement were to allow for agency flexibility to adapt to the changing needs and demands of the market with this procurement process. Overall, EEC has built provisions into the RFR which will allow it to continue to build a system that works for children, families, providers, and the agency and learn from and adapt to how the contracts impact the system.

EEC identified four core goals for the re-procurement process:

1. Improve **customer service** experience for families
2. Strengthen and align educator **staffing and training** requirements across programs
3. Improve **performance** monitoring and effectiveness
4. Continue efforts to **simplify rates** for providers

Contract Re-Procurement Process and Timeline



EEC began the procurement process in the summer of 2023 with visioning sessions with FCC systems, center-based programs, FCC educators, and Head Start programs. The RFR was posted for providers to bid for contracts in March 2024 and contracts went into effect on October 1, 2024. Throughout the process, EEC also solicited feedback and questions from the field.

Outcomes and Continued Work

EEC was able to award contracts for **19,000 seats across more than 100 organizations**. Current funding allocations coupled with the high cost of care, shown in the chart below, and increased caseload meant that the system essentially did not see a change in the number of contracted seats awarded compared to the previous procurement. However EEC reallocated seats to focus on the highest need children and prioritized providers serving infants and toddlers as well as providers located in child care deserts or in high-poverty areas. EEC also centered program quality through the re-procurement and has integrated Key Performance Indicators into the RFR that they will continue to track going forward.

Procurement Comparison Topline Numbers

| | Cost of a Contracted Seat | Procurement Appropriation | Number of Contracted Seats |
|-----------------------|---------------------------|---------------------------|----------------------------|
| 2009 | \$8,100 | \$204 million | 20,447 |
| 2024 | \$17,200 | \$402 million | 19,000* |
| Percent Change | 112% | 97% | ~ |

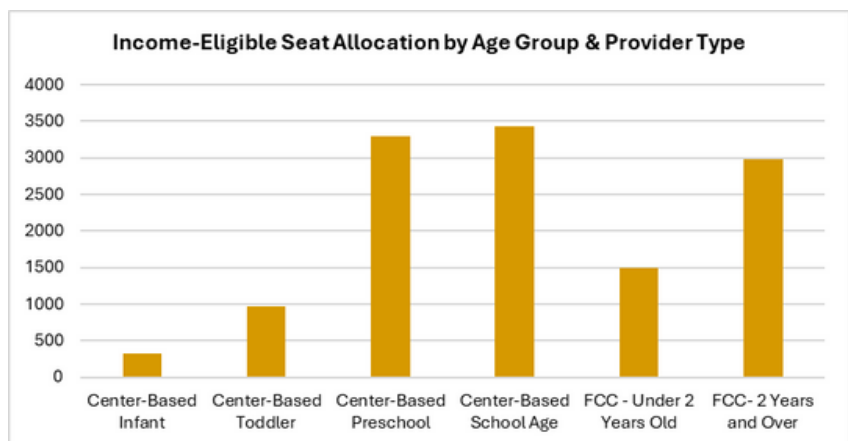
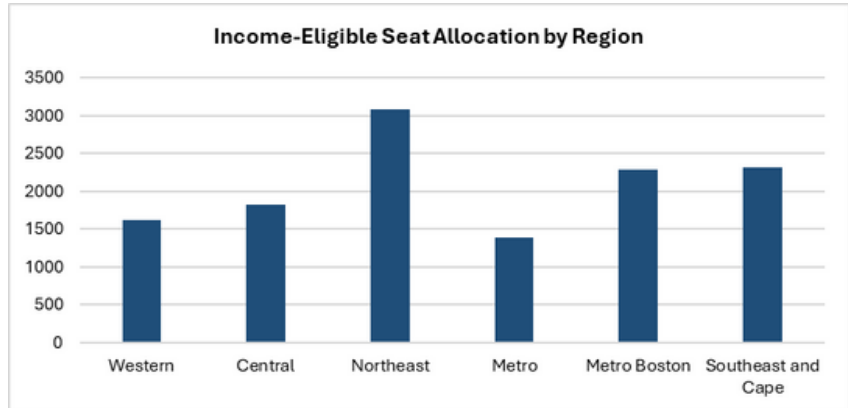
*does not include "flex pool" which offers providers access to funding to allow them to go above their contracted award for enrolled children to support continuity of care or other priorities as determined by EEC.



Implementing the first re-procurement in 15 years resulted in significant system disruptions for some providers who had their slot awards reduced, or their requests not met. EEC has established several policies related to the procurement to address ongoing issues:

- The RFR allows for procurement to re-open annually if additional funding is made available.
- EEC is committed to continuity of care for children regardless of the bidding process. Children previously in a contracted slot that was not re-procured will be transferred to a voucher slot, so their care is not interrupted.
- EEC has also created new positions, Regional Family Access Specialists, who are tasked with working in partnership with providers, communities, families and other state agencies. These staff members will work directly with contracted providers as well as with CCR&Rs to offer support for providers to meet contract expectations.

