



# Early Ed 101 Fact Sheet

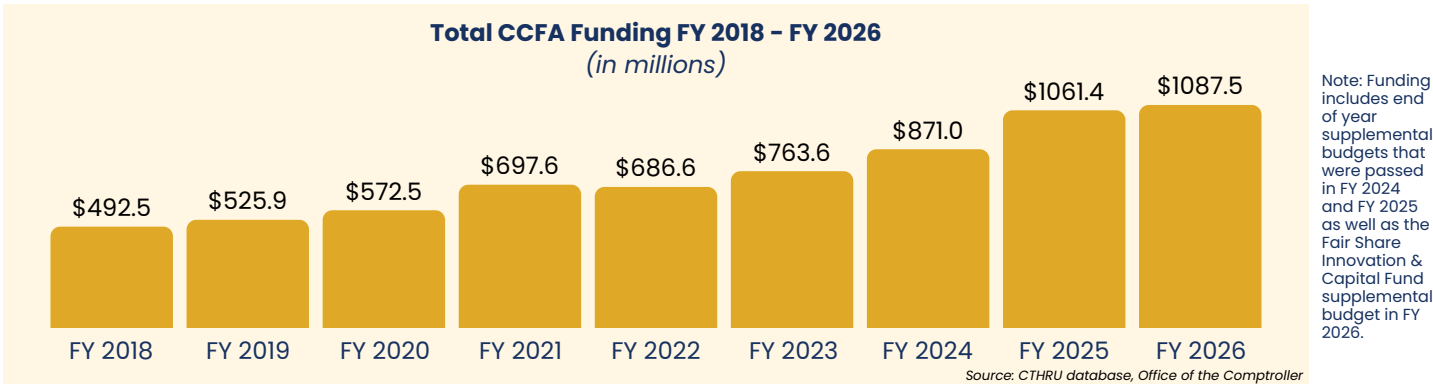
## CHILD CARE FINANCIAL ASSISTANCE (PART 3) - Funding & Access

### Child Care Financial Assistance (CCFA) Funding Overview

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 CCFA is left to the state. In recent years, CCFA has also been supported through the state’s income-surtax.

Funding for CCFA can be thought of in two main buckets: 1) **access funding** for vouchers and contracts; and 2) **funding for provider reimbursement rates**.

Most of the funding for CCFA is found in two main line-items: **3000-3060** which funds **DTA and DCF CCFA** programs, and **3000-4060** which funds **Income-Eligible CCFA**. Funding for new rate increases typically is included in a separate line-item but annualized rate funding is often folded into the two main line-items in subsequent years.

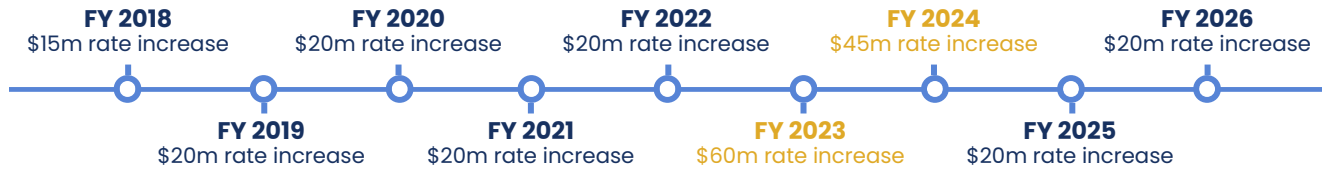


This chart gives a topline overview of recent CCFA funding growth. Since the pandemic, the state has made an effort to serve more families, provide more support to the workforce, and more closely meet the true cost of care through reimbursement rates. **Between FY 2018 and FY 2026, total CCFA funding more than doubled, increasing by \$595 million, or 120%.**

### Drivers of Funding Increases

Cost of Care Work & Reimbursement Rates	Expanding Income-Eligible Access
<ul style="list-style-type: none"><li>2022 and 2024 Cost of Care studies showed the gap between reimbursement rates and the actual cost of child care.</li><li>EEC reformed the provider reimbursement rate structure &amp; the Legislature passed several significant rate increases.</li></ul> <p>Since FY 2018, \$240 million has been appropriated for new reimbursement rate increases.</p>	<ul style="list-style-type: none"><li>Family friendly policies have made it easier for families to access CCFA and have reduced administrative burden.</li><li>Funding has been dedicated toward reducing the waitlist and the early educator staff CCFA program.</li></ul> <p>There are almost 14,000 more kids receiving Income-Eligible CCFA now than at the low-point of the pandemic.</p>
DCF & DTA Caseload Trends	Contract Re-Procurement
<ul style="list-style-type: none"><li>As entitlement programs, DCF &amp; DTA caseload increases have had significant impact on total CCFA caseload &amp; costs.</li><li>DCF contract slots carry additional costs because of the higher need for support and wraparound services.</li></ul> <p>Together, the DCF &amp; DTA caseloads saw a 78% increase in children served between FY 2020 and FY 2025. During the same time, the income-eligible caseload grew by 57%.</p>	<ul style="list-style-type: none"><li>In 2024, EEC re-procured its child care contracts for the first time since 2009.</li><li>EEC prioritized high need areas like infant &amp; toddler seats, DCF seats, and slots for children experiencing homelessness.</li></ul> <p>The total cost for the state to procure each contract seat grew from \$8,100 in 2009 to \$17,200 in 2024; reflecting growing costs, rate increases, greater funding tied to program quality, and reimbursements for support services and transportation.</p>

## Provider Reimbursement Rates & Their Impact



### Rate investment in recent years has meant that:

- **Providers receive more funding for operational costs**, increasing their ability to invest in their program and in their educators.  
Center-based programs: Average rates increased by **80%** for infants, **61%** for toddlers, and **62%** for preschoolers.  
FCC programs: Average rates increased by **50%** for children under 2, and by **57%** for children 2 and older.
- **There is more incentive for programs to participate in CCFA**, which expands options for families. **1,599** more programs participate in CCFA now than did in FY 2018. The **Commonwealth Cares for Children (C3)** grant program has also led to a growth of child care programs.
- **The state is investing more per child, so the total cost of CCFA has increased.** EEC now spends **\$15,645** annually on average per child across the three programs. In FY 2018 the department was spending **\$8,088** on average per child. This amount is also likely higher for children with greater needs including DTA & DCF children.

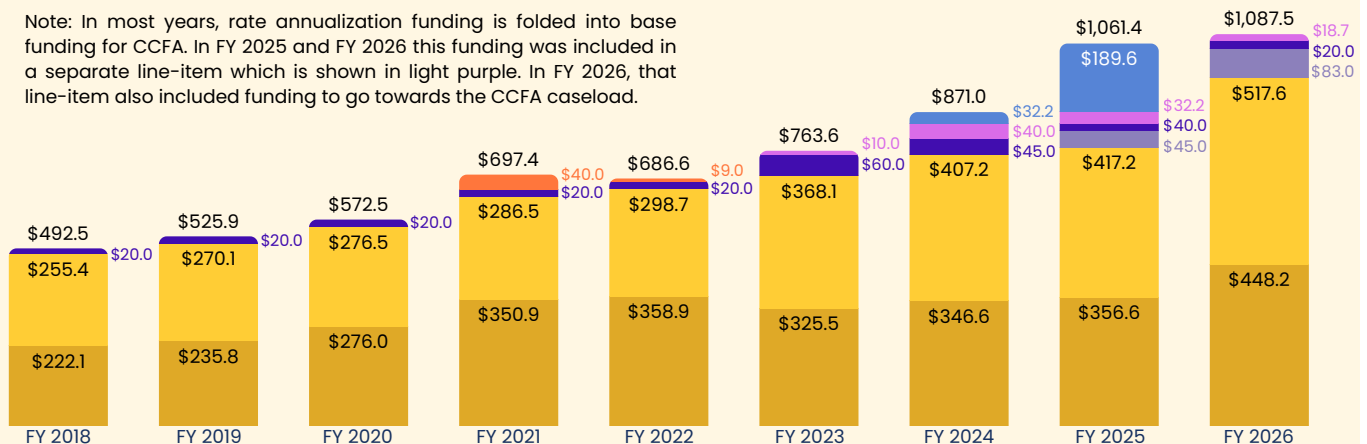
## Putting it All Together

### Breaking Down CCFA Funding FY 2018 – FY 2026

(in millions)

- Base DCF & DTA Funding
- Base Income-Eligible Funding
- Rate Annualization & Caseload Maintenance
- Rate Increase
- Pandemic Parent-Fee Reserve
- Reducing Waitlist/Expanding Income-Eligible
- End of Year Supplemental Budget

Note: In most years, rate annualization funding is folded into base funding for CCFA. In FY 2025 and FY 2026 this funding was included in a separate line-item which is shown in light purple. In FY 2026, that line-item also included funding to go towards the CCFA caseload.



Source: CTHRU database, Office of the Comptroller

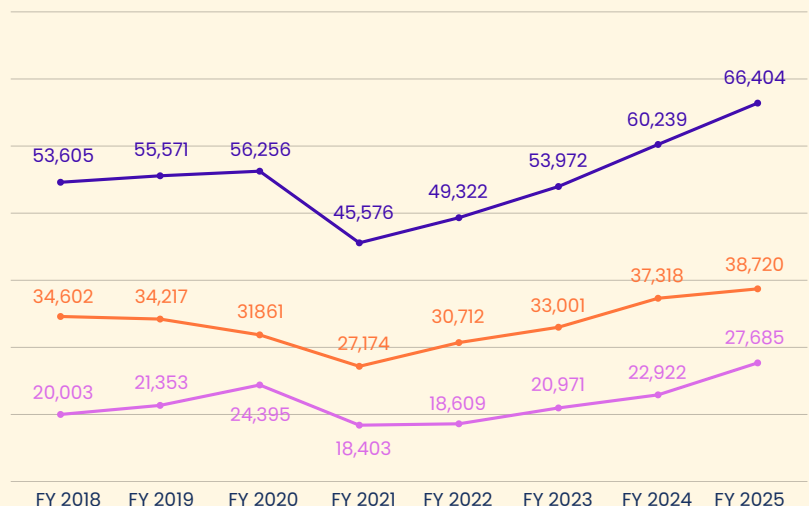
### Main Takeaways:

In recent years, rate increases and funding to maintain existing capacity have made up the majority of the increase in CCFA funding.

- The caseload grew steadily between FY 2023 and FY 2025, as funding increased.
- However, funding dedicated to rates and the DTA/DCF caseload has meant limited growth to the Income-Eligible caseload.
- Fewer children have been able to move off of the Income-Eligible waitlist in the past 2 years as funding has been constrained amid these other pressures.
- CCFA was essentially level-funded in FY 2026. While the DTA/DCF caseload continues to grow, the Income-Eligible caseload remains stagnant without additional access funding.

### CCFA Caseload FY 2018–FY 2025

- DTA + DCF
- Income-Eligible
- Total Caseload



Source: Department of Early Education and Care