



Special Legislative Early Education and Care Economic Review Commission

FINAL REPORT — MARCH 2022

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Note from the Commission Co-Chairs

Section 106 of Chapter 227 of the Acts of 2020 established the Special Legislative Early Education and Care Economic Review Commission to study the early education and care funding structure and ways to support the Commonwealth's goal to expand equitable access to high-quality early education and care. The Commission met from April 2021 until February 2022.

The term "early education and care" is used throughout this report to include care for very young children (ages 0-5) and school-aged children (ages 5-13).

The Commission is purposely made up of a variety of stakeholders with different perspectives and expertise on this issue, including legislators, providers, professional organizations, business leaders and employers, advocates, and state agency leaders. Commission members approached their work with a strong desire to both understand the current challenges facing the early education and care sector and to put forward immediate, short term, and longer-term systemic solutions.

Although created during the pandemic, **the Commission's focus is on the long-term stability of the sector and developing a sustainable system that provides high-quality, accessible, and affordable care to families, prioritizing the most vulnerable populations.** Eliminating racial, gender, and ethnic disparities and improving outcomes for all children is imperative for the future of the Commonwealth's communities, workforce, and economy.

Building a sustainable and well-functioning system for early education and care is critical and urgent, especially for Massachusetts's most vulnerable families. **Decades of research demonstrates that access to reliable high-quality early education and care promotes children's appropriate development, school achievement, and long-term success.** High-quality programs support children's verbal, social-emotional, and cognitive development, all of which are critical for school readiness and for closing opportunity gaps.

Furthermore, **access to high-quality early education and care affects families' economic well-being and the overall strength of the economy, which the COVID-19 pandemic has made even more apparent.** The pandemic has highlighted how important the availability of reliable care is for parents to remain in the workforce, especially mothers and people of color. It has also exacerbated the significant challenges the sector faces with a business model that does not fully support financial viability for programs, affordability for families, or recruitment, retention, and sufficient compensation for the workforce.

The Commission hopes its findings and recommendations will lead to comprehensive legislative and policy improvements that support a high-functioning early education and care system across the Commonwealth, including: stabilizing and sustaining programs operations in the wake of the pandemic; increasing equitable access to high-quality and affordable care; attracting, supporting, and retaining a qualified workforce; and building a more robust infrastructure to support the system. Given the immediate demand for increased access to reliable care and the significant difference quality care makes for children's short- and long- term success, it is important to invest in both quality and access.

Fully implementing all these recommendations will require upwards of \$1.5 billion annually over time. Although the Commission did not address or identify new revenue sources, substantial additional resources will be necessary and will likely require a combination of increased federal funding—since the federal government currently provides more than 60% of the public funding to the early education and care sector in Massachusetts – as well as increased state funding and/or consideration of other alternative measures, such as requiring businesses of a certain size to provide an employee benefit for early education and care similar to current healthcare requirements.

We are grateful to the many individuals and organizations that contributed to the completion of the Commission's study, including Commission members, early education and care stakeholders, agency leadership and staff, legislative staff, and the team from Abt Associates.

Executive Summary

As the Commonwealth works to create an equitable K-12 education system that prepares every child for career and adult success, investing in the first years of children’s development is critical. **To close existing opportunity gaps in the public education system, it is important to maximize investments in the early learning environments** in which children spend extensive time prior to school entry. Research documents the relationship between preschool quality and elementary school performance, including reading comprehension, word recognition, and vocabulary development.

Access to reliable high-quality early education and care is a **strong driver of a healthy economy**. A recent multi-state analysis finds an average annual loss of \$1 billion per state in economic activity due to early education and care challenges. Mothers have disproportionately scaled back their hours or left the labor force to care for their children during the pandemic.

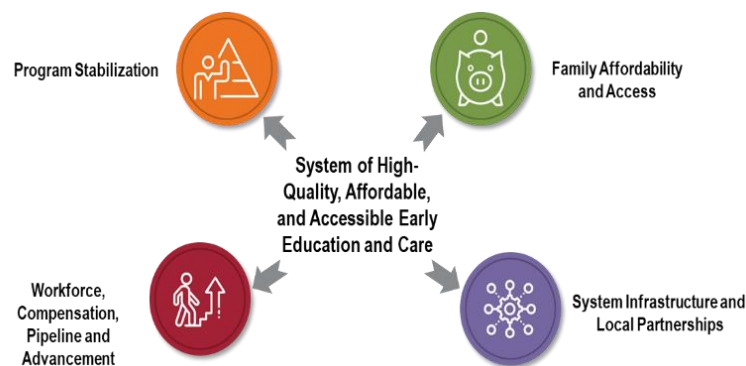
Low-income families and families of color have been disproportionately negatively impacted by the pandemic. These groups are less likely to be able to afford high-quality early education and care expenses and are more likely to have used programs that closed during the pandemic.

Commission’s Process

Section 106 of Chapter 227 of the Acts of 2020 established the Special Legislative Early Education and Care Economic Review Commission to study early education and care funding and ways to support the Commonwealth’s goal of expanding equitable access to high-quality early education and care.

The Commission conducted 10 public meetings between April 2021 and February 2022, including one hearing devoted to public testimony. At the end of this period, findings were compiled and analyzed, and recommendations were developed focused on key action steps to stabilize and build a high-quality, well-functioning early education and care system. Multiple sources of evidence were considered to inform the findings and recommendations, including a national review of research, consideration of models from other states and countries, and input from multiple stakeholders and experts. The Commission’s final report highlights key findings and recommendations across four focal areas identified as critical to addressing its charge.

Exhibit E-1. Key Focal Areas for Building a system of Early Education and Care



Key Findings

Program Stabilization

- Both subsidized and private-pay early education and care programs in Massachusetts **struggled before the pandemic** due to a precarious business model dependent on limited public funds, high family fees, and low wages for teachers. Generally, **programs are unable to improve compensation for teachers without increasing tuition for families**, a major reason compensation remains low.

- Additional **instability and financial challenges stemming from the COVID pandemic** including reduced enrollment, higher operating costs, new health and safety requirements, and a growing workforce shortage make it even **harder for programs to stay afloat**. Since March 2020, **1,359 programs closed**. This represents approximately 17% of all programs and accounts for 23,395 slots for children.
- Although federal recovery funds have been beneficial and supported program stability, the **one-time nature of these funds makes it challenging** for programs to commit to meaningful increases in compensation and other programmatic improvements.
- Access to reliable, high-quality care is critical for families and the economy. **Increasing access to reliable care will pay off in the short term by allowing parents to work. Investing in quality is necessary for long term positive impacts for children.**

Family Affordability and Access

- Massachusetts **consistently ranks as one of the least affordable states** for early education and care. The average annual cost for infant care in Massachusetts is more than \$20,000 and the average cost for a 4-year-old is over \$15,000.¹ On average, families spend 30% more on infant and toddler care than they do on rent. Many **families pay between 20% and 40% of their incomes** for care.²
- Navigating the early education and care subsidy system can be daunting for families. The application process, lack of awareness of resource and referral agencies, and waitlists can deter eligible families from accessing care.
- **Subsidy reimbursement rates are currently insufficient** to cover market rates and fall far short of the cost of providing high-quality care, leading many providers to forgo accepting subsidies and limiting availability of subsidized slots for families. Children's age and geography can exacerbate inequities in the availability of high-quality, affordable early education and care.

Workforce Compensation, Pipeline, and Advancement

- **Insufficient compensation for the early education and care workforce is a systemic and serious barrier** to recruitment and retention. Workforce **retention is important** for program stability and for children's development.
- To professionalize and support the workforce, a **comprehensive career pathway is necessary**. This pathway should articulate skills by role and age group and clearly define associated credentials.

System Infrastructure and Local Partnerships

- To improve the early education and care sector, **additional system infrastructure is needed** to support the oversight and implementation of grants, policies, regulations, and research.
- The **physical environment is a critical component** of program quality. Renovations, expansions, or new facilities can be prohibitively expensive and impact programs' ability to expand capacity.
- **Local partnerships between school districts and community-based programs** have had a positive impact on implementing high-quality programming. **Shared service alliances** are a promising local model to support program capacity and quality.

¹ Economy Policy Institute, The cost of child care in Massachusetts (October 2020). <https://www.epi.org/child-care-costs-in-the-united-states/#/MA>

² Ibid.; Child Care Aware of America, Price of Child Care in: Massachusetts, <https://info.childcareaware.org/hubfs/2019%20Price%20of%20Care%20State%20Sheets/Massachusetts.pdf>

Key Recommendations

Based on these and additional findings, the Commission developed immediate, short term, and longer-term recommendations by focal area (see Exhibit E-2). Many of the Commission’s **recommendations are interdependent**. Action is needed across focal areas to build a sustainable, high-quality, and well-functioning early education and care system that is equitable and responsive to family needs. **Fully implementing all these recommendations will require upwards of \$1.5 billion annually over time. Although the Commission did not address or identify new revenue sources, substantial additional resources will be necessary and will likely require a combination of increased federal funding -- since the federal government currently provides more than 60% of the public funding to the early education and care sector in Massachusetts -- as well as increased state funding and/or consideration of other alternative measures, such as requiring businesses of a certain size to provide an employee benefit for early education and care similar to current healthcare requirements.** Additional details about each recommendation, including implementation considerations and estimated costs, are included in the Commission’s full report.

Exhibit E-2. Recommendations by Focal Area

	Recommendation	Timeline	Cost Estimate
Focal Area 1: Program Stabilization			
1	Continue operational funding to programs through at least calendar year 2022 to stabilize early education and care programs in response to pandemic challenges, with priority for programs serving high-need children	Immediate	\$480 million annually
2	Make permanent policy of reimbursing programs that serve subsidized children based on enrollment versus attendance	Immediate	\$4-\$5 million annually
Focal Area 2: Family Affordability and Access			
3	Raise subsidy reimbursement rates and develop cost modeling to determine the true cost of funding a system of high-quality care	Immediate	\$100-\$200 million annually
4	Engage in review of subsidy regulations and policies and provide additional navigation support and outreach to families	Immediate	\$6-\$12 million annually
5	Serve additional families who are already eligible for subsidies and then increase the income eligibility threshold to serve more families via the subsidy system	Short Term	\$350-\$850 million annually
6	Engage with the business community to identify and promote employer best practices and explore incentives for employers to support additional early education and care benefits for their employees	Short Term	TBD
7	Implement additional strategies to expand capacity in underserved communities and for underserved populations, including investing in facilities needs	Longer Term	TBD
Focal Area 3: Workforce Compensation, Pipeline, and Advancement			
8	Increase workforce compensation through program grants and rate increases and support the early education and care needs of the workforce	Immediate	See Recommendations 1 and 3
9	Develop and implement a career ladder and competency-based credentialing system that includes aligned professional development and a new compensation scale	Immediate	TBD
10	Utilize existing state structures to build an early education and care workforce pipeline via targeted workforce development strategies and expanded access to higher education and advancement opportunities	Short Term	TBD
11	Explore additional strategies to increase workforce retention including tax credits for early and out of school time educators, higher education loan forgiveness, and additional scholarship supports	Longer Term	\$20 million-\$30 million annually
Focal Area 4: System Infrastructure and Local Partnerships			
12	Provide additional resources to the Department of Early Education and Care to support management of new state policies, programs, and initiatives, including: improving family navigation of the subsidy system; enhanced and integrated data systems; and the simplification of public facing processes	Immediate	\$5-\$15 million annually
13	Support local partnerships across the mixed delivery system	Short Term	\$10 million annually
14	Implement and evaluate local shared services and quality hubs to increase program operational capacity, support the provision of comprehensive services, and encourage ongoing program improvement	Longer Term	\$1 million for pilot

Note: The estimate in recommendation 5 assumes current subsidy reimbursement rates, 75% of families with working parents, and a 50% take-up rate. If the reimbursement rate is raised, the cost estimates will increase significantly. The number of eligible families who apply for and receive subsidies and the number of programs which accept subsidies will also impact these costs. \$350-\$400 million annually would serve additional families already eligible for subsidies (up to 50% of SMI); \$400-\$450 million more annually would serve additional families if the income threshold increases to 85% of SMI.

Commission Membership

Commission Chairs

Senator Jason Lewis, *Senate Chair of the Joint Committee on Education*

Representative Alice H. Peisch, *House Chair of the Joint Committee on Education*

Commission Vice Chairs

Senator Eric Lesser, *Chair, Joint Committee on Economic Development and Emerging Technologies, Senate*

Representative Andy Vargas, *Vice Chair, Joint Committee on Economic Development and Emerging Technologies, House of Representative*

Commission Members

Ann Reale, *Undersecretary, Executive Office of Education, Secretary of Education Designee*

Roger Herzog, *Executive Director, CEDAC, Secretary of Housing and Economic Development Designee*

Samantha Aigner-Treworgy, *Former Commissioner, Department of Early Education and Care*

Donna Traynham, *Early Learning Team Lead, Department of Elementary and Secondary Education, Department of Elementary and Secondary Education Commissioner Designee*

Michele Lisio, *Senior Policy Analyst, office of the Speaker of the House, Speaker of the House Designee*

Senator Susan Moran, *Senate*

Representative David Vieira, *House of Representatives*

Senator Patrick O'Connor, *Senate*

Senator Sal DiDomenico, *Senate*

Representative Brandy Fluker Oakley, *House of Representatives*

Allan Cameron, *Superintendent, Wrentham Public Schools, Massachusetts Association of School Superintendents Designee*

JD Chesloff, *Executive Director, Massachusetts Business Roundtable*

William J. Eddy, *Executive Director, Massachusetts Association of Early Education and Care*

Paige Fetzer-Borelli, *Chief of Staff to CEO, Algarand, Business Community Representative*

Nadia Foster, *Senior PK-12 Technical Associate and Leadership Coach, Black Economic Council of Massachusetts Designee*

Julie Ramos Gagliardi, *Vice President of Corporate Giving and Community Relations, BayCoast Bank, Business Community Representative*

Michelle Haimowitz, *Executive Director, Massachusetts Head Start Association*

Heidi Kaufman, *Executive Director of Education, MetroWest YMCA, Representative from Massachusetts Youth Organization*

Jynai McDonald, *Former Family Child Care Coordinator, SEIU Local 509, Family Child Care Representative*

Maria Gonzalez Moeller, *Chief Executive Officer, The Community Group, Early Education Representative*

Amy O'Leary, *Executive Director, Strategies for Children*

Sarah Sian, *Former Director of the Open Center for Children, Private Pay Early Education and Care Provider Representative*

Amanda Storth, *Board Member, Massachusetts Association for the Education of Young Children (MAEYC), MAEYC Designee*

Thomas Weber, *Foundation Fellow, Eastern Bank and Executive Director, Massachusetts Business Coalition for Early Childhood Education, Business Community Representative*

Ardith Wieworka, *Chief Executive Officer, Massachusetts Afterschool Partnership*

Commission Staff and Consultants

Elizabeth Leiwant, *Research Analyst, Joint Committee on Education*

Dennis Burke, *Legislative Director and General Counsel, Office of State Senator Lewis*

Amy Checkoway, *Principal Associate, Abt Associates Inc*

Anna Robinson, *Analyst, Abt Associates Inc*

Legislative Charge

SECTION 106 of Chapter 227 of the Acts of 2020. There shall be a special legislative Early Education and Care Economic Review commission established pursuant to section 2A of chapter 4 of the General Laws to review how childcare programming is funded in the commonwealth and to make recommendations for potential legislative changes in funding and related policies as the commission deems appropriate.