Contract Seat Distribution



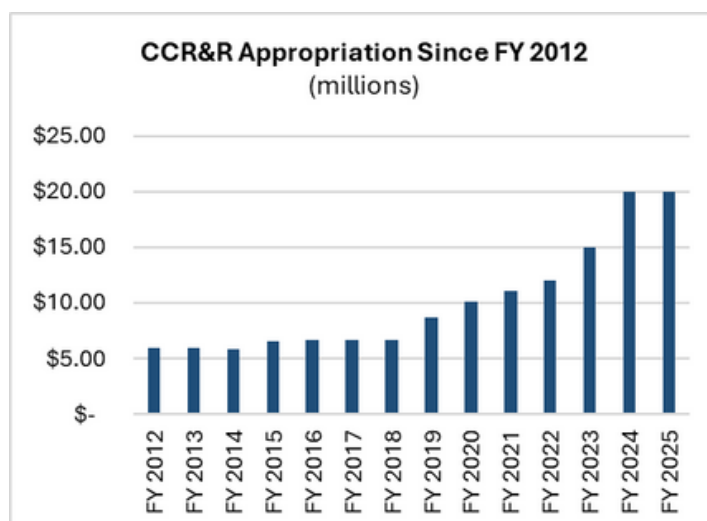
Bottom Line

Ultimately, the implementation of this new RFR is still a continuing process and EEC has made it a priority to provide appropriate support to contracted providers as they work to serve families and meet new goals. It is critical that EEC establish a clear system around re-procurement and updating the contracts going forward so that it can respond to feedback from the field, changes in the system, and variations in community needs.

| 2023 Contract Recommendations | Status |
|--|---|
| Issue a new RFR to re-procure child care contracts with providers and allocate slots based on current market conditions. | Complete |
| Design the RFR to maximize EEC flexibility and allow the redistribution of underutilized seats so that the system can adapt to changing conditions over time. | Ongoing - The new RFR does allow for agency flexibility around the underutilization of slots but there will likely be a period of data tracking and working with providers before EEC makes decisions around reallocation. |
| Allow for greater flexibility around age-based contract seat allocation to create a system more responsive to demand. | Partial - EEC continues to use age as a factor in procurement allocation, which may limit the ease of flexibility of contracts but does allow targeting of funding toward infants and toddlers and the maintenance of supply in key areas. There is also greater flexibility built into the RFR to redistribute and reassess slot placement. |
| Next Step: Continue to monitor the implementation of the new contracts and support providers through the process while establishing a clear plan around re-procurement going forward and updating seat allocation over time as additional funds become available. | |

CCR&R REFORM AND SUPPORT

There has been an increased focus on CCR&R systems and engagement with families since MTF's previous report; however, there is still a need to upgrade the data systems used by CCR&Rs, and capacity remains an issue. Ensuring that CCR&Rs have appropriate and efficiently deployed staffing is essential to the quality of service families receive. In the years leading up to the pandemic, CCR&Rs were generally level-funded year to year at low levels.





However, like EEC funding more broadly, CCR&Rs have seen large increases in funding coming out of the pandemic. The chart above shows that the appropriation for CCR&Rs has doubled since FY 2020. **As this investment increases, it is important that resources are utilized effectively to best support families.** Improved technology, effectively deployed staff, and the reduction of administrative burden are three key pieces of the puzzle.

Coordination of Services and Family Engagement

As social service agencies, CCR&Rs provide essential and varied support for communities. CCR&Rs are often a family's entry point into child care; they also coordinate with providers who enter into voucher agreements, and act as conduits between DCF, DTA, and other state agencies that interact with early education programs and services. In 2023, EEC conducted a re-procurement of the CCR&Rs. The RFR focused especially on family service expectations as well as the coordination services CCR&Rs supply to child care providers and community and state agencies. EEC also set new performance indicators and staffing expectations for CCR&Rs through the RFR, emphasizing customer service and support. Policies reforms have reduced burdens on families and administrators alike.

Administrative and Technology Burdens

Though efforts have been made to streamline policies, **poor data and technology systems cause significant challenges for CCR&Rs** and hamper their transition from administrative agencies to family engagement teams. Furthermore, system updates have not kept pace with policy changes, causing unnecessary administrative burdens while CCR&Rs work to adapt to changing circumstances.

Administrators use multiple databases to:

- Search for available providers,
- Administer billing of reimbursement rates,
- Manage the waitlist, and
- Track families throughout their journey in the system.

The many **systems often do not share data or connect together efficiently**, causing administrators to manually enter information into systems multiple times

For example:

- Children who are receiving DCF/DTA are automatically placed into the CCFA database because they are entitled to child care and do not go into the waitlist database KinderWait. However, when their cases conclude and they are transitioned to an income-eligible slot, administrators need to re-enter their information into both systems again.



There is also a lack of coordination of information between providers, families, and the CCR&Rs.

For instance:

- CCR&Rs use a database called Work Life Systems (WLS) to retrieve lists of providers across the state when a child is looking for care; however, WLS does not show live openings at providers. This only causes more work for administrators to confirm availability of child care. There is a new feature that allows providers to update their availability information themselves, but this is not required by EEC, so the information sharing is not consistent. Furthermore, the child care search system on EEC's website for families to use is different from WLS but also is not able to provide information on openings.

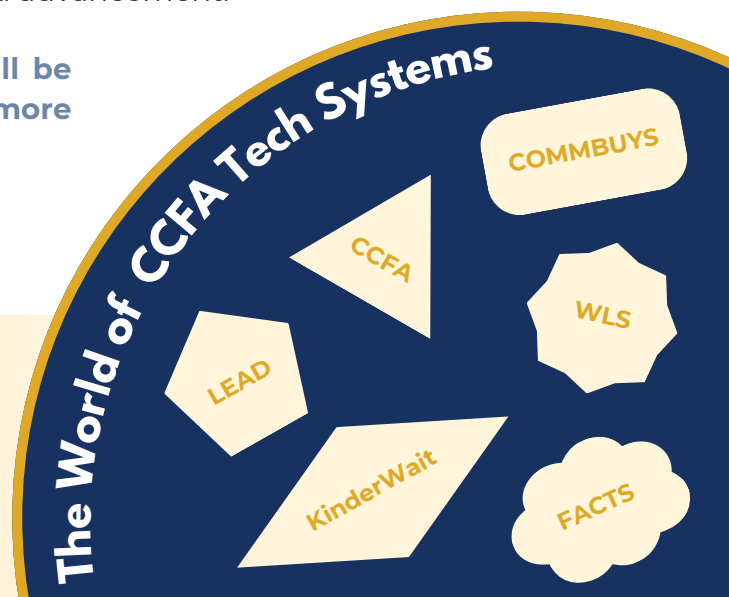
There should be one central system that both families and administrators use to find providers. Having multiple platforms in use, none of which are able to give up-to-date availability information, is not helpful to families or efficient.

The **lack of real-time knowledge and interconnectedness** were two key problems MTF identified in our last report, and they have not been resolved thus far.

The insufficient system infrastructure only serves to compound the capacity issues of the CCR&Rs. While EEC is implementing a more intentional focus on family experience, there are still holes and inefficiencies which have led to additional staff work for CCR&Rs even at a time when the goal is to decrease those burdens. The incentivization of provider participation in the voucher system through C3 and the transferring of children from contracted slots to vouchers due to the effects of the state's contracted provider re-procurement efforts have both led to greater need for CCR&R capacity, which should be supported through technological streamlining and advancement.

If systems and tools are improved, CCR&Rs will be able to redeploy staff time and resources more effectively toward family engagement services.

COMMBUYS: online procurement platform for the state
CCFA: database of children receiving CCFA (including DCF/DTA)
LEAD: child care provider licensing portal
WLS: child care provider database
KinderWait: statewide income-eligible waitlist database
FACTS: family journey tracking system



Bottom Line

EEC has made gains in improving the quality of services CCR&Rs provide through policy reforms and shifts in priorities; however, outdated and inefficient technology systems still continue to obstruct the ability of CCR&Rs to do their work most effectively, limiting the overall health of the child care system. **To continue to improve the services they provide, CCR&Rs need efficiently deployed capacity and better data systems** in order for time to be spent less on administrative and regulatory tasks and more on family engagement and communication.

EEC is working to improve in this area and recently received a \$3.3 million authorization from an IT bond bill, the FutureTech Act, to help modernize CCFA technology and create a statewide, centrally administered eligibility determination system. This new system would greatly reduce burdens on CCR&Rs, but the timeline for implementation is not clear.

Looking ahead, CCR&Rs could experience even greater capacity issues when a requirement that C3 providers certify a willingness to accept children receiving CCFA goes into effect in FY 2026. This requirement will undoubtedly increase the number of providers entering into a voucher agreement and without updated, interconnected, and user-friendly technology systems in place, this influx has the potential to place even greater strain on CCR&R staff, time, and resources. Ultimately, **CCR&Rs are an integral piece of the state's child care infrastructure** and efforts to improve and modernize the system as a whole must integrate and work with CCR&Rs moving forward.

STATUS CHECK

| 2023 CCR&R Recommendations | Status |
|--|--|
| Examine the role that CCR&Rs play as primarily CCFA administrators. | Partial - EEC is shifting the focus from administration to family engagement; however, lack of staff capacity and resources is hampering this transition. |
| Look for ways to coordinate the work of CCR&Rs across agencies to lessen burdens. | Ongoing - The need to connect CCR&Rs more to other agencies still remains, it is possible the new early education inter-agency task force could be a step forward. |
| Improve the data systems available to CCR&Rs in order to better serve children and families. | Ongoing - This is the area in need of the most improvement when it comes to the CCR&Rs. Data systems need to be improved and connected to each other to allow CCR&Rs to operate to their highest potential. |
| Next Step: Identify areas of CCR&R administrative work that can be streamlined and simplified with improved technology systems that work in partnership so that families are better served. | |

FAMILY-FRIENDLY POLICIES

Since the publishing of MTF's 2023 report, EEC has also taken significant steps to make CCFA easier to navigate for families, easier to administer for staff, and more aligned with modern work and family structures. The agency has also increased its emphasis on communicating with families and educating them on the processes and requirements of participating in CCFA.

EEC formally began a regulation review process in December 2022 with the intention to revise CCFA regulations to:

- Prioritize the **family experience** and family needs,
- Increase **system efficiency** overall, and
- **Modernize and update** the CCFA system as a whole.

The new regulations went into effect in October 2023 and EEC has since rolled out accompanying policy changes centered around simplifying the application process, reducing the paperwork burden for families and administrative staff, and supporting families throughout the process.

Below we will highlight some of these changes that are making the system simpler and more relevant for both families and program effectiveness, serving the overall agency goal of greater equity in access to high quality early education.

Streamlining Procedure and Expanding Options for Proof of Income

To ensure that the income-eligible CCFA program is serving the intended population, income-eligible families must provide documentation to verify their monthly gross income, but new EEC policies have made the system more flexible, reasonable, and responsive to family situations and multiple work patterns. For example, EEC has **expanded the options** families have for providing proof of income beyond submitting a W-2 and lessened the reporting burdens on self-employed parents by removing the need to provide proof of expenses and receipts. EEC has also issued guidance to streamline the number of documents families have to provide throughout the process.

Improvements in **technology and greater inter-agency coordination** would continue to improve these policies but these changes have already made the system easier to navigate for families working multiple jobs, those who are self-employed, and those who are newly employed – lessening the barriers to access child care. The new system is also easier for immigrant families with US-born children to navigate and access.

Defining Family Composition to Make Sense for Single Parents

EEC has also updated the CCFA policies to better reflect the realities of many families in the system. Previously, single parents were required to provide documentation for their child's other parent as part of the family composition portion of their application even though this information would not affect the status of benefits or the calculation of parent fees. This requirement was not pertinent to eligibility determination and in practice only served to add another documentation burden for single parents.

Under the new policies, **documentation on a non-custodial parent is no longer required**. Given that the information of the other parent of a single-parented child is irrelevant to how CCFA is implemented, and that roughly a third of children in the state live in a single-parent household, the repeal of this policy not only makes more sense but removes barriers for families who are trying to access care for their child.

Updating Circumstance Change Requirements Within Authorization

The requirements regarding which changes in circumstances must be reported within a child's 12-month eligibility period have also been updated to be more relevant and lessen reporting for families. For example, families no longer need to report income changes during authorization that would not affect eligibility and change of circumstance requirements are now more focused around pertinent information like if a family moves out of state or has a large increase in income that moves them above the eligibility threshold.

Again, these updates help make reporting easier on families and administration easier on staff because **policies are more centered around what is relevant to the child** rather than concentrating on surveillance and reporting.

Bottom Line

Overall, EEC has taken significant steps in updating reporting requirements to **reduce the burden** on families while maintaining program integrity. EEC is also encouraging a more **family-centered approach** throughout the system and has emphasized the need to enhance communication with families, from incorporating texting to ensuring that families are able to submit applications in any language and administrators are able to receive the proper translation services to process cases. Improving the **partnership between EEC and the CCR&Rs** also must go hand in hand with continuing to implement the new policies and procedures to improve support for families.

The dual focus on the family and provider experience will be crucial as EEC continues evolving the system to work effectively, efficiently, and equitably.

STATUS CHECK

| 2023 Family-Friendly Policy Recommendations | Status |
|--|----------|
| Improve the process of providing proof of income for modern working families. | Complete |
| Remove unnecessary requirements surrounding family composition that place added burdens on single parents. | Complete |
| Focus the need for during-authorization change of circumstance reporting on changes that affect eligibility. | Complete |
| Next Step: Maintain communication with CCR&Rs and providers as policies are implemented and work toward further areas of reform like waitlist management. | |

MAXIMIZING THE POWER OF C3

MTF's previous report concluded with a section focused on the Commonwealth Cares for Children (C3) grant program and the positive impact it has had on the CCFA system and early education in Massachusetts. MTF has highlighted the importance of these grants in earlier [publications](#) as they have transitioned from a stabilization program to a growth tool and a permanent source of support for providers.

At the time of the 2023 report, the C3 program had still been supported with federal COVID stabilization dollars and had not been fully taken on by the state. Since then, the state committed to fund C3 solely with state resources in FY 2024 and FY 2025, the only state to do so since federal funding expired. In the FY 2025 budget cycle, the state further maximized the power of C3 by codifying the program into state law and including provisions that highlight the need for supporting providers that serve vulnerable communities.

C3 Funding

C3 was funded at \$475 million in both FY 2024 and FY 2025. Maintaining funding of the program and bringing the program onto the state budget was a major child care priority in recent years. Funding for the C3 program became a keystone issue for early education advocates during the FY 2025 budget process. Especially significant during a time of uncertain revenue projections and limited resources, the continued funding of the program, and the consistent inclusion of funding by each legislative branch during the budget process shows the Commonwealth's commitment to the program.

In FY 2024, C3 was funded using a **combination of funding streams** and in FY 2025 a similar approach was used. The existing High-Quality and Affordability Early Education Trust Fund, the Fair Share income-surtax, and a new trust fund specifically dedicated to the grant program using funds from a new online lottery established in the budget, were each drawn upon to fund C3 in FY 2025.

FY 2025 C3 Funding

| Funding Source | Funding Amount |
|---|-----------------------|
| High-Quality and Affordability Early Education Trust Fund | \$200.0 |
| Early Education and Care Operational Grant Fund* | \$100.0 |
| Fair Share Income Surtax | \$175.0 |
| Total | \$475.0 |

in millions

**funded with new online lottery*

Though the use of online lottery as a sustainable source of funding for C3 will need to be analyzed as the lottery is implemented, C3 was a clear pillar of early education funding in the past two budgets, and it will likely continue to be a major focus in years to come. The continued full funding of C3 and the codification of the program create more confidence and certainty for the program's continuation and permanency.

C3 Codification

Through the FY 2025 budget, the Legislature also codified C3 into state law, a major recommendation from MTF's previous report that sends a strong signal to the early education field about the future permanency of the program. Notably, the codification language specifies that:

- Participating providers must enter into contractual agreements with EEC to continue to, or demonstrate a willingness to **enroll children receiving CCFA** starting in FY 2026.
- **50.5 percent** of grant funding must go to providers whose enrollment is at least 25 percent children receiving CCFA, or those serving at least 25 percent at-risk children, or Head Start and Early Head Start programs.
- Providers must take meaningful steps toward increasing salary, compensation, and benefits for early education educators and staff.

Language was also included that further specifies funding distribution tiers for FY 2025 based on different types of providers, with a majority of the funding dedicated to providers who serve children receiving CCFA.

FY 2025 C3 Funding Tiers

| Tier Definition | Percent of Grant Funding |
|---|---------------------------------|
| Providers with enrollment including at least 25% children receiving CCFA, or Head Start and Early Head Start providers. | 50.5% |
| Providers with enrollment at least 1% but below 25% children receiving CCFA. | 28.4% |
| Providers who do not serve children receiving CCFA. | 21.1% |

While the focus on vulnerable communities in this tiering is well-intentioned, there will be some unintended consequences for providers on the ground, particularly FCC providers and providers in middle-income communities who may not meet these higher CCFA enrollment benchmarks. C3 remains a new program, and it will need to be able to evolve over time to be as effective as possible. With any program, the more detailed program provisions are, the less an agency may be able to adapt to changing circumstances and the reality of a program in practice.

Codification was an important step, but there is still more work to be done to make sure that EEC is able to implement the program sustainably and is responsive to the needs of providers and communities.

In September of 2024, EEC unveiled its proposal for a new grant formula for FY 2025 that incorporates the new requirements set by the Legislature as well as lessons learned during the previous years and feedback from the field. The new formula includes CCFA enrollment as one part of its equity adjustment, which is intended to provide increased grant amounts for providers in higher needs communities, but also considers other factors like whether families are receiving other tuition supports from providers separate



from CCFA. The formula also attempts to address the different cost pressures facing center-based, FCC, and out-of-school time providers and EEC is continuing to solicit responses from providers through the process of implementing this new formula as it looks ahead to FY 2026 and beyond.

Bottom Line

C3 is the biggest change to Massachusetts' early education funding structure in decades. It has been able to rebuild capacity in the system and has helped lessen the cost burdens that have historically been placed on providers and families. C3's goal as an operational grant program is distinct but it has been used as a tool to support and complement CCFA. Increasing funding for CCFA would fall short of meeting demand if providers were not able to accept more children. Early educator pay is an area of struggle for the system and without educators, classrooms and providers can't remain open. Recent C3 reporting shows that providers are using a majority of their grant funds for workforce support in response to this need. By directly assisting the early education workforce and by connecting providers with EEC and to CCFA, the state has been able to use multiple levers to enhance and grow the supply of high-quality, accessible, and affordable child care in the Commonwealth.

Several questions remain for the future of the program:

What does equity mean in the context of C3 and are groups of providers being left behind? – C3 was initially conceived of as a universal assistance program for providers with targeted aid towards those with the highest needs. How the targeting evolves and affects providers, especially FCC providers serving middle-income families, will be important to watch as the newly codified system is implemented.

How do you build growth into C3? – As more providers enter C3, the question of the potential for long-term growth of C3 looms larger. No other state has been able to sustain this level of operational grant funding since federal funding expired following the pandemic and so far, funding for C3 has been largely sustained through trust fund resources left from past surplus tax revenue and the relatively new income surtax. While C3 is indeed the largest new increase in state child care funding in decades, demand for increasing C3's funding allocation will grow as more providers participate, as programs expand, and as costs increase over time.

Is there sufficient infrastructure built into the child care system to support new providers entering CCFA participation in order to be eligible for C3? – Beginning in FY 2026, providers receiving grants must be willing to serve a child participating in CCFA if they have availability, essentially directing providers to enter into voucher agreements with EEC. However, as will be highlighted in the following section on CCR&Rs, the system may not have the technology and capacity currently to be able to meet the needs of a sudden influx of providers into the system.

STATUS CHECK

| 2023 C3 Recommendations | Status |
|---|----------|
| Fund the C3 program at \$475 million for FY 2025. | Complete |
| Codify C3 into state law. | Complete |
| Use C3 to incentivize the supply of CCFA seats and collect further data to better understand the system as a whole. | Complete |
| Next Step: Analyze how the FY 2025 grant provisions affect providers and allow program evolution while centering quality, equity, and the growth of the early education workforce. | |

SETTING AN ENROLLMENT BENCHMARK

MTF previously recommended that a CCFA enrollment benchmark should be incorporated into budget line-item language to allow for more strategic use of resources, intentional capacity building, and better planning by EEC. Goal setting would make funding decisions more tangible for policy makers and give EEC a stronger argument for increasing funding to lower the waitlist and expand system capacity each year.

The FY 2025 Budget

Throughout the 2023-2024 legislative session and the FY 2025 budget process, a major focus for policy makers and EEC was to **increase the capacity of and enrollment in CCFA**. This can be seen in FY 2025 budget language outlining and codifying the expansion of the income-eligible program specifically.

Previously, families with incomes up to 50 percent of state median income (SMI) were eligible for CCFA's income-eligible program. The new language expands eligibility up to 85 percent of SMI and higher if additional funds are made available.

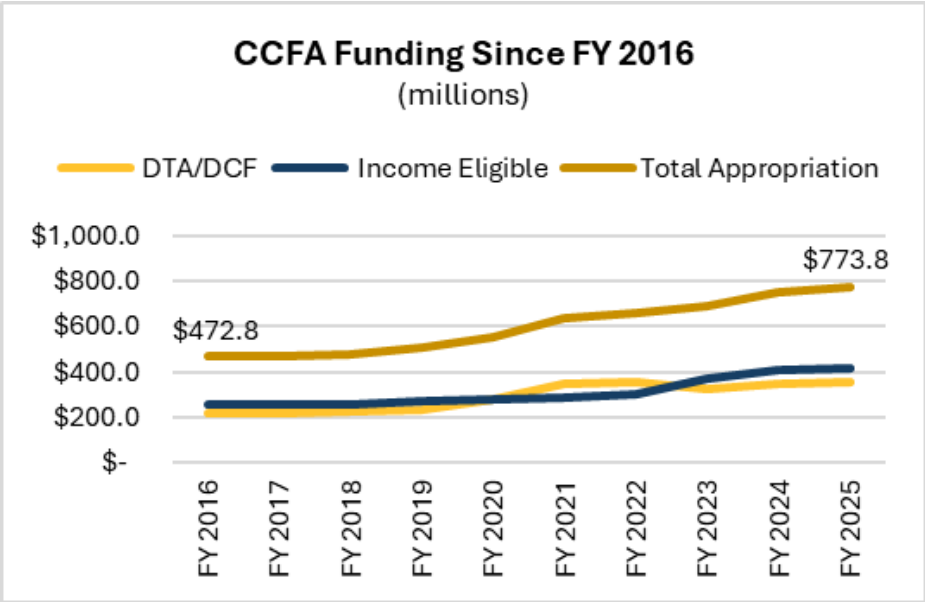


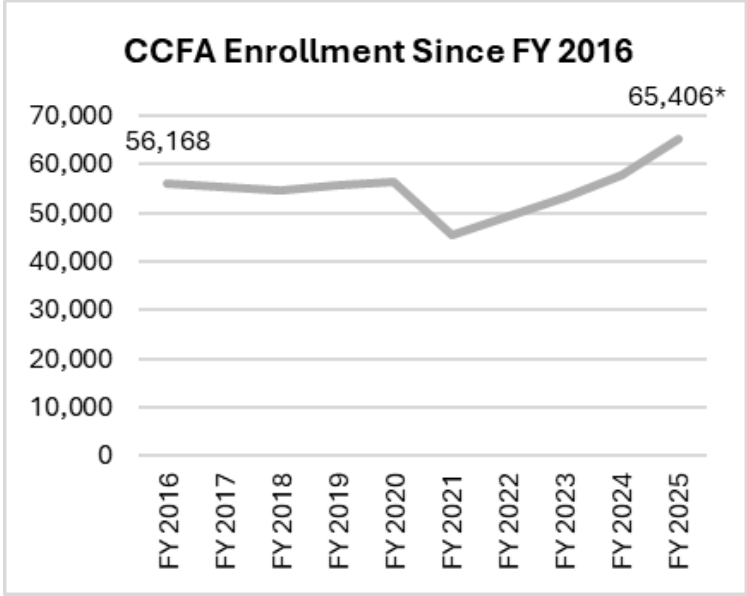
The inclusion of this language indicates that the Legislature would like to see CCFA serve more families. Governor Healey proposed a \$75 million investment in addition to base-program funding to support expansion, and the administration publicized that the appropriation would allow 4,000 more children to receive CCFA. Ultimately, only **\$18 million** was appropriated in the final budget and EEC has stated that given current caseloads, it will not be able to expand access to new income-eligible families from the waitlist without additional funding.

Neither the FY 2024 nor the FY 2025 budgets included language on the number of children that should be served by CCFA. If language listing specific increased enrollment numbers were included in the CCFA line item, there would be more focus on ensuring that there was necessary funding to reach program goals.

Bottom Line

The charts below show the funding level and enrollment for CCFA since FY 2016. It is apparent that increased funding starting after the pandemic and family access reforms contributed to increased enrollment in CCFA. However, the cost for providing assistance to each child has also been increasing as EEC implements the cost of care model and higher quality control measures, so though there has been a roughly 60 percent increase in enrollment and the waitlist for income-eligible care continues to grow.





WAITLIST SPOTLIGHT

Between July 2023 and August 2024, the income-eligible waitlist **grew by more than 7,000 children.**

| Age Group | Children on Income-Eligible Waitlist (Aug-2024) |
|------------|---|
| Infant | 5,453 |
| Toddler | 6,757 |
| Preschool | 6,700 |
| School Age | 9,466 |

The current waitlist is not a perfect system but it gives an estimate to the number of families in need of assistance to pay for child care. It is managed statewide, regionally, and locally managed by EEC, Mass211, CCRRs, and contracted providers.

The yearly increases in CCFA funding have been largely driven by the annualization of provider rate increases. EEC needs **intentional and targeted funding** in order to continue to increase system capacity, and an enrollment goal written into budget language would more directly connect funding to enrollment increases going forward.

STATUS CHECK

| 2023 Goal-Setting Recommendations | Status |
|---|--|
| Incorporate specific enrollment benchmark language into the state budget. | Not Addressed - While funding was included in the FY 2025 budget with the intention to expand access to the income-eligible program, this funding was not sufficient to truly increase capacity and was not tied to a specific enrollment goal. |
| Next Step: Include language in the FY 2026 budget that speaks to policy maker goals concerning how many children should be served by CCFA so that funding is more intentionally allocated to meet the goal of increasing access. | |



As we look to the next steps in CCFA reform, it's clear that a lot has been done in the past few years to enhance the structure and quality of CCFA, but there is more work to do. CCR&Rs continue to be an area where improvements are needed to support administrative staff and families in their journey to find child care. The implementation of the new contracts and the continued evolution of C3 will also significantly impact CCFA caseload. A **continuous feedback loop** between the field, families, advocates, policymakers, and EEC will be critical to understanding the effects of new policies. Finally, there is a greater need for a targeted focus on supporting and growing the **early education workforce** from many angles.

CCR&R SYSTEMS, TECHNOLOGY, AND FAMILY ENGAGEMENT

CCR&Rs have long worn many hats in the child care space. They are voucher administrators, inter-agency coordinators, family support caseworkers, and community service providers. EEC has taken steps toward improving and streamlining the work of the CCR&Rs through policy changes and a greater shift toward a family-focused approach; however, technology and system inefficiencies will limit CCFA progress if not addressed.

EEC should continue to work with the CCR&Rs to identify areas where administrative tasks can be simplified and centralized. The creation and implementation of better technology and data systems should be a priority for EEC in the coming year so that caseload management and family engagement can improve across the board. A statewide and centrally administered CCFA eligibility determination system and a more real-time child care availability database with up-to-date information from providers are two important needs identified in this report.

EEC hopes that CCR&Rs can center staff time and resources around directly communicating with and serving families in need of care. Effective technology and system organization are essential to meet this goal.

TRACKING THE IMPACTS OF C3 AND CONTRACT PROCUREMENT

For a relatively new child care program, C3 has become a critical piece of the child care system and while separate from CCFA, it does interact with the system in key ways. The



new policies put in place by the Legislature in the FY 2025 budget will require that providers receiving grants from C3 commit to serving children receiving CCFA starting in FY 2026, whether through vouchers or contracted seats. EEC is also launching a new C3 grant formula that will use CCFA enrollment, among other factors, to determine grant amounts. Both of these developments will likely increase provider participation in CCFA.

EEC should continue to look at the ways that C3 can help incentivize CCFA participation to increase capacity in the system while also continuing to make sure that C3 remains responsive to the needs of all providers, including those who may not have high levels of CCFA in their programs due to location or internal availability and capacity.

With the first contract provider re-procurement in 15 years complete, there is bound to be some change and transition in the system as providers respond to the new standards and requirements outlined in the RFR. EEC has said that this re-procurement is a step toward building a better system for the future even if the number of slots were not increased overall. It will be important that EEC support providers who were successful and those who were unsuccessful in the bidding process and present a plan going forward to open procurement again when funding allows so that the system can continue to grow and evolve.

LOOKING AHEAD TO WORKFORCE NEEDS

MTF's previous research on CCFA focused primarily on policy and systems reforms needed to improve the system but did not touch upon a crucial component of the child care environment – the early education workforce. Since the pandemic, more light has been shed on workforce concerns and on the need to compensate, grow, and support the people who make quality early education and care possible.

Looking at wages and benefits, professional development and career advancement or business management, the state has historically fallen short in supporting child care workers. The median hourly wage for early educators before the pandemic was \$14.11 (about \$30,000 a year). While wages have seen increases since the pandemic, especially due to the C3 program, wages still remain at relatively low levels compared to competitor sectors. The median annual salary for center-based lead teachers in spring 2024 was about \$43,000 a year, while the average annual salary for a K-12 teacher in MA was roughly \$86,000 in 2021 according to the most recent DESE report on teacher salaries. A recent study by the Rappaport Institute found that early educators are most likely to work as elementary and middle school teachers, teacher's assistants, nurses or home health aides, and cashiers after leaving early education. Nearly all of these occupations have seen faster wage growth in the years since the pandemic compared to the early education field. Supporting the early education workforce is critical to the growth, equity, and sustainability of the child care system and of our state as a whole.



As MTF continues its work examining child care policy improvement, four key workforce areas emerge for future analysis:

1. Compensation and Retention

Many early educators and staff work multiple jobs, struggle with housing, and have difficulties securing child care for their own children. Providers often struggle to retain staff who can receive better compensation in other sectors. Data collected through monthly C3 reporting showed that roughly 20 percent of center-based programs that were not able to serve their full licensed capacity cited unfilled staff openings as the main contributor.

2. The Workforce Pipeline

The early education workforce is also facing a long-term viability pipeline issue as it is difficult to attract young people to enter a field with low compensation and few supports to grow one's career. An analysis of the entry points into the system and the support for young people entering the workforce would help support the field into the future.

3. Career Advancement and Support

In addition to making sure that people enter and stay in the early education workforce, it is also important that they see the field as an opportunity for career advancement. EEC is currently working on an early education and care career ladder to help create a structure for career growth for educators. Tracking EEC's progress and implementation of the career ladder and its effects on the system and provider satisfaction should be a goal moving forward.

4. Entrepreneurship and Small Business Support

Finally, it is important to look at the child care workforce through the lens of small business investment. FCC providers and small centers are essential to the system's health and growth, and they must be supported as business owners as well as educators in the field. Providers would benefit from increased business planning and administration training and other supports integral to helping them be financially stable and successful in the field.

Lifting up the early education workforce is the next critical area of need. The early education workforce is overwhelmingly composed of women (92 percent) and nearly half are people of color (41 percent). The workforce also represents thousands of small businesses in the state; their success is critical to Massachusetts' economic success. As in many other areas of early education, solutions will likely not be one-size-fits-all and must also reflect the diversity of the early education system, from community structures and program type to the demographics of staff.

The state has made a lot of progress in improving the CCFA system since our 2023 study, and there is now a roadmap for continued momentum. It will take the commitment and collaboration of everyone in the sector to accomplish the goals outlined in this report as we move towards a better early education and care system for our Commonwealth.