In conducting its review, the commission shall seek to determine the early educational programs and services necessary to achieve the commonwealth's goal of expanding access to high-quality early education and care programming, which is necessary for supporting children, working families and the commonwealth's continued economic prosperity. To assist the commission in carrying out its review, the secretary of housing and economic development and the commissioner of early education and care each shall provide to the commission any data and information the commission considers relevant to its charge.

The commission shall include the following members: the chairs of the joint committee on education, who shall serve as co-chairs; the chairs of the joint committee on economic development and emerging technologies, who shall serve as co-vice-chairs; the secretary of education, or a designee; the secretary of housing and economic development, or a designee; the commissioner of early education and care, or a designee; the commissioner of elementary and secondary education, or a designee; the speaker of the house of representatives, or a house member designee; the president of the senate, or a senate member designee; the minority leader of the house of representatives, or a house member designee; the minority leader of the senate, or a senate member designee; a private-pay early education and care provider who shall be appointed by the speaker of the house; a representative from a Massachusetts youth organization with a proven record of supporting early education and care licensed programming for high numbers of vulnerable children and youth, who shall be appointed by the senate president; a Massachusetts employer or business leader outside the field of early education and care who has a proven record of supporting access to high-quality early education and care programs and services, who shall be appointed by the speaker of the house; a Massachusetts employer or business leader outside the field of early education and care who has a proven record of supporting access to high-quality early education and care programs and services, who shall be appointed by the senate president; the executive director of the Massachusetts Association of Early Education and Care, or a designee; the executive director of the Massachusetts Association of School Superintendents, Inc., or a designee; a representative of the Massachusetts Afterschool Partnership, Inc.; the executive director of the Massachusetts Head Start Association, Inc., or a designee; the executive director of the Massachusetts Business Roundtable, or a designee; the executive director of the Black Economic Council of Massachusetts, Inc., or a designee; the director of Strategies for Children, Inc. or a designee; the president-elect of the Massachusetts Association for the Education of Young Children, Inc., or a designee; and 3 members who shall be appointed by the governor, 1 of whom shall be an early educator in a community serving high percentages of low-income children, 1 of whom shall be a representative of family childcare in the commonwealth and 1 of whom shall be an employer or business leader in the commonwealth with a proven record of supporting access to high-quality early education and care programs and services.

In appointing members of the commission, consideration shall be given to race, gender, socioeconomic and geographic diversity that is reflective of the early education and care workforce and those it serves.

The commission shall review and report on: (i) funding streams supporting early education and care in the commonwealth; (ii) models for accessing childcare, including, but not limited to providing employee benefits that include childcare, and areas for replication; (iii) challenges to providing continued access to high-quality early education and care due to the 2019 novel coronavirus, also known as COVID-19, and ways to support and stabilize the early education and care workforce; (iv) an assessment of supports provided to early education and care programs in the commonwealth during 2020, including those efforts

to stabilize programs serving the commonwealth's most vulnerable children and families; (v) the economic impact COVID-19 has had on childcare providers and the economy, including the impact on parent-pay programs not supported through a state subsidy; (vi) policies and programs needed to create an early education and care system that provides increased opportunities for access to high-quality early education and care programs, including, but not limited to, the provisions in chapter 15D of the General Laws; and (vii) any other relevant topic the chairs deem necessary.

The special commission shall hold no fewer than 5 public meetings and incorporate feedback from the early education and care sector, families, employers, and other relevant stakeholders from across the commonwealth. The special commission shall submit a report of its findings and any recommendations by filing its report with the clerks of the house of representatives and the senate, the house and senate committees on ways and means, the joint committee on education and the joint committee on economic development and emerging technologies, not later than March 1, 2021.

SECTION 90 of Chapter 24 of the Acts of 2021. The fourth paragraph of section 106 of said chapter 227 is hereby amended by inserting after the word “technologies,” the following words: or a designee.

SECTION 91 of Chapter 24 of the Acts of 2021. Said fourth paragraph of said section 106 of said chapter 227 is hereby further amended by striking out the words “the speaker of the house of representatives, or a house member designee; the president of the senate, or a senate member designee” and inserting in place thereof the following words: 2 members of the house of representatives; 2 members of the senate.

SECTION 92 of Chapter 24 of the Acts of 2021. The seventh paragraph of said section 106 of said chapter 227 is hereby amended by adding the following sentence: The legislature may furnish reasonable staff and other support for the work of the commission.

SECTION 93 of Chapter 24 of the Acts of 2021. The eighth paragraph of said section 106 of said chapter 227 is hereby amended by striking out the words “March 1” and inserting in place thereof the following words: December 31.

SECTION 33 of Chapter 22 of the Acts of 2022. The special legislative commission established in section 106 of chapter 227 of the acts of 2020, as amended by section 93 of chapter 24 of the acts of 2021, is hereby revived and continued to March 1, 2022. The special legislative commission shall file its report pursuant to said section 106 of said chapter 227 with the clerks of the house of representatives and the senate, the house and senate committees on ways and means, the joint committee on education and the joint committee on economic development and emerging technologies not later than March 1, 2022.

At the time of the release of the report, language to extend the reporting deadline to April 15, 2022 has been passed by the house and is expected to pass the senate and be signed into law:

SECTION 44A of H.4532. Notwithstanding section 33 of chapter 22 of the acts of 2022, the special legislative commission established in section 106 of chapter 227 of the acts of 2020, as amended by section 93 of chapter 24 of the acts of 2021, is hereby revived and continued to April 15, 2022. The special legislative commission shall file its report pursuant to said section 106 of said chapter 227 with the clerks of the house of representatives and the senate, the house and senate committees on ways and means, the joint committee on education and the joint committee on economic development and emerging technologies not later than April 15, 2022.

Methods

To inform its deliberations, the Commission conducted 10 public meetings between April 2021 and February 2022, including one hearing devoted to public testimony (see Appendix A for a summary of public testimony). During these meetings, members examined relevant research and contextual information, and considered information and data presented by various stakeholders (see Appendix B for a summary of the Commission meetings). The Commission Co-Chairs and some members also participated in site visits and virtual focus groups to hear directly from the field (see Appendix C for a summary of the focus groups).

At the end of this period, findings were compiled and analyzed, and recommendations were developed focused on key actions and steps to build a sustainable, high-quality, and well-functioning early education and care system. Multiple sources of evidence were considered during this phase of the work, including a national review of research, consideration of models from other states and countries, and input from multiple stakeholders and experts.

Exhibit 1 includes a crosswalk of the report by each area of the Commission's charge.

Exhibit 1. Crosswalk of Commission Charge by Report Section

Commission Charge	Report Section
Funding Streams	Background (pages 12-14); Appendix D (page 43)
Models for Accessing Child Care	Background (page 8-11); Key Findings and Recommendations (pages 22-26)
Challenges to Providing Continued Access to High-Quality Care During the Pandemic and ways to Stabilize the Workforce	Key Findings and Recommendations (pages 17-19, 26-31)
Assessment of Supports Provided to Early Education and Care Programs During the Pandemic	Appendix E (pages 44-46)
Economic Impact of Pandemic on Providers and Economy	Key Findings (pages 17-21)
Policies and Programs Needed to Create Early Education and Care System that Provides Increased Opportunities for Access to High-Quality Programs	Key Findings and Recommendations (pages 15-37)

As the Commission neared its deadline to report, areas remained in which either the Commission did not have time to carry out the due diligence needed to make an informed recommendation, where data are still lacking to make an informed recommendation, or where pending federal legislation may affect the direction that the Commonwealth may choose to take in determining next steps. Therefore, the Commission's recommendations also include areas for further research and review.

Background

Landscape

This section provides some key background information about the early education and care landscape in Massachusetts, including programs, the workforce, families with young children, and the subsidy system.

Programs

The early education and care sector includes a wide range of programs that care for children ages 0-12 in a variety of settings. Formal early education and care programs are provided through a mixed delivery system that includes non-profit and for-profit programs, Head Start and Early Head Start, family child care providers, and programs operated by public schools. These programs provide full-day and part-day care for children ages 0-5 as well as out-of-school time care for children ages 5-13.

There are approximately 7,500 programs in Massachusetts licensed by the Department of Early Education and Care (EEC). These include center-based programs, family child care homes, and out-of-school time programs. Altogether, these programs have the capacity to serve approximately 220,000 children from birth to age 13. As Exhibit 2 shows, center-based programs provide a large share (83%) of the sector's capacity. Almost three-quarters of center-based programs serve preschool children, half serve infants and toddlers, and just over one-quarter serve only school age children. Over half (1,551) of center-based programs serve children under age five and school age children. Over 4,700 (or 63%) of licensed programs are family child care providers who care for up to 10 children in their homes. Statewide, Family child care providers serve nearly 40,000 children.

Exhibit 2. EEC Licensed Programs and Program Capacity

	All Group and School Age Programs (Center-Based)	Family Child Care	Total
EEC licensed programs (# programs)	2,790	4,788	7,578
Program capacity (# children)	183,164	38,256	221,420

Before the pandemic only half of providers received state financial support in the form of childcare subsidies. These providers, known as “subsidized providers” enroll at least one child receiving a state subsidy, though most enroll more. These programs rely on a combination of state support, family tuition, and often philanthropy for their revenue. Other programs, known as “private pay providers” rely almost exclusively on tuition from families for their revenue, though some have arrangements with employers or receive modest philanthropic support. (See below for more information on subsidies).

Early Head Start and Head Start programs are available to children in families living below the federal poverty level (\$27,750 for a family of four). These programs do not require a family co-payment or fee. In Fiscal Year (FY) 2021, there were 9,225 children in Massachusetts enrolled in Head Start, 2,171 enrolled in Early Head Start, and 125 enrolled in the Migrant and Seasonal Head Start program. In Massachusetts, all but one Head Start program is also an EEC licensed program.

The Department of Elementary and Secondary Education and local school districts play a key role in supporting preschool and out-of-school time programs in the Commonwealth. Most preschool programs operated by school districts within school buildings are exempt from EEC licensing. Statewide, about

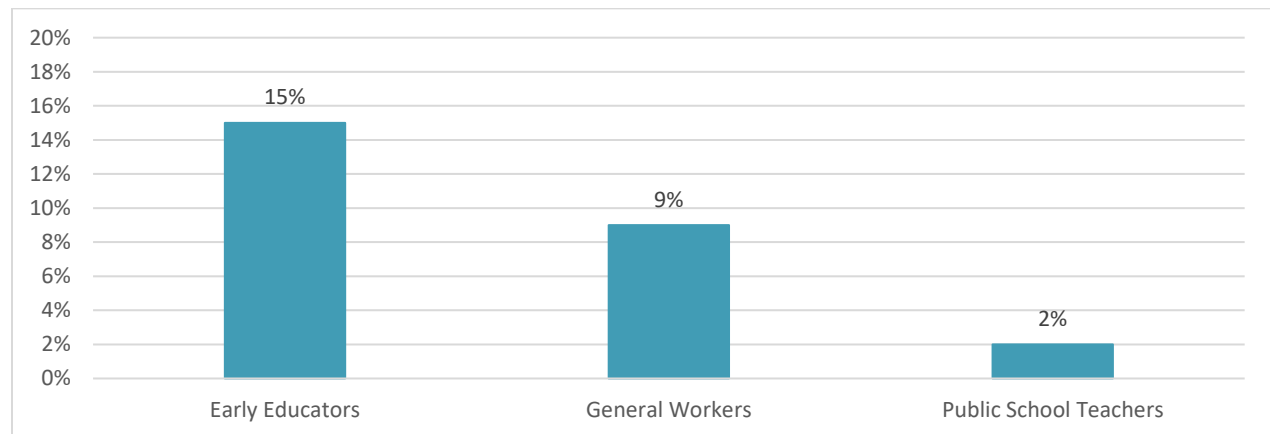
27,000 children are enrolled in public preschool classrooms.³ Most of these are part-day programs. While most municipalities provide some district preschool opportunities, very few offer universally available preschool. Public preschool programs can be housed within elementary schools or district-operated early learning centers. Some districts work in partnership with community-based organizations to provide preschool services.

Early Education and Care Workforce

The early education and care workforce is overwhelmingly female (92%), nearly half earned more than a high school degree (47%), and a significant portion are people of color (41%).⁴ It is difficult to estimate the exact size of the early education and care workforce because currently only programs receiving subsidies are required to provide EEC with data on their staff. EEC estimates that there are 50,000-70,000 members of the workforce.

Wages are low for those in the early education and care workforce. The median hourly wage for early educators before the pandemic was \$14.11⁵ and the average annual salary was just over \$30,000.⁶ Massachusetts early educators with a bachelor's degree are paid 35% less than their colleagues in the public school system. The poverty rate for early educators in Massachusetts is 15%, higher than for Massachusetts workers in general (about 9%) and 7.5 times higher than for public school teachers (about 2%) (see Exhibit 3). A recent Massachusetts survey of the early education and care workforce found that half of all center-based educators and more than half of family child care providers are concerned about being able to pay their bills, and 41% of educators, 16% of program directors, and 25% of family child care providers worry about having enough food.⁷

Exhibit 3. Poverty Rate of Early Educators



³ Massachusetts Department of Elementary and Secondary Education. “2020 Pre-Kindergarten Enrollment Report (District) – All Students.” 2022. <https://profiles.doe.mass.edu/statereport/pkenrollment.aspx>

⁴ Linda Smith, Kathryn McHenry, Suzann Morris, and Hannah Chong, Characteristics of the Childcare Workforce (February 8, 2021). Bipartisan Policy Center. <https://bipartisanpolicy.org/blog/characteristics-of-the-child-care-workforce/>

⁵ Center for the Study of Child Care Employment, Early Childhood Workforce Index (2020). <https://cscce.berkeley.edu/workforce-index-2020/states/massachusetts/>

⁶ U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics (May 2020). <https://www.bls.gov/oes/current/oes399011.htm>

⁷ Anne Douglass, Christa Kelleher, Songtian Zeng, Vishakha Agarwal, Brian Beauregard, Araziliz Reyes, and Susan R. Crandall, The Massachusetts Early Education and Care Workforce Survey: Key Findings (June 30, 2020). University of Massachusetts Boston. [https://www.umb.edu/editor_uploads/images/early_education_leadership/UMass_Boston_EEC_Workforce_Survey_Report_October_2020_Final_\(2\).pdf](https://www.umb.edu/editor_uploads/images/early_education_leadership/UMass_Boston_EEC_Workforce_Survey_Report_October_2020_Final_(2).pdf)

A substantial majority of early education and care providers work year-round and at least eight hours per day. Many early education and care providers do not have access to regular paid planning time or paid time off, which is standard for K-12 teachers and preschool teachers in programs run by school districts. Many out-of-school time staff work part-time or seasonally to cover before and after school hours, vacation care, and summer care. A notable proportion of the early education and care workforce does not have access through their employer to benefits such as health insurance and retirement benefits.

Families

There are nearly 950,000 children ages 0-12 living in Massachusetts. Over half of these children (63%) live in households with incomes below the state median income (SMI) (\$131,252 annual income for a family of four), which is roughly 500% of the federal poverty level. Approximately 475,000 children live in households with incomes below 85% of SMI (\$111,564 for family of four) and about 279,000 children live in households with incomes at or below 50% of SMI (\$65,626 annual income for a family of four). A substantial majority (over 75%) of children live in households with adults who work full-time.⁸ There is currently limited data about the demographics of which children in the Commonwealth attend formal care and no data on the racial and ethnic make-up of those who receive subsidized care.

Subsidies

Public financial assistance for families is administered in the form of vouchers, which go directly to eligible families and can be used at programs that agree to accept them, and through contracts, which are attached to slots at specific programs. Currently, there are almost 40,000 vouchers allocated for families, 90% of which are in use, and over 13,500 contract slots, about 80% of which are in use.⁹ About half of licensed early education and care programs accept children receiving subsidies. Nearly 15% of programs serve predominantly (two-thirds or more) subsidized children. 40% of subsidized slots (about 20,000) serve children in elementary school during before and after school hours.¹⁰

The Massachusetts early education and care subsidy system involves partnerships between multiple agencies, including EEC, the Department of Transitional Assistance (DTA), the Department of Children and Families (DCF), and the Department of Housing and Community Development (DHCD). These agencies authorize eligibility and refer families for subsidies. They also maintain oversight over the eligibility status of families that they refer. Eligibility criteria differ based on the reason for referral; for DTA, DCF, and DCHD, the criteria are tied directly to participation in a program or service administered by that agency (e.g., families with open DCF cases, families placed in a homeless shelter). To receive an income-eligible subsidy, a family must meet a variety of eligibility requirements including (in most cases) work or job search requirements and a household income below 50% of SMI (\$65,626 annual income for a family of four). If a child has a documented special need, the eligibility threshold is at or below 85% SMI (\$111,564 annual income for a family of four). Families with an open case with DCF or DTA are automatically eligible for subsidies.

Nearly 50,000 children in Massachusetts currently receive subsidies, of whom 29,548 (62%) receive an income-eligible voucher or contract, 10,406 (22%) receive a DCF voucher or contract, and 7,356 (16%) receive a DTA voucher.¹¹ Around 16,000 eligible children are currently on the state's centralized wait list for income-eligible early education and care subsidies, though the number varies by region. Child Care

⁸ Commonwealth of Massachusetts Department of Early Education and Care Board Meeting (February 8, 2022). <https://www.mass.gov/doc/february-8-2022-eec-board-meeting-materials/download>

⁹ Ibid

¹⁰ Commonwealth of Massachusetts Department of Early Education and Care Board Meeting (August 11, 2020). <https://www.mass.gov/doc/tuesday-august-11-2020-board-of-early-education-and-care-meeting-materials/download>

¹¹ About 10,000 children under age 5 are enrolled in Head Start and Early Head Start programs; many of these children also receive child care subsidies to support full-day care.

Resource and Referral Agencies (CCR&Rs), the entities that manage wait lists and match families with vouchers, note that as of January 2022, most (90%) families on income-eligible waitlist have been offered a voucher at some point, but have opted to remain on the waitlist for a variety of reasons. This indicates that there are challenges beyond funds for subsidies that need attention to connect eligible families with care that meets their location, schedule, and service needs.

Massachusetts subsidy reimbursement rates are determined using a market rate survey and are generally below the 50th percentile of the market rate, although the federal government recommends a reimbursement rate at the 75th percentile. Market rate surveys are often imperfect and tend to underestimate the true cost of high-quality care. States are also permitted by the federal government to use an approved alternative methodology, such as cost estimation modeling, to set reimbursement rates. Subsidy reimbursement rates vary by program type, child age, region, and type of care. For example, the center-based infant rate for full-time care in region 1 (Western Massachusetts) is approximately \$16,428 annually (compared to an average of \$19,700 for market rate care), the preschool rate is approximately \$11,455 annually (compared to an average of \$15,656 for market rate care), and the school age rate is \$5,560 for 180 days (compared to an average of \$6,388 for market rate care).¹²

Many children need transportation to and from care due to lack of access to reliable public transportation or private vehicles, the distance required for families to travel to programs from their homes, and/or the complexity of families' schedules. Lack of access to transportation may prevent families who are eligible for child care subsidies from being able to take advantage of an available subsidized slot.

The cost of transporting subsidized children often exceeds the state reimbursement rate of \$12 per child per day for one-way trips and \$18 for two-way trips. Publicly funded transportation costs in November 2021 totaled almost \$1.5 million and served 11,703 subsidized children and making nearly 211,000 trips.

Transporting young children can be difficult for programs to navigate and manage due to variety of logistical and administrative requirements. The high costs and additional challenges can be a deterrent to programs providing transportation. Bus driver and transportation shortages are a particular challenge for out-of-school time programs, and lack of access to transportation between schools and out-of-school time programs is a barrier that prevents many school-age families from enrolling their children in needed care.

The **Massachusetts Department of Early Education and Care (EEC)** oversees:

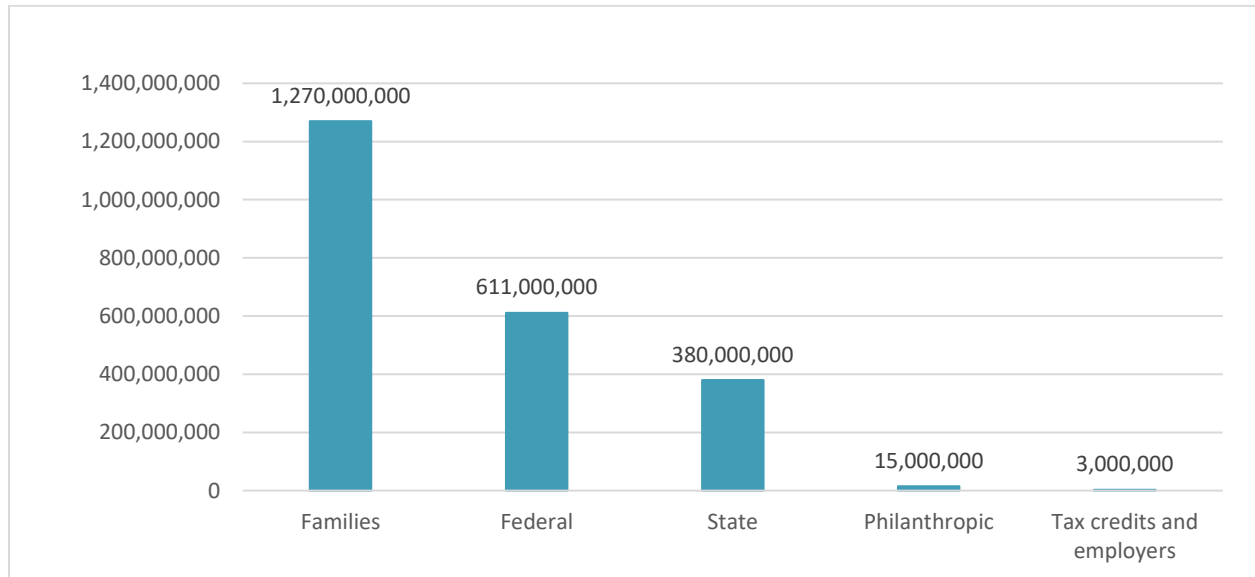
- Financial assistance for vulnerable families to help them afford education and care for children ages 0-12.
- Licensing and oversight of public and private organizations serving young children, before and after school, and through residential and placement services.
- Training and support for programs to improve the quality of education and care.
- Targeted initiatives focused on family engagement at the community-level, partnerships with local school districts, and efforts to build the early education and care support infrastructure required at the local level for families to thrive.
- Support to educators through professional development requirements and activities, credential and competency standards, background record checks, and partnerships with higher education institutions.

¹² These market rates are based on the 2018 Market Rate survey and are likely much higher in 2022. Commonwealth of Massachusetts 2018 Child Care Market Rate Survey (June 2018) <https://www.mass.gov/doc/market-rate-survey-final-report-2018-word/download>; Daily Reimbursement Rates for Early Education and Care. <https://www.mass.gov/service-details/daily-reimbursement-rate-for-early-education-and-care-programs>

Key Funding Streams

The Massachusetts early education and care sector is supported by a variety of funding streams including federal and state funds, philanthropy, and employer benefits (see Exhibit 4). Federal and state funds for early education and care total over \$800 million annually, with federal funds accounting for over 60% of spending. Municipalities also contribute public dollars to the sector through public school preschool classrooms, locally funded financial assistance, and/or other sources. State resources come from both the Commonwealth's operating budget and in the form of tax credits for families. Notably, more than \$1 billion is contributed to the sector annually by families through paying tuition and fees to programs.¹³

Exhibit 4. Funding for the Early Education and Care Sector by Source (FY22)



Note: This exhibit does not include funds spent by municipalities, school districts, or the Department of Elementary and Secondary Education to support early education and care. The funding levels for philanthropy and tax credits are estimates based on available data and are likely underestimates. EEC did not require families receiving subsidized care to pay fees in FY21 due to the COVID pandemic. With the revised fee scale implemented in February 2022, families receiving subsidies will contribute an estimated \$18 million annually through parent fees.

Federal funds for Massachusetts early education and care come from multiple sources including but not limited to the Child Care and Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), Head Start and Early Head Start, and the Individuals with Disabilities Education Act (IDEA).

- The CCDF, authorized by the Child Care and Development Block Grant Act, supports subsidies for early education and care for children up to the age of 13 to enable low-income families to work or pursue education and training. A portion of the grant must be spent on quality improvements.
- The TANF program allows spending directly on early education and care assistance. States may also transfer up to 30% of TANF funds to the CCDF. In Massachusetts about \$91 million (about 15%) is transferred from the TANF block grant to the CCDF fund annually.¹⁴

¹³ The amount of family fees paid is an estimate based on the average cost of care and the proportion of families who use formal care in Massachusetts. The estimate includes pre-COVID fees collected by EEC from families participating in the subsidy system.

¹⁴ Administration for Children and Families, U.S. Department of Health and Human Services, FY 2020 Federal TANF & State MOE Financial Data (September 22, 2021)
https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy2020_tanf_financial_data_table_092221.pdf

- Head Start and Early Head Start provide funding through direct grants to local agencies who support services in center-based programs, family child care, and home visiting for income-eligible children ages 0-5. Almost all Head Start programs operate as licensed early education and care programs. Head Start and Early Head Start also provide comprehensive services to support children's physical, social-emotional, nutritional, and dental health. In FY21, Massachusetts Head Start grantees received about \$154 million in federal funds and \$15 million in required state matching funds.
- IDEA, a federal program authorized under Section 619 of Part B, includes grants to states to serve young children with disabilities ages 3-5. The Department of Elementary and Secondary Education oversees these funds, which are granted to local school districts.
- About \$18 million in federal 21st Century Community Learning Center funds are administered by the Department of Elementary and Secondary Education to support extended learning time, out-of-school time, and summer programs serving over 18,000 children.

Each funding stream has its own requirements, standards, and eligibility criteria that specify how the resources can be spent. Allocations are based on specific funding formulas unique to each program. For some of the federal funding streams, Massachusetts is required to provide matching funds (see Exhibit 5).

Exhibit 5. Federal Funding for Massachusetts Early Education and Care (FY21)

Federal Program	Federal Allocation	Massachusetts Matching Funds
CCDF	\$149.1 million	\$24.4 million
TANF	\$289.3 million	\$24.2 million
Head Start and Early Head Start	\$154.3 million	\$15 million
IDEA (for preschool special education services)	\$18.4 million	NA

Most public dollars supporting early education and care in Massachusetts are directed to EEC.¹⁵ EEC's FY22 budget is just over \$800 million. More than 85% of EEC's budget is spent on financial assistance for eligible families through three programs: Income Eligible Child Care, Supportive/DCF Related Child Care, and Transitional/DTA Related Child Care (see Appendix D for additional details about funding).

In addition to ongoing federal funds, the Commonwealth has received about \$687 million since the spring of 2020 from three federal relief sources: Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and American Rescue Plan Act (ARPA). These represent one-time funds to support and stabilize the early education and care system during the COVID-19 pandemic (see Exhibit 6 for allocation amounts and funds spent to date).

Exhibit 6. Federal Relief Funding for Massachusetts Early Education and Care

Federal Legislation	Source	Massachusetts Allocation	Spent to Date (as of 3/1/22)
CARES Act	CCDBG	\$45.7 million	\$45.7 million
CRRSA	CCDBG	\$131 million	Allocated for Child Care Stabilization Grants
ARPA	CCDBG	\$196 million	Not yet appropriated
	Child Care Stabilization	\$314 million	~\$300 million
Total		\$686.7 million	

¹⁵ Other agencies that provide services for young children include the Massachusetts Department of Elementary and Secondary Education, Department of Public Health, Department of Children and Families, Department of Transitional Assistance, and Department of Housing and Community Development. The Department of Higher Education and the Children's Trust also provide key supports for the early education and care sector.

Federal and state tax incentives are available to Massachusetts families to help defray the cost of early education and care. Massachusetts' new tax credit, which until recently was a tax deduction, is \$240 for one child or \$480 for two or more children.¹⁶ Some employees receive up to \$5,000 per year in pre-tax contributions towards early education and care costs through a Dependent Care Assistance Program.

The Commonwealth supports the early education and care sector by providing matching funds for federal funding streams and by funding additional programs and areas of need. In FY22, Massachusetts allocated slightly more than \$380 million of state funds toward the early education and care sector (see Appendix D for additional details about the FY22 state funds for early education and care items).

In addition to \$219 million in state funds for early education and care subsidies, state funds directly support slots for children ages 0-5 through three other funding streams:

- The Commonwealth Preschool Partnership Initiative grants to nine communities for local planning and high-quality preschool services via partnerships of school districts and community-based organizations (\$10 million in FY22);
- Head Start and Early Head Start programs to promote school readiness for low-income families (\$15 million state supplement in addition to federal grants awarded directly to local agencies in FY22);
- Chapter 70 funds for public school preschool classrooms, which requires a local match. These funds are administered by the Department of Elementary and Secondary Education.

Massachusetts early education and care tuition costs are among the highest in the nation, and families contribute an estimated \$1.3 billion to the sector annually in private tuition and co-pays for subsidized care.¹⁷ This amount includes contributions to formal programs. It does not include costs for arrangements such as relative care, nannies, au pairs, and babysitters.

Parent tuition is a critical source of funding for the early education and care sector. Many families receiving subsidized early education and care pay fees, although during most of the pandemic, the Commonwealth covered these costs.

Philanthropic funds also support the early education and care sector. It is difficult to determine the exact level of funding. According to the Early Childhood Funders Collaborative, an average of approximately \$15 million annually in philanthropic funds support early education and care programs in the Commonwealth.¹⁸ This number is likely incomplete and an underestimate.

Finally, financial support for early education and care is provided to some parents via employer benefits, which vary by employer. It is difficult to estimate the amount that employers in Massachusetts contribute to support early education and care for employees.

¹⁶ State/Territory Profile – Massachusetts (February 2022). Office of Child Care, Administration for Children and Families. <https://childcareta.acf.hhs.gov/state-profiles/profiles/MA>

¹⁷ Elise Gould, Marcy Whitebook, Zane Mokhiber, and Lea J.E. Austin, A values-based early care and education system would benefit children, parents, and teachers in Massachusetts (January 15, 2020). <https://www.epi.org/publication/ece-in-the-states/#/Massachusetts>

¹⁸ Candid, Foundation Maps Early Childhood Education (2022). maps.foundationcenter.org

Findings and Recommendations

Introduction

As the Commonwealth works to create an equitable K-12 education system that prepares every child for career and adult success, investing in the first years of children’s development is critical. The early years of life are a key period for brain development. Extensive research demonstrates that multiple aspects of young children’s development benefit from rich interactions with responsive caregivers and well-designed, age-appropriate, nurturing physical environments.¹⁹ High-quality, consistent, and developmentally appropriate early education and care experiences can significantly impact children’s well-being and school success.²⁰ Furthermore, high-quality early education and care combined with sustained afterschool enrichment in elementary school has been linked to higher academic achievement when students reach high school.²¹

To close existing opportunity gaps in the public education system, it is important to maximize investments in the early learning environments in which children spend extensive time prior to school entry. Research documents the relationship between preschool quality and elementary school performance, including reading comprehension, word recognition, and vocabulary development.²² Research by Nobel laureate economist James Heckman and colleagues shows a 13% per year rate of return for investments in high-quality early childhood through improved outcomes in education, health, employment, and social behaviors.²³

Access to high-quality and reliable early education and care is a strong driver of a healthy economy. A recent multi-state analysis by the U.S. Chamber of Commerce Foundation finds an average annual loss of \$1 billion per state in economic activity due to early education and care challenges.²⁴ A national study found an annual economic cost of \$57 billion in lost earnings, productivity, and revenue due to child care challenges.²⁵ Between 28% and 40% of employees report that within the last year they or someone in their household left a job, did not take a job, or changed jobs because of challenges with accessing early education and care.

¹⁹ Center on the Developing Child at Harvard University, *From Best Practices to Breakthrough Impacts: A Science-Based Approach to Building a More Promising Future for Young Children and Families* (2016).

²⁰ Burchinal, Margaret R., Debby Cryer, Richard M. Clifford, and Carollee Howes. Caregiver training and classroom quality in child care centers. *Applied Developmental Science* 6, no. 1 (2002): 2-11. Burchinal, Margaret, Nathan Vandergrift, Robert Pianta, and Andrew Mashburn. Threshold analysis of association between child care quality and child outcomes for low-income children in pre-kindergarten programs. *Early Childhood Research Quarterly* 25, no. 2 (2010): 166-176. DL Vandell, Deborah Lowe, Jay Belsky, Margaret Burchinal, Laurence Steinberg, Nathan Vandergrift, and NICHD Early Child Care Research Network. Do effects of early child care extend to age 15 years? Results from the NICHD study of early child care and youth development. *Child Development* 81, no. 3 (2010): 737-756. Yoshikawa, Hirozaku, Christina Weiland, Jeanne Brooks-Gunn, Margaret R. Burchinal, Linda M. Espinosa, William T. Gormley, Jens Ludwig, Katherine A. Magnuson, Deborah Phillips, and Martha J. Zaslow. Investing in our future: The evidence base on preschool education. (2013).

²¹ Terry K. Peterson and Deborah Lowe Vandell, The Evidence Base for Summer Enrichment and Comprehensive Afterschool Opportunities (last updated May 2021). <https://drive.google.com/file/d/1wx8zvONEf2lgQuXJps0vzlLFwfHIVbf4/view>

²² David K. Dickinson and Michelle V. Porche, Relation Between Language Experiences in Preschool Classrooms and Children’s Kindergarten and Fourth-Grade Language and Reading Abilities (2011). *Child Development*, 82(3), 870–886. <http://www.jstor.org/stable/29782878>

²³ García, Jorge Luis, James J. Heckman, Duncan Ermini Leaf, and María José Prados, The Life-cycle Benefits of an Influential Early Childhood Program (2016): n. pag. Web.

²⁴ U.S. Chamber of Commerce Foundation, *Untapped Potential: Economic Impact of Childcare Breakdowns on U.S. States* (November 31, 2021). Washington, DC: Collaborative Communications. <https://www.uschamberfoundation.org/reports/untapped-potential-economic-impact-childcare-breakdowns-us-states-0>

²⁵ ReadyNation, *Want to Grow the Economy? Fix the Child Care Crisis* (January 2019). [Report \(strongnation.s3.amazonaws.com\)](https://strongnation.s3.amazonaws.com)

Mothers have disproportionately scaled back their hours or left the labor force entirely to care for their children during the pandemic. According to the U.S. Census Bureau, about 1.6 million fewer mothers were working as of January 2021 compared to a year prior, which is a 6.5% decline.²⁶ As Massachusetts businesses and employers encounter an overall labor supply shortage and project the need for future growth, women with children under the age of 18 who are not currently employed represent a key opportunity to grow the labor force, assuming that the early education and care system can be developed in a way that is responsive to families' needs.

Massachusetts consistently ranks as one of the least affordable states for early education and care. The average annual cost for infant care in Massachusetts is more than \$20,000 and the average cost for a 4-year-old is nearly \$15,000.²⁷ On average, families spend 30% more on infant and toddler care than they do on rent. Many families pay between 20% and 40% of their incomes for early education and care. This percentage is even higher for families with one earner. Massachusetts is the third highest of the 50 states and the District of Columbia in the percentage of income spent on early education and care costs.²⁸

Low-income families and families of color have been disproportionately negatively impacted by the pandemic.²⁹ The health and economic well-being of these populations have been more seriously affected, they are less likely to be able to afford reliable high-quality early education and care expenses, and they are more likely to have used programs that closed during the pandemic.

Early education and care programs across the Commonwealth are experiencing ongoing financial instability due to unstable and insufficient revenue and a growing workforce shortage. Since March 2020, the sector has lost 1,359 programs (approximately 17% of programs). Programs are generally unable to offer the workforce improved compensation without increasing tuition for families, which is a major reason that compensation levels remain so low in the early education and care field.

To support the Commonwealth's goal of expanding equitable access to high-quality early education and care, this report describes the Commission's key findings to build a well-functioning and sustainable system and proposes immediate, short-term, and longer-term recommendations within four interconnected focal areas (see Exhibit 7):

- Program Stabilization.
- Family Affordability and Access.
- Workforce Compensation, Pipeline, and Advancement.
- System Infrastructure and Local Partnerships.

²⁶ Heggeness, Misty L., Fields, Jason, Trejo, Yazmin A. Garcia, Schulzetenberg, Anthony. Tracking Job Losses for Mothers of School-Age Children During a Health Crisis (March 3, 2021). U.S. Census Bureau. <https://www.census.gov/library/stories/2021/03/moms-work-and-the-pandemic.html>

²⁷ Economy Policy Institute, The cost of child care in Massachusetts (October 2020). <https://www.epi.org/child-care-costs-in-the-united-states/#/MA>

²⁸ Ibid.; Child Care Aware of America, Price of Child Care in: Massachusetts, <https://info.childcareaware.org/hubfs/2019%20Price%20of%20Care%20State%20Sheets/Massachusetts.pdf>

²⁹ Kaitlyn Jones, The Initial Impacts of COVID-19 on Children and Youth (Birth to 24 years): Literature Review in Brief (August 2021). Office of Human Services Policy, U.S. Department of Health and Human Services. <https://aspe.hhs.gov/sites/default/files/documents/188979bb1b0d0bf669db0188cc4c94b0/impact-of-covid-19-on-children-and-youth.pdf>

Exhibit 7. Key Focal Areas for Building a System of Early Education and Care

The Commission recognizes that most recommendations will require significant additional resources from federal and state funding, and that implementation is contingent on the availability of these resources. A new state revenue source will be necessary if federal funds are not forthcoming.

Key findings and the Commission’s recommendations in each focal area are next described, followed by a summary of the recommendations including implementation considerations and estimated costs along with cost assumptions (see Exhibit 9). It should be noted that many of the Commission’s recommendations are interdependent, and that action is needed across focal areas to build a well-functioning early education and care system that is responsive to family needs. The Commission would also like to acknowledge EEC’s Strategic Action Plan for 2020-2025, which includes strategies that are being enacted at the family, educator, program, and system levels.³⁰

Given that many of the recommendations in this report will require EEC involvement, the Commission requests that EEC provides an assessment of its ability to implement these recommendations and any additional resources necessary to complete the requested reporting responsibilities to the Legislature as soon as possible.

Focal Area 1: Program Stabilization

Findings

Prior to the pandemic, many early education and care programs struggled with a precarious business model: limited public funds, reliance on family fees that rarely equated to the true cost of high-quality care and unpredictable attendance patterns due to the fluid nature of the lives of families with young children. About 3,000 licensed programs closed in the decade before the pandemic, which represents nearly 40% of licensed early education and care programs, many of which received no public funding.

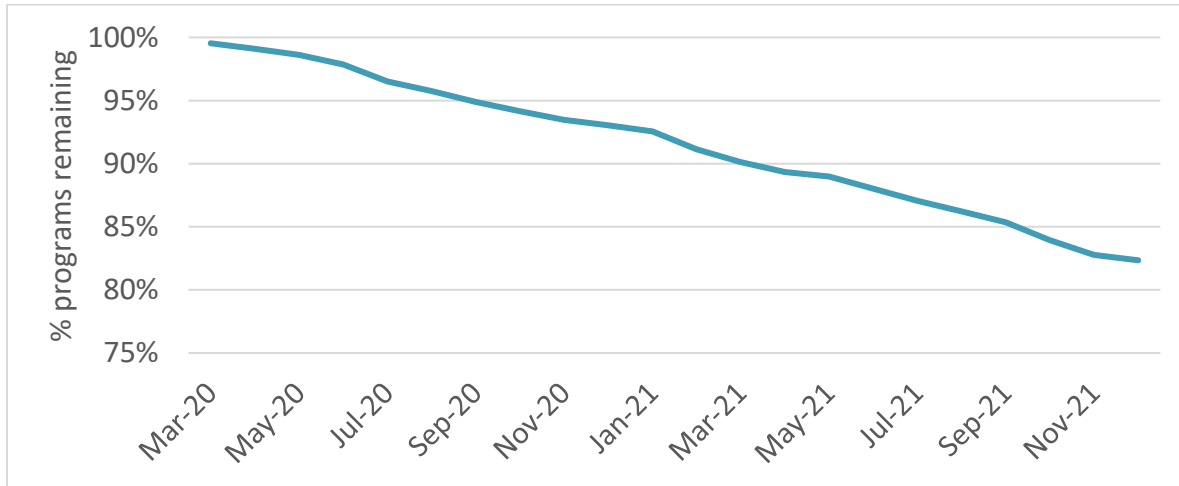
Currently, early education and care programs are having an even more difficult time staying afloat given additional financial challenges and instability stemming from the pandemic, including reduced

³⁰ Massachusetts Department of Early Education and Care, Strategic Action Plan, 2020-2025 (December 3, 2021). <https://www.mass.gov/doc/eec-strategic-action-plan/download>

enrollment, new health and safety requirements, higher operating costs, and a growing workforce shortage. Exhibit 8 shows the trend of program closures over the course of the pandemic.

Vouchers and contracts are historically reimbursed based on attendance, even though most program costs are fixed and need to be covered regardless of whether a child is present during a given day or week. This makes it difficult for programs to adequately predict their revenue. Even for programs with contracts, which are guaranteed a certain number of subsidized slots, reimbursement based on attendance rather than enrollment leads to uncertainty. Since March 2020, EEC has reimbursed programs based on enrollment and this appears to have had a significant stabilizing impact on subsidized providers.

Exhibit 8. Early Education and Care Program Closures, March 2020 – December 2021



Source: EEC administrative records, January 2022

Of the nearly 1,400 programs (including 23,395 child slots), that have closed since the beginning of the pandemic (average of 69 per month), approximately 30% were centers and 70% were family child care providers. About 175 of the programs that closed served school-age children, and of these, 104 programs served exclusively school-age children. Programs serving a high proportion of children receiving subsidies have remained relatively stable throughout the pandemic (only 6% closed), whereas 28% of programs without children with subsidies have closed (two-thirds of all closures). This is likely due, at least in part, to the change in approach to reimbursement during the pandemic.

Challenges to Providing Continued Access During the Pandemic to Early Education and Care Programs

Programs have encountered multiple challenges that have affected their ability to continue providing access to families during the pandemic including these:

- New health and safety requirements that increased costs for programs and required reduced capacity (fewer children per square foot) including fewer staff per classroom, social distancing, the use of personal protective equipment, new procedures related to illnesses and absences, different family engagement and communication protocols; and limited usage of educational materials, equipment, and toys.
- Transportation limitations, due to new protocols, rising costs, and driver shortages.
- Early childhood workforce shortage, due to staff leaving the field and difficulty attracting new candidates.
- Changing needs and preferences of families due to health and safety concerns, new working conditions, including a portion of parents working at home full-time or part-time, and changes in employment schedules and/or status.

Federal recovery funds have been distributed to both subsidized and private pay programs over the past two years to provide one-time assistance for a variety of costs. Since July 2021, EEC has also provided Child Care Stabilization Grants to programs that complement the traditional funding system made up of early education and care subsidies and parent fees. The grants are formula-based and intended to provide foundational and reliable financial support to all programs for operational costs. The grant formula consists of a base amount of \$83 per month multiplied by licensed capacity and a staffing level adjustment that increases payments for programs that support more educators, serve infants and toddlers, and offer pre-COVID hours. An equity adjustment is applied to recognize the unique needs of programs serving vulnerable populations by providing additional funding based on the proportion of children receiving subsidies and/or those serving children in under-resourced communities as defined by the Social Vulnerability Index.³¹

EEC data indicate that the Child Care Stabilization Grants have served as a critical support for programs to help cover fixed costs and support workforce compensation during the pandemic.³² Programs that have received the grants since July 2021 are more likely to have stayed in business than those that did not receive the grants. Only 7 programs that received stabilization grants closed in contrast to 446 programs that did not participate.

Of the programs receiving Child Care Stabilization Grants:

- Almost all programs (95%) reported using at least some of their funds right away to help sustain operations.
- Almost all programs (94%) reported that they need the grant to cover their expenses over the next three months.
- About 11% of programs reported they are at risk of closing in the next six months without continued stabilization funding, with smaller programs expressing more concerns about future stability.
- About 20% of applicants reported Spanish as their primary language.
- More than 60% of programs reported they have raised tuition recently or will soon.
- More than half of center-based programs used grant funds for compensation (ongoing or one time). On average, 30% of funds have been used for benefits and wages (including covering current payroll, offering bonuses, and increasing salaries).

Although federal recovery funds have been beneficial and supported much needed stability, these resources are currently time-limited. Their one-time nature makes it challenging for programs to commit to increases in compensation and other programmatic changes that are difficult to reverse.

³¹ The Social Vulnerability Index is a measure developed by the Centers for Disease Control to help identify communities that may need support before, during, or after disasters. It takes into account 15 variables at the census tract level.

³² Commonwealth of Massachusetts Department of Early Education and Care Board Meeting Materials (December 2021). <https://www.mass.gov/doc/december-14-2021-eec-board-meeting-materials/download>

Recommendations

The Commission recommends two immediate actions to stabilize program operations: 1) continuing new operational grant funding to programs and 2) permanently shifting subsidy reimbursement to programs so that it is based on enrollment versus daily attendance.

Immediate

Recommendation 1: Continue operational funding to programs through at least calendar year 2022 to stabilize early education and care programs in response to pandemic challenges, with priority for programs serving high-need children

The Commission recommends continuing to fund the Child Care Stabilization Grants through at least December 2022 to provide ongoing funding for programs to help cover their operating costs due to ongoing pandemic challenges. The Commission is supportive of providing operational funding beyond this time, assuming that there is further evidence of the grant's impact, that sufficient funds are distributed to programs serving high-need populations, and that there are adequate transparency and accountability measures in place. Furthermore, the Commission recognizes that additional requirements for receiving these funds beyond December 2022 may be appropriate, such as limiting eligibility to programs that accept subsidized children or otherwise serve high-need populations.

It will be important to carefully examine and assess the use and effectiveness of the operational grant funds, including whether the equity adjustment appropriately addresses the additional costs that programs need to cover to serve the most vulnerable families and the extent to which programs are able to support compensation increases, other recruitment and retention efforts, programming for infants and toddlers, support for non-traditional hours, higher program quality, and comprehensive services. EEC should consider amending the equity adjustment to provide additional funding to programs that provide high-quality comprehensive services to vulnerable families. The collection and analysis of additional family and child-level data, including demographic and family income information, is critical and should be required for programs receiving the grants to inform the evaluation of the grant formula and future targeting of resources.

The Commission recommends that EEC conducts an external evaluation of the implementation and impact of the grant program and ongoing needs of programs for operational support. The evaluation should examine the extent to which the grants address racial and economic equity. Evaluation findings should be used during the fall of 2022 to inform future adjustments to the grant and development of an implementation plan for operational funding moving forward. The plan should address future targeting of funds to programs serving the most vulnerable and additional requirements and accountability measures for grant recipients.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2022.

Cost estimate: \$480 million annually

Recommendation 2: Make permanent policy of reimbursing programs that serve subsidized children based on enrollment versus attendance

To provide greater stability for programs, the Commission recommends making permanent a policy that has been implemented during the pandemic to reimburse programs that serve subsidized children based on enrollment versus attendance. Prior to the pandemic, early education and care programs serving subsidized children were reimbursed based on attendance. Children can be absent for a variety of reasons including illness, whereas most program costs are fixed and need to be covered regardless of whether a child is present during a given day or week. There is also a significant administrative burden to tracking

and submitting daily attendance versus quarterly enrollment. Since temporarily implementing this policy change, there appears to have been a stabilizing impact on providers who accept subsidies. Making the policy permanent, could help to keep these providers open for the long term.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2022.

Cost estimate: \$4 million-5 million annually

Focal Area 2: Family Affordability and Access

Findings

Affordability

Many families pay a significant share of their income for early education and care, and there are limited funds to help families with young children afford early education and care. The average annual cost for infant care in a center in Massachusetts is more than \$20,000 and the average cost is over \$15,000 for a 4-year-old. For a single parent in Massachusetts, infant care can be as high as 69% of household income. A family earning the state median income (\$131,252 annual income for family of four) spends about 23% of its income on early education and care for an infant and a 4-year-old. For private paying families, infant care can cost well above in-state tuition at a four-year university and more than 30% more than the average rent.³³ For families receiving subsidies, care costs no more than 16% of household income for one child. For example, a family of four at 85% of SMI (\$111,564 for family of four) pays about \$17,000 annually for care for one child.

In February 2022, a new EEC co-payment scale took effect to help ease the cost burden for families who receive subsidized care. Co-pays range from 4% of income for families just above the poverty threshold to 16% for those just under 85% of SMI for the first child (youngest child). Sibling discounts are applied at 50% for the second child and 25% for all additional children. Almost all (98%) eligible families will pay a fee that is 7% of income or less. Families earning below the federal poverty threshold pay no fees.

Subsidy reimbursement rates determine the amount of public money programs receive per child to serve low-income and other vulnerable children participating in the subsidy system. The current early education and care subsidy reimbursement rate is well below the market rate for care, and an even smaller fraction of the cost of high-quality care. For many early education and care programs, it is not feasible as a business model to enroll children receiving a childcare subsidy because the reimbursement rates are so low. The fact that few providers accept subsidies greatly limits access to affordable care.

States are supposed to set rates high enough so that families receiving a subsidy have equal access to comparable options as families not participating in the subsidy system. This requirement ensures that programs do not have a market-related reason for giving an available opening to a family paying the private rate versus a family with a subsidy. The federal government recommends that states set their rates at the 75th percentile, however only two states have reached this threshold. Massachusetts rates are between 50% and 65% of the Market rate depending on the region of the state and age group.

The current approach for determining the cost of care is also flawed. Massachusetts and most other states use a market rate survey to determine reimbursement rates. A Market Rate Survey polls programs on the tuition they charge private-pay families for children of various ages in each region of the Commonwealth.

³³ Economic Policy Institute, The cost of child care in Massachusetts (October 2020). <https://www.epi.org/child-care-costs-in-the-united-states/#/MA>

However, there are often low response rates and the tuition charged to families rarely covers the true cost of quality care, which would account for appropriately compensating teachers. The last time Massachusetts conducted a Market Rate Survey was in 2018 and various surveys including data collected through the distribution of the Commonwealth Care for Children (C3) grants indicates that tuition has risen significantly in the last few years.

An alternate approach to determining subsidy reimbursement rates is through a cost estimation model. In this approach, states first estimate the true cost of high-quality care taking into consideration factors such as the structure of the programs (e.g., number of children, facility size and features, group size, teacher-to-child ratios, salaries) and other cost elements (e.g., materials and supplies, facilities, administration, transportation). One tool supported by the federal government is the Provider Cost of Quality Calculator.³⁴

New Mexico and the District of Columbia have received permission from the federal government to use this approach as an alternative to the Market Rate Survey. Many other states are considering this approach. The states that have moved forward with this methodology have found it helpful to engage experts in developing and applying the model and to consult multiple stakeholders throughout the process, including providers, to help validate the cost drivers and assumptions.

Access

For families, navigating the early education and care subsidy system can be daunting. There is a multi-step eligibility and application process to access child care subsidies, some of which is required to be conducted by mail. Although there is a resource and referral system, parents may be unaware that there are entities including Child Care Resource and Referral agencies, community-based agencies, and individual contracted programs that can help them with determining eligibility for subsidies and/or navigate their early education and care options. When parents learn about the waiting list for subsidies, they may be deterred and not apply. Some families may mistrust and avoid interactions with government programs. To expand access and improve families' experiences with the early education and care system, it is important to focus on potential improvements and additional resources for all aspects of the current family-facing system including Child Care Resource and Referral agencies, the child care search website that families currently have access to online, state-supported Coordinated Family and Community Engagement grants, and information technology systems.

Children's age and geography can exacerbate inequities in the availability of quality, affordable early education and care. This gap is most pronounced for infants and toddlers. According to a 2019 study, the estimated difference between potential need and current capacity in Massachusetts is about 200,000 children ages 0-4, or 56%.³⁵ The gap is more than twice as big for children ages 0-2 (75%) compared to children ages 3-4 (30%).

Prior to the pandemic, about half of children ages 0-4 in need of early education and care were located in 35 of 351 Massachusetts municipalities, with high concentrations in Boston, Lowell, Lynn, Springfield, and Worcester.³⁶ The other half of children ages 0-4 needing care were dispersed across 300+ cities and towns. The size of the gap between potential need and capacity varied in size considerably within regions.

³⁴ Child Care Technical Assistance Network, Provider Cost of Quality Calculator. Accessed February 23, 2022. <https://childcareta.acf.hhs.gov/pcqc>

³⁵ Erin Hardy, Geography of Early Education and Care in Massachusetts: Internal Report for the Massachusetts Department of Early Education and Care (2019). Institute for Child, Youth, and Family Policy, Brandeis University.

³⁶ Need in this context is defined as the difference between current early education and care capacity (number of slots) and the number of families with young children.

City of Lawrence Mayor's Scholarship Fund Program

The City of Lawrence (MA) recently created a Mayor's Scholarship Fund to both reduce the barriers that families face when applying for subsidies (including some of the barriers imposed by federal requirements) and improve affordability for families. This model includes access to technology, documents translated into multiple languages, bilingual staff, simplified forms, remote options, flexibility on required documents and verification, more immediate access to available care, and access for families with incomes too high to qualify for subsidies and too low to afford the full cost of care. Families earning gross income of up to 110% of SMI are eligible for financial assistance, and they remain eligible once in the system up to a gross income of 125% of SMI. Parent fees are close to the federal definition of affordable care (7% of household income) with a maximum fee of 10% of income. As of January 2022, the program has enrolled 211 families, including 265 children.

Recommendations

Immediate

Recommendation 3: Raise subsidy reimbursement rates and develop cost modeling to determine the true cost of funding a system of high-quality care

The Commission supports immediately raising subsidy reimbursement rates closer to the federally recommended threshold of the 75th percentile of market rate, until the Commonwealth is prepared to use a new methodology to determine funding based on the cost of high-quality care. Until a cost model is ready for use, EEC should also conduct a revised market rate survey during the spring of 2022 so that reimbursement rates are more accurately benchmarked to the current market rate.

This recommendation will not only improve program stability and quality by allowing programs to increase compensation, but will likely also improve access for families by increasing the number of programs that are willing and able to accept subsidies. Rate increases can also help programs keep program tuition more affordable for private-pay families.

The Commission recommends that EEC simultaneously move forward with engaging experts to develop a cost estimation model to determine the cost of delivering services at different quality levels and to set appropriate reimbursement rates. The cost modeling will provide critical information about the gaps between current subsidy reimbursement rates and the cost of providing quality care for different ages, regions, and settings. Modeling should inform policy decisions about the necessary level of funding for programs to achieve financial sustainability, equitable workforce compensation and benefits, and provide high-quality care for children. The Commission recognizes that transitioning to rates informed by a cost estimation model may take several years. Once rates reflect the true cost of care, an annual cost of living/inflation adjustment should be incorporated into the reimbursement rate structure.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2022.

Cost estimate: \$100 million-\$200 million annually

Recommendation 4: Engage in review of subsidy regulations and policies and provide additional navigation support and outreach to families

The Commission recommends initiating an immediate review to reduce or eliminate unnecessary compliance requirements that create barriers to family access and to streamline the subsidy application and determination process, to the extent possible and allowable under federal requirements. The Commission recognizes that it will take some time to conduct this review and operationalize the findings

and that it will be necessary to ensure that EEC has the resources that they need to conduct this work. An external review of Massachusetts' subsidy eligibility policies and practices conducted in 2014 may serve as a helpful foundation for this work.³⁷

Easing enrollment pathways into the subsidy system will be essential to expand access and serve additional families. Some areas to explore include reducing required documentation, simplifying eligibility requirements and processes, expanding and revamping the use of technology, investing in additional community outreach, and coordinating the eligibility and application process with other income eligible programs, such as the Supplemental Nutrition Assistance Program, Special Supplemental Nutrition Program for Women Infants, and Children, and/or Medicaid.³⁸

The Commission supports an investigation of the feasibility of a simplified and enhanced online platform to help families better understand and navigate their early education and care options. The platform could include additional information about each program's features and whether it provides private financial assistance and accepts early education and care subsidies. It will be important to solicit family input into the development of the platform so that it is user-centered and accessible. The Commission also supports implementing a public education campaign about the availability of subsidies to increase awareness among families, especially in underserved communities.

As discussed further in Recommendation 12, it will be important to provide additional resources to Child Care Resource and Referral agencies so that they are able to provide sufficient counseling, information, and referrals for families. The Commonwealth can also leverage existing partnerships among EEC, DTA, and Child Care Resources and Referral agencies to ensure that Head Start-eligible families are aware of enrollment options, including access to no-cost comprehensive services and full-day care if also subsidy eligible.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2022.

Cost estimate: \$6 million-\$12 million annually, and TBD in one-time costs

Short Term

Recommendation 5: Serve additional families who are already eligible for subsidies and then increase income eligibility threshold to serve more families via the early education and care subsidy system

The Commission recommends that immediate efforts be made to serve additional families who are already eligible for subsidies as currently a small proportion of income-eligible families (likely less than 20%) participate in the subsidy system.³⁹ The Commission further recommends that over time the Commonwealth raises income eligibility for subsidies to the federal threshold (85% of SMI).

Once the federal threshold of 85% of SMI has been achieved, which will likely take several years, the Commonwealth can consider further expansion to support families with higher income levels.⁴⁰ The

³⁷ Gina Adams and Michael Katz, Review of Massachusetts Child Care Subsidy Eligibility Policies and Practices: A Report for the Assessment of the Massachusetts Subsidized Child Care System (March 2015). Washington DC: Urban Institute. <https://www.urban.org/sites/default/files/publication/45356/2000161-review-of-massachusetts-child-care-subsidy.pdf>

³⁸ North Carolina and Colorado have coordinated eligibility determination between their early education and care subsidy program and Supplemental Nutrition Assistant Program.

³⁹ Commonwealth of Massachusetts Department of Early Education and Care Board Meeting (February 8, 2022). <https://www.mass.gov/doc/february-8-2022-eec-board-meeting-materials/download>

⁴⁰ It is important to keep in mind that families making higher incomes do not receive the same level of public funding as families making lower incomes.

Commission recognizes that meeting the affordability needs of working families in Massachusetts likely will require raising the income-eligibility even higher.

The Commission recognizes that it will also be necessary to increase the amount of available early education and care options for families, as availability of care that meets a family's needs may be as much of a barrier to participating in the system as is navigating the subsidy system requirements and processes (see Recommendation 7).

The Commission supports EEC implementing its revised parent co-payment schedule to improve affordability for families who receive early education and care subsidies. It recommends that the amount of parent co-pays continue to be evaluated, as required by federal law, to assess if additional adjustments are warranted. The Commission recognizes the importance of raising reimbursement rates and easing enrollment pathways as key factors to serving additional families in the subsidy system.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by June 30, 2023.

Cost estimate: \$350-\$400 million annually to serve additional families already eligible for subsidies (up to 50% of SMI), and \$400-\$450 million additional annually to increase income eligibility threshold to 85% of SMI

Recommendation 6: Engage with the business community to identify and promote employer best practices and explore incentives for employers to support additional early education and care benefits for their employees

The Commission encourages expanding state partnerships with the business community to identify and share best practices and explore incentives for employers to support their employees who have young children. Improved collaboration across Secretariats to engage with the business community is important. The Massachusetts Business Coalition for Early Childhood Education and the Massachusetts Business Roundtable are two partners already engaged in this work that can help identify areas of opportunity for partnerships with the business community statewide. Employee benefits may include on-site early education and care, paid leave, flexible work schedules, financial assistance subsidies, backup childcare, workplace support groups, flexible spending accounts, dependent care assistance programs, and partnerships with programs that include reserving or subsidizing slots for employees. Consideration should also be given to developing an employee benefits program for early education and care similar to that required for healthcare for businesses of a certain size.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by June 30, 2023.

Cost estimate: TBD based on nature of collaboration.

Longer Term

Recommendation 7: Implement additional strategies to expand capacity in underserved communities and for underserved populations including investing in facility needs

The Commission recommends systematic research be conducted to understand the post-pandemic landscape as it relates to early education and care demand versus capacity and family preferences for different hours, types, and features of care, by child age, geography, and race and ethnicity. This research can help identify geographic areas and features of care to prioritize for capacity expansion.

Research findings about gaps in access and family preferences for care should be used to design, pilot, and implement targeted strategies to expand capacity for underserved communities and populations such

as infants and toddlers, children with special needs, and families requiring non-standard hours. These strategies may include grants for facilities including renovations to expand the number of children served or to open new classrooms or family child care homes, use of targeted grants or contracts for additional slots, and financial incentives.

The Commission recommends investing in additional funding for facilities to ensure high-quality learning environments and to expand the capacity of programs to serve more children. The Early Education and Out of School Time (EEOST) Capital Fund has to date provided 38 grants of up to \$1 million to programs that meet certain eligibility criteria to build or remodel their spaces. In FY21, the EEOST Capital Fund provided smaller grants of up to \$250,000 to 35 programs (totaling \$7.3 million) to upgrade their facilities. The Commission recommends additional investments in this fund to execute grants ranging in size from \$100,000 to \$1 million. This additional funding should be accompanied with revised eligibility requirements and a streamlined application process that prioritizes creating additional early education and care capacity in underserved communities and programs serving low-income children. Family child care providers do not currently have access to EEOST grants. It will be important to consider how best to support family child care providers with facility needs to support their expansion in underserved areas, either through access to the EEOST Fund or the development of a similar fund. A separate program may also be beneficial to fund the field more broadly for emergency capital needs and small facility improvements or deferred maintenance. The Commission requests that the Children's Investment Fund, CEDAC, and EEC collaborate and report back to the Legislature as soon as possible on changes recommended to policies and regulations for the EEOST Fund and any new funds needed to meet the current needs of the field and make progress toward the goal of increasing access to high-quality care in underserved communities and for vulnerable families.

The Commission recommends continuing to improve data integration within and across state agencies that serve children and families. This will allow the Commonwealth to examine the needs and progress of children and families over time and across programs and to improve the coordination and provision of services. Many states are currently developing or refining integrated data systems that collect, integrate, store, and report information from programs serving young children across multiple agencies.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2023.

Cost estimate: TBD depending on nature of initiatives

Focal Area 3: Workforce Compensation, Pipeline, and Advancement

Findings

The early education and care workforce is one of the lowest-paid occupations in the United States (as discussed in the Background section earlier in this report). Insufficient compensation for the early education and care workforce is a systemic and serious barrier to attracting quality candidates to the field and contributes to high turnover rates and a growing workforce shortage.

The out-of-school time workforce is a diverse group of youth workers, credentialed teachers, college students, and other professionals, with varying levels of education and experience. Many staff work part-time and hold multiple jobs. Many staff see their positions as supplemental or temporary, and annual turnover is high. A substantial number of out-of-school time staff leave the field for full-time employment because of the overall compensation including benefits versus the hourly wages for a part-time position.

Workforce retention is important for program stability and for young children, who need consistency and continuity for their healthy development. Turnover is widely acknowledged as a challenge in the field of

early education and care. Research consistently finds that low wages and lack of benefits are key variables associated with turnover in the early education and care sector.⁴¹ Under the stress of the pandemic, teachers are seeing more challenging behaviors from children and having difficult interactions with families; meanwhile, there are fewer staff and already overwhelmed administrators are taking on additional responsibilities.

The pandemic has increased workforce churn and the number of workers leaving the field. According to the U.S. Department of Labor, employment in early education and care programs had decreased by nearly 110,000, or by more than 10% of the total workforce, as of September 2021 compared with 18 months earlier. Massachusetts data from EEC from the fall of 2021 is consistent with the national data, revealing that more than two-thirds of licensed early education and care programs have unfilled positions. On average, there are three open positions per program, and these open positions represent about 12% of total program staffing.

The seminal National Academies of Sciences report, *Transforming the Workforce for Children Birth through Age 8: A Unifying Foundation*, includes system-level recommendations for states to professionalize and support workforce advancement. These include specifying foundational and specific competencies for professionals working with young children, which should be differentiated by role and age group; making sure that the workforce is able to support diverse populations; and aligning in-service professional development and higher education coursework with specified professional competencies.⁴² Comprehensive state career pathways articulate different roles with associated knowledge and competencies and opportunities for professional progression. The diverse early education and care workforce needs support to be able to access higher education and pursue credentials, including financial assistance with higher education costs, career advising and mentoring, and coursework offered during times of the day that are accessible for working students and in multiple languages.

Recommendations

Immediate

Recommendation 8: Increase workforce compensation through program grants and rate increases and support the early education and care needs of the workforce

The Commission recommends moving forward with multiple efforts to increase compensation to address early education and care workforce recruitment and retention challenges, building off and valuing the efforts of the existing early education and care workforce that has held the system together for the last two years. One of the key findings from the Commission's work is that the level of compensation is currently insufficient to sustain a quality early education and care system and workforce. Therefore, the Commission strongly recommends that workforce compensation be made a top priority for additional funding through ongoing operational grants and increases to subsidy reimbursement rates or a combination of the two (see Recommendations 1 and 3).

The Commission also recommends a permanent exemption to the Commonwealth's OSD Price Limitation regulations to allow programs to provide discounted tuition for the children of their own staff.

⁴¹ Cassidy, Deborah J., Joanna K. Lower, Victoria L. Kintner-Duffy, Archana V. Hegde, and Jonghee Shim. The day-to-day reality of teacher turnover in preschool classrooms: An analysis of classroom context and teacher, director, and parent perspectives. *Journal of Research in Childhood Education* 25, no. 1 (2011): 1-23. Holochwost, Steven J., Kerri DeMott, Martha Buell, Kelly Yannetta, and Deborah Amsden. "Retention of staff in the early childhood education workforce." In *Child & Youth Care Forum*, vol. 38, no. 5, pp. 227-237. Springer US, 2009.

⁴² Institute of Medicine and National Research Council, *Transforming the workforce for children birth through age 8: A unifying foundation* (2015). Washington, DC: The National Academies Press. <https://doi.org/10.17226/19401>

It also recommends developing a new program or funding mechanism to provide financial assistance to full-time educators working in programs serving high-needs children to pay for their own children's care.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2022.

Cost estimate: See Recommendations 1 and 3; cost of program to provide educators with financial assistance TBD depending on program design

Recommendation 9: Develop and implement a career ladder and competency-based credentialing system that includes aligned professional development and a new compensation scale

The Commission recommends beginning to implement a statewide career ladder and credentialing system based on specified roles and competencies for the early education and care workforce. This system should include opportunities for stackable Child Development Associate credentials, Associate's degrees, Bachelor's degrees, and Master's degrees in early childhood education or related fields; credit-bearing professional development; and a compensation scale. It will be important to focus on equity to ensure that the sector is inclusive and fosters advancement for low-income women, people of color, and dual-language learners. The career ladder and credentialing system should be inclusive of and customized for the out-of-school time and family child care workforces. Differences in credentials and skills needed to serve different ages including infants and toddlers, preschoolers, and school-age children should also be acknowledged. The career ladder should be aligned with EEC's professional development supports for the workforce and supports for program quality improvement.

The Commission also believes it is important for compensation levels to be commensurate with credentials and training and to work toward compensation levels that are commensurate with K-12 teachers with equivalent credentials and training when required for the position. Connecting credentials to advancement opportunities and increased compensation will help encourage staff to continue to grow their skills, pursue higher education opportunities, and stay in the field. A career ladder that includes compensation guidelines will help ensure compensation aligns with education and training. It will also be important to develop compensation guidelines for other early education and care staff, such as program directors, which are competitive with the labor market for similar positions in other sectors, though the Commission recognizes this may take time. The compensation scale should be included in the cost estimation modeling. The schedule/timeline for state investment should be phased in and aligned with the compensation scale.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2022.

Cost estimate: TBD based on cost modeling and career ladder development.

Short Term

Recommendation 10: Utilize existing state structures to build an early education and care workforce pipeline via targeted workforce development strategies and expanded access to higher education and advancement opportunities

The Commission strongly urges increased collaboration and identification of opportunities within the Massachusetts Workforce Skills Cabinet to explicitly prioritize the early education and care workforce in the Commonwealth's shared workforce, economic development, and education agenda. This work can include partnerships with vocational technical high schools as well as general education and college preparatory high schools (including Department of Elementary and Secondary Education programs such as Innovation Pathways and Early College), community colleges, and four-year colleges including the University of Massachusetts. It should include coordination of current state funding that supports the EEC

workforce accessing higher education and may also include exploring funding streams and initiatives at public higher education institutions to further support the workforce, ensuring that credits can transfer between different higher education institutions, and making sure that there are sufficient early education and care-focused programs and courses that attend to EEC program models (i.e., center-based programs, out-of-school time programs, and family child care).

It is important that efforts to increase the workforce pipeline include intentional outreach to communities of color and diverse networks to ensure equity and inclusion. Efforts should encourage high school students to begin taking college level courses that can lead to a certificate or degree in early education or youth development. It is also important that increased efforts to grow the early education and care workforce pipeline are paired with efforts discussed elsewhere in this report to increase workforce compensation. Without higher compensation, it will remain difficult to recruit and encourage individuals to pursue early education and care as a career path.

The Commission supports partnering with the Commonwealth’s MassHire network of career centers to inform their teams of career opportunities for early and out-of-school time educators. Employers can work directly with local Career Centers to promote job openings and programing to attract talent. Career Centers can also provide career counseling and assistance for jobseekers.

The Commission also suggests leveraging funding from the Workforce Competitiveness Trust Fund to apply for and fund training and professional development of early educators. Employers can partner with a lead applicant, such as a training provider or intermediary, to support training and job placement in early childhood training programs. The Fund is managed by the Commonwealth Corporation with oversight by the Secretary of Labor and Workforce Development. Additional collaboration with the Commonwealth Corporation can help identify and develop opportunities to support early education and care workforce development. The Commonwealth Corporation funds and provides technical assistance to support training and job placement especially for unemployed and underemployed job seekers.

The Commission recommends focus on expanding access to state higher education institutions, including community colleges and other partners, to design and pilot promising approaches that can be scaled up to build the workforce pipeline and expand opportunities for the workforce to grow their skills and advance professionally. Approaches may include apprenticeship models, cohort models that provide small groups of staff working in the same program with improved access to higher education coursework, scholarship opportunities in conjunction with counseling and navigation support, and mentoring programs for staff in their first few years in the classroom.

Apprenticeship Models

The Care Institute, the Community Group, and the Seven Hills Foundation are implementing apprenticeship models which offer promise for scaling and supporting entry into the early education and care workforce. While these models differ in their structures and recruitment approaches, they share some key elements that they attribute as linked to their high completion rates and retention of apprentices in the field including: a cohort experience and local focus, paid apprentice hours, coursework available in participants’ native languages, and mentorship from paid educators.

To support educators to advance on a career pathway, attention needs to be paid to removing the significant barriers that exist for early educators of color, dual language adult learners, and first-generation college students. For example, several community colleges offer a Child Development Associate (CDA) credential in Spanish. EEC’s recently launched Professional Pathways program, which Neighborhood Villages is overseeing, is designed to help early educators enroll in higher education courses that lead to a credential and advance their careers in early education. Professional Pathways focuses on matching individuals to higher education programs and coursework that meet their needs. The program focuses on identifying opportunities in the educator’s language of choice and expanding access

to coursework in additional languages. Cohort models and programs offering coursework outside of traditional higher education settings have also proved successful in meeting some of the needs of early education and care workforce and advancing their credentials.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by June 30, 2023.

Cost estimate: TBD

Longer Term

Recommendation 11: Explore additional strategies to increase workforce retention including tax credits for early and out-of-school time educators, higher education loan forgiveness, and additional scholarship supports

The Commission recommends exploring the feasibility of additional strategies to increase workforce retention. In addition to increasing salaries, other benefits such as tax credits for full-time early educators could incentivize them to stay in the field. These credits are typically tied to credentials and retention.⁴³

Making higher education more accessible and affordable for the workforce may also be key to retention. The low wages paid to early education and care staff is a significant barrier to affording college tuition. Expanded access to higher education access via loan forgiveness may help support retention in the field. A loan forgiveness program could be structured to encourage educators who pursue degrees in early education to stay in the field and work in programs serving vulnerable children. U.S. Representative Katherine Clark has introduced legislation that could be a model for a state program. Another option is developing additional scholarship models and exploring aligned counseling and academic supports to help educators navigate the higher education system.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2023.

Cost estimate: \$20 million-\$30 million annually

Focal Area 4: System Infrastructure and Local Partnerships

Findings

To fully implement the Commission's recommendations and support a high-functioning early education and care system, it will be important to both bolster the capacity of the system infrastructure and support enhanced and expanded local partnerships.

System Infrastructure

Further development of the early education and care sector will require additional state system infrastructure and staffing to support the oversight and implementation of grants, policies, regulations, research activities, and supports for families and programs. Child Care Resource and Referral Agencies and family child care systems are important parts of the current infrastructure that will need to be further developed and supported for even higher field impact.

⁴³ Louisiana and Nebraska have enacted tax credit programs specifically for individual members of the early education and care workforce. Louisiana's program is for both teachers and directors in programs that serve subsidized children and is a refundable tax credit, ranging from \$1,800 to \$3,500 depending on their role. Nebraska has a refundable income tax credit for staff members employed in eligible programs for at least six months, ranging from \$500 to \$1,500 depending on their role.

Additionally, enhanced and more integrated data systems within and across state agencies would be beneficial. This would allow decision makers to better understand the characteristics and needs of children, families, the workforce, and programs that are a part of the early education and care system. More integrated data systems are also key to making access to services and programs more seamless for families, especially those who interact with multiple agencies and processes.

One example of an integrated data system is the Early Childhood Integrated Data System (ECIDS). Using federal Preschool Development Grant EEC, the Massachusetts Executive Office of Education, Executive Office of Health and Human Services, Department of Public Health, the Department of Elementary and Secondary Education, and the Children’s Trust worked together over the last several years to create this data system. ECIDS includes de-identified, deduplicated, aggregate analytical information on all children under age 5 served by the participating agencies since 2015. The data are updated quarterly. A dashboard that provides a visualization of various aspects of this data is available to credentialed state staff in the participating agencies. Work is ongoing to enhance the analytical detail and develop a visualization connecting the data longitudinally to third grade reading results and attendance data in elementary school.

The physical environment is a critical component of program quality and affects the cost of operating a program and programs’ ability to increase their capacity. The EEOST Capital Fund, administered by EEC, the Children’s Investment Fund and Community Economic Development Assistance Corporation, provides technical assistance and capital grants up to \$1 million to eligible programs serving vulnerable children to build or improve facilities. During the pandemic, the fund has also provided additional smaller grants to more than 30 programs to upgrade ventilation systems, improve outdoor space, and/or renovate spaces within existing facilities to address emergency repairs and health and safety issues. Renovations, expansions, or new facilities can be prohibitively expensive, so state support and coordination is critical, especially for underserved areas.

Local Partnerships

Local partnerships, such as the Preschool Expansion Grant (PEG) model and Community Preschool Partnership Initiative (CPPI), to expand preschool access for vulnerable children have demonstrated measurable positive impacts and successfully implemented high-quality programming through collaboration between licensed community-based programs and school districts.

Massachusetts Preschool Expansion Grant (PEG) Model

The Massachusetts Preschool Expansion Grant (PEG) model supported and expanded high-quality preschool in five high-need communities over four years. PEG required shared governance between local school districts and EEC-licensed community-based programs. The 48 PEG classrooms provided free preschool for over 800 four-year-olds per year from low-income families who were eligible for kindergarten the following year and who, with some exceptions, had not yet attended a formal early education and care program. PEG classrooms were expected to meet specified quality elements including the use of formal curriculum and aligned assessment tool, an educator in each classroom with a bachelor’s degree in a relevant field, salaries for lead educators commensurate with comparable positions in public schools within the respective community, joint professional development training and coaching, family engagement activities, comprehensive services, and inclusion of students receiving special education supports.

An external rigorous evaluation of the PEG model found a positive and statistically significant impact on children’s achievement in three early academic areas, with the strongest impacts on the most vulnerable children. PEG classrooms had high educator retention rates and job satisfaction.

Shared service networks are a model that has been implemented in other states to support program capacity and quality. These networks typically involve smaller early education and care centers and family child care providers coming together to share costs and receive a set of administrative and program support services provided by a hub. The hub typically provides administrative and business support functions such as payroll and benefits, tuition collection, bulk purchasing, recruitment, and marketing. The hubs can provide personnel support such as a shared substitute pool, and play a professional development or quality improvement support role as well. By participating in a network, early education and care programs can conserve time and resources and improve their strength and quality of services.

Shared Service Models

Shared Services of MA, coordinated by the United Way of Massachusetts Bay and Merrimack Valley, provides family child care providers with resources to run their businesses, including technology-based tools to support financial management and operations, an extensive web-based platform and resource library to enhance business quality and classroom instruction, professional development offerings, and individualized technical assistance on business best practices. Services are offered in English and Spanish. Shared Services MA has served nearly 500 educators since its inception. Most participating educators are women of color, and they are located across the Commonwealth.

The Neighborhood, a new model developed and coordinated by Neighborhood Villages, provides centralized supports to a network of early learning centers across Greater Boston. The model provides funded operational staff and Family Navigator staff positions to build capacity within each program. It offers centralized resources and staff to provide programs with instructional support, operational support, and wraparound services for families. The Neighborhood currently serves five programs that include 17 sites and 80-90 classrooms.

Recommendations

Immediate

Recommendation 12: Provide additional resources to the Department of Early Education and Care to support management of new state policies, programs, and initiatives including: improving family navigation of subsidy system, enhanced and integrated data systems, and simplifying public facing processes

The Commission recommends additional resources to support state administration and management of new policies, programs, and initiatives, including implementing the recommendations included in this report. These resources may be invested in new efforts to support operational and technological capacity, improve family navigation of the subsidy system, invest in shared data analytics for public accountability, and to simplify and streamline additional public facing processes. Additional support should be provided to Child Care Resource and Referral agencies and family child care systems that provide critical supports to the system, as well as other intermediaries and contracted providers that support families directly.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2022.

Cost estimate: \$5 million-\$15 million annually

Short Term

Recommendation 13: Support local partnerships across the mixed delivery system

A collaborative funding strategy should be designed with EEC and the Department of Elementary and Secondary Education to continue and expand preschool mixed delivery programs. The Commission supports directing CPPI funds to both current CPPI grantees and additional communities. CPPI involves partnerships of public school districts and community-based programs that have engaged in needs

assessment and strategic planning to understand and respond to the needs of families at the local level, and combine resources to offer coordinated high-quality preschool. The nine communities currently receiving CPPI grants have shown success implementing best practices that address local needs through a mixed delivery approach. It will be equally important to attend to investments in infant and toddler care in the same communities.

Expanded access to full-day, high-quality pre-kindergarten for 4-year-olds is one of the priority evidence-based programs in the Student Opportunity Act (SOA) guidance from the Department of Elementary and Secondary Education. The Commission supports further encouraging school districts to prioritize early education access through local partnerships as part of their SOA plans. The Commission recommends that the Commonwealth encourages that SOA plans prioritizing early education and care be developed in collaboration with early education programs in the community, including Head Start and Early Head Start, center-based organizations, and family child care providers, and that expansion and access for families be prioritized within these settings.

The Commission requests that EEC provide the Legislature with an update on the status of this recommendation by June 30, 2023.

Cost estimate: \$10 million annually

Longer Term

Recommendation 14: Implement and evaluate local shared services and quality hubs to increase program operational capacity, support the provision of comprehensive services, and encourage ongoing program improvement

The Commission recommends piloting and then scaling up and evaluating local shared services and quality hubs to improve program operational capacity, provide comprehensive services including mental and behavioral health support, and support ongoing program improvement. There may be opportunities to partner with existing organizations to provide additional services and supports to early education and care programs, such as regional education collaboratives, EEC-supported technical assistance providers, Professional Development Centers, and additional emerging models from the field.

The Commission requests that EEC provides the Legislature with an update on the status of this recommendation by October 1, 2023.

Cost estimate: \$1 million for pilot; full implementation TBD depending on program design

Summary of Recommendations

Exhibit 9. Summary of Recommendations by Timeline, Implementation Considerations, and Estimated Cost

#	Timeline	Recommendation	Implementation Considerations	Estimated Cost	Cost Assumptions
1	Immediate	Continue operational funding to programs through at least calendar year 2022 to stabilize early education and care programs in response to pandemic challenges, with priority for programs serving high-need children	Will require funding beyond typical state budget allocation	\$480 million annually	This estimate assumes current eligibility and grant formula remains in place for operational grants.
2	Immediate	Make permanent policy of reimbursing programs that serve subsidized children based on enrollment versus attendance	Update EEC regulations or legislation; increase appropriation EEC will need to continue to comply with federal CCDBG requirements in addition to updating state regulations.	\$4 million-\$5 million annually	This estimate was provided by EEC.
3	Immediate	Raise subsidy reimbursement rates and develop cost modeling to determine the true cost of funding a system of high-quality care	Update EEC regulations and legislation; increase state and federal appropriation While this can be accomplished solely through EEC regulations, it may be more impactful if accompanied by legislation.	\$100 million-\$200 million annually	This estimate assumes the same number of children are served as are currently and that rates are raised to 75 th percentile of market rate. Lower end of estimate assumes current reimbursement rates and the most recent market rate survey data. Higher end of estimate assumes average care costs (\$20,000 for infant/toddler and \$15,000 per year for preschool).
4	Immediate	Engage in review of subsidy regulations and policies and provide additional navigation support and outreach to families	Update EEC regulations and legislation along with funding While this can be implemented by EEC independently, depending on the changes, the charge of Child Care Resource and Referral agencies may require updates through legislation.	\$6 million-\$12 million annually, and TBD in one-time costs	The level of one-time costs needed depend on the scale of the overhaul of the system for enrolling families. Ongoing annual costs include additional funds for Child Care Resource and Referral agencies and other partner organizations.

#	Timeline	Recommendation	Implementation Considerations	Estimated Cost	Cost Assumptions
5	Short Term	Serve additional families already eligible for subsidies and then expand income eligibility threshold via the subsidy system	Update EEC regulations and legislation; increase state and federal appropriation While this can be accomplished solely through EEC regulations, it may be more impactful if accompanied by legislation.	\$350 million-\$400 million annually to serve additional families already eligible for subsidies (up to 50% of SMI); \$400 million-\$450 million annually to serve additional families if income threshold increases to 85% of SMI	This estimate assumes current subsidy reimbursement rates, 75% of families with working parents, and a 50% take-up rate. If the reimbursement rate is raised, the cost estimates will increase significantly. The number of eligible families who apply for and receive subsidies and the number of programs which accept subsidies will also impact these costs.
6	Short Term	Engage with the business community to identify and promote employer best practices and explore incentives for employers to support additional early education and care benefits for their employees	Business community collaboration with EEC Coordination will be key for implementing this recommendation.	TBD based on nature of collaboration	
7	Longer Term	Implement additional strategies to expand capacity in underserved communities and for underserved populations, including investment in facilities to support expansion of slots	EEC initiatives; potentially legislation; provide funding through state budget Depending on the strategies implemented, this may be implemented by EEC independently, however it will likely require some updates to statute and funding.	TBD depending on nature of initiatives	
8	Immediate	Increase workforce compensation through program grants and rate increases and support the early education and care needs of the workforce	EC initiatives; legislation While this can be accomplished solely through EEC regulations, it may be more impactful if accompanied by legislation.	See Recommendations 1 and 3; cost of program to provide financial assistance to early educators is TBD depending on program design	
9	Immediate	Develop and implement a career ladder and competency-based credentialing system that includes aligned professional development and a new compensation scale	Update EEC regulations and legislation While this can be accomplished solely through EEC regulations, it may be more impactful if accompanied by legislation.	TBD based on cost modelling and career ladder development	

#	Timeline	Recommendation	Implementation Considerations	Estimated Cost	Cost Assumptions
10	Short Term	Utilize existing state structures to build an early education and care workforce pipeline via targeted workforce development strategies and expanded access to higher education and advancement opportunities	Executive Office of Education, in coordination with Labor and Workforce Development Inter-agency coordination will be key for implementing this recommendation.	TBD	There are existing state resources that could be prioritized/targeted for the early education and care sector.
11	Longer Term	Explore additional strategies to increase workforce retention including tax credits for early and out of school time educators, higher education loan forgiveness, and additional scholarship supports	EEC initiatives; legislation/ provide funding through state budget; federal policies Legislation may be required for some initiatives, others can be implemented independently by EEC, however funding will be required.	\$20 million-\$30 million annually	This estimate assumes providing additional scholarship and/or loan forgiveness support for a substantial number of individuals (4,000-6,000 individuals assuming average of \$4,500 of support).
12	Immediate	Provide additional resources to the Department of Early Education and Care to support management of new state policies, programs, and initiatives; including improving family navigation of the subsidy system; enhanced and integrated data systems; and simplifying public facing processes	EEC initiatives; possibly legislation; provide funding through state and federal budgets Legislation will be required for some initiatives; others can be implemented independently by EEC, however funding will be required.	\$5 million-\$15 million annually, depending on initiatives	
13	Short Term	Support local partnerships across the mixed delivery system	Coordination will be key for implementing this recommendation.	\$10 million annually	This estimate assumes doubling current CPPI funds.
14	Longer Term	Implement and evaluate local shared services and quality hubs to increase program operational capacity, support the provision of comprehensive services, and encourage ongoing program improvement	EEC initiatives; legislation; provide funding through the state budget Legislation may be required for some initiatives; others can be implemented independently by EEC, however funding will be required.	\$1 million for pilot; full implementation costs TBD based on program design	

Appendix A: Summary of Public Testimony

In addition to the virtual public meetings the Commission held, the Commission held a virtual public hearing in October 2021 to solicit testimony from members of the public. The Commission also received written testimony related to the work of the Commission. A summary of key themes and issues raised during the public hearing and written testimony is included below. This summary only reflects the testimony heard at the public hearing and unsolicited written testimony and is not an indication of the Commission's formal findings or recommendations.

- **Affordability is a major barrier to accessing care for many families.**
 - The current early education and care subsidy system is challenging for families to navigate. Changes should include streamlining the application process and reducing burden on families to document their eligibility.
 - Allowing programs that accept subsidies to charge below the contracted rate would allow tuition discounts for staff, which could help with workforce recruitment and retention challenges.
 - The income eligibility threshold to receive an early education and care subsidy is too low to cover all vulnerable families.
- **Workforce stabilization and focus on the workforce pipeline is critical.**
 - Higher salaries are critical to recruiting and retaining a well-qualified workforce.
 - Paid apprenticeships would help recruit new teachers and provide quality training as well as elevate the status of mentor teachers.
 - Additional supports such as paid planning time and professional development are important to the professionalization of the workforce.
 - Higher education loans are an important aspect of the financial burden that the workforce faces, in addition to low wages, especially for those who want to pursue additional degrees. Loan forgiveness should be explored.
- **High quality care that is accessible to all children is important.**
 - There needs to be more attention on supporting children with disabilities.
 - Additional professional development for staff will improve the quality of programs.
 - Additional focus on comprehensive and wraparound services for families is necessary.
- **Additional funding is needed. A variety of approaches were suggested for how to achieve this.**
 - Increase the rate reserve and raise base pay for teachers to \$25 per hour.
 - Continue the federally funded stabilization grants and Commonwealth Care for Children (C3) grant formula as a source of operational funding for all programs.
 - Replicate the Head Start annual enrollment-based funding approach so that providers can worry less about daily fluctuations in attendance.
 - Increase the sales tax and use this money to support early education and care.
 - Create a tax on households in the highest income brackets and use some of the proceeds to fund early education and care.

Appendix B: Summary of Commission Meetings

Meeting 1: April 20, 2021

Commission members reviewed the charges set forth in the authorizing legislation (Section 106 of Chapter 227 of the Acts of 2020). Secretary of Housing and Economic Development Mike Kennealy presented an overview of Massachusetts' current economic situation, impact of the pandemic on the workforce, and workforce development priorities. EEC Commissioner Aigner-Treworgy presented an overview of the status of the early education and care system in Massachusetts including the impact of the pandemic.

Meeting 2: May 18, 2021

Commission members heard a presentation on the National Early Education and Care Landscape from Rhian Evans Allvin, CEO of the National Association for the Education of Young Children, which focused on the current state of the field from a national context and structural changes needed to improve workforce conditions and the quality of care.

Meeting 3: June 25, 2021

Commission members heard a presentation on Alternative Models for Early Childhood Education and Out-of-School Time Care from Linda Smith, Director of the Early Childhood Initiative at the of the Bipartisan Policy Center regarding the history of the Department of Defense child care system and implications for Massachusetts.

Meeting 4: July 16, 2021

Commission members heard several presentations about the current state of the early education and care workforce in Massachusetts, including key challenges and potential solutions for the Commission to consider.

Meeting 5: September 27, 2021

Commission members hear a presentation on the current Massachusetts early education and care subsidy system from EEC Commissioner Aigner-Treworgy. Commission members also heard from Kim Dion, Clare Higgins, and Justin Pasquariello regarding approaches to funding that programs currently use and challenges with the current funding model.

Meeting 6: October 25, 2021

Commission members heard public comment from twelve individuals who shared testimony on a variety of topics related to the Commission's charge. Written testimony was also provided by a larger group of individuals.

Meeting 7: November 15, 2021

Commission members heard presentations on potential models for exploration including a presentation from Jeff Lambert and H. Kay Howard of Third Sector Capital regarding the development and implementation of the Commonwealth Care for Children (C3) formula that was developed to allocate the stabilization grants and a presentation from Wayne Ysaguirre of the Care Institute about their Apprenticeship pilot for recruiting and retaining early educators.

Meeting 8: December 15, 2021

Commission members heard a presentation from Amy Checkoway from Abt Associates regarding their work to support the Commission. Commission members also heard a presentation on the role of the business community by JD Chesloff and Tom Weber regarding the current and potential role for the business community in addressing challenges in the early education and care sector.

Meeting 9: January 25, 2022

Commission members heard a presentation prepared by Amy Checkoway from Abt Associates regarding potential focal areas and directions for findings and recommendations for the Commission. The Commission members discussed and provided feedback on draft findings and recommendations.

Meeting 10: February 15, 2022

Commission members discussed and provided additional feedback on the first draft of the Commission's final report, including key findings and recommendations.

Appendix C: Summary of Provider Focus Groups

During November 2021, Strategies for Children facilitated two focus groups with programs to hear their perspectives on a variety of issues related to the focus of the Commission including the impact of the pandemic, assessment of federal and state supports during the pandemic, and stabilization of the workforce. Nine programs participated in the group and school age care focus group and three providers participated in the family child care focus group. Some members of the Commission attended each focus group, including the co-chairs. This appendix summarizes key themes raised during each focus group.

Group and School Age Care Focus Group

Assessment of 2020 Support. The federally funded operational grants have been helpful. Programs would appreciate extending the funding to be long-term (such as three years) so they can plan for staffing and provide salary increases and benefits for staff. Programs appreciate that equity is being addressed through the Social Vulnerability Index (SVI).

Quality Care and Workforce Stabilization. Programs shared ways that they have tried to address the workforce shortage including: offering free early education and care for their staff, increasing teacher salaries to be closer to public school salaries, providing benefits such as tuition or loan forgiveness, health care, and retirement, asking for input from staff about what they need, hiring mental health support staff and relationship consultants to help teaching teams, stipends for educators to participate in professional development and continuing education, and stipends for teachers to mentor and support other teachers. The point was made that it will be important to also consider the pipeline for program leadership.

Models for Access. A suggestion was made to develop a portal for families to use to apply for early education and care subsidies without intermediaries, in order to improve access, reduce costs for programs, and create system efficiencies. Another suggestion was made to make resource and referral agencies more local. It would also be helpful to provide more training and support for program directors, and for there to be a state-trained facilities advisor to help directors understand the unique characteristics of early learning spaces.

Policy/Program Directions. One program raised the need for partnerships with organizations that can help interface between public schools and community-based programs that serve children with individual education plans (IEPs) who need specialized care, and that the partnership organizations need sustainable funding in order to operate. Programs expressed the need for long-term and sustained funding, including to reimburse programs based on enrollment versus hours of attendance, as most program costs are fixed and not variable. There are solutions needed to support both low- and middle-income families with affordability of care. One program suggested a sliding fee scale although another program had concerns about this. Tax credits should be increased for parents who use licensed programs. Perhaps the state can contribute funds to dependent care accounts for families to spend on early education and care. The suggestion was made to model funding after the former Community Partnerships for Children (CPC) program.

Family Child Care Focus Group

Impact of COVID-19. Family child care (FCC) providers have experienced lower enrollment numbers during the pandemic due to parents working from home, parent anxiety over their children's exposure to COVID-19 in a group setting, and/or or parent concern with pandemic policies and procedures. Due to state regulations, lower enrollment numbers may prevent FCC providers from hiring an assistant.

Assessment of 2020 Support. FCC providers have benefited from stabilization grants, using the supports in a variety of ways, including paying for an assistant, offsetting the financial impact of lower enrollment numbers, building outdoor spaces to use during (and beyond) the pandemic, and supporting families

financially so their child can keep a spot in their program. The providers wished that the longevity of operational grants was clearer to enable longer term planning and staffing investments. There were some barriers to seeking out additional grant funding for FCC providers, who are small businesses, including concerns about losing eligibility for other financial supports and lack of clarity about tax implications.

Quality Care and Workforce Stabilization. Providers discussed their desire to use continued operational funds or additional resources to hire and retain experienced and skilled assistants. Providers are amenable to accountability measures tied into additional funding; however, they expressed the importance of FCC providers having some flexibility in developing a creative and flexible curriculum. Providers also desired to maintain flexibility in their operating hours and days. Providers felt that measuring quality, such as relationships with parents and parent satisfaction, can be challenging.

Current Funding Model. Providers indicated a need for more education and transparency regarding early education and care subsidy vouchers, specifically the criteria that Child Care Resource and Referral agencies use to refer families to a provider and why agencies refer families to one provider over another. Providers also described challenges with serving subsidized children, as the rates are typically lower, and participation requires more administrative work. These barriers have prevented some providers from accepting subsidized children.

Models for Access. Providers reflected on the decrease in the number of FCC providers in the state, which may be due in part to providers nearing retirement. Providers also discussed high parent demand for family child care and its versatility to meet early education and care gaps in urban and rural areas. Providers discussed strategies for increasing the number of FCC providers, including consistency in application of regulations, tying quality with compensation, additional FCC resources needed including a toolkit and tool to model the costs of operation, offering mortgage support for FCCs, and more predictable funding.

Policy/Program Directions. Providers discussed the former Community Partnerships for Children program as a successful model that funded communities to support families. The model supported increased compensation for educators and programs and allowed programs to set their rate closer to the cost of quality. They agreed that this model helped to support low- and middle-income families.

Appendix D: FY22 State Funding for Early Education and Care

The FY22 state budget included almost \$820 million for early education and care. Exhibit D-1 shows a summary of the early education and care related budget by line item. Please note that additional federal relief funding is not included in this exhibit.

Exhibit D-1. FY22 Early Education and Care Budget by Line Item

Line Item	Focus	FY22 \$
3000-1000	EEC Administration	7,069,823
3000-1020	Quality Improvement	44,551,119
3000-1042	Center-Based Child Care Rate Reserve	20,000,000
3000-1044	Parent Fee Reserve Account	8,950,000
3000-2000	Access Management (CCR&Rs)	12,000,000
3000-2050	Children's Trust Fund Operations	1,734,725
3000-3060	Supportive Child Care and TANF	358,928,901*
3000-4060	Income Eligible Child Care Access	298,702,892**
3000-5000	Head Start Grants	15,000,000
3000-6025	Commonwealth Preschool Partnership Initiative (CPPI)	10,000,000
3000-6075	Early Childhood Mental Health Consultation Services	3,000,000
3000-7000	Children's Trust Fund	16,438,152
3000-7040	EEC Contingency Contract Retained Revenue	320,000
3000-7050	Services for Infants and Parents	11,539,190
3000-7052	Parent Child Plus Program	3,300,000
3000-7055	Neighborhood Villages Pilot Program	1,000,000
3000-7066	Higher Education Opportunities	5,000,000
3000-7070	Reach Out and Read	1,548,228

*Line item 3000-3060 includes \$289.3 million (including \$91.5 million from TANF funds for child care use) in federal funds and \$69.6 million in state funds.

**Line item 3000-4060 includes \$149.1 million in federal funds and \$149.6 million in state funds.

Appendix E: Key State Supports During the Pandemic

During the COVID-19 pandemic, the Commonwealth has pivoted to provide additional supports for children, families, and early education and care programs to ensure needed capacity for returning to work and stabilizing program operations.

These strategies included the creation and launch of an emergency child care system; increased flexibility of subsidy policies to support families and stabilize programs; direct financial support to help with program fixed operating costs; non-financial supports to support programs with new health and safety protocols; support for local partnerships to serve school-aged children engaged in remote learning; and provision of personal protective equipment and implementation of a statewide COVID testing program.

Emergency Care and Ongoing Subsidy Payments in the Spring of 2020

In March 2020, during the statewide shutdown of early education and care programs and public schools, EEC put in place an Exempt Emergency Child Care Program (EECCP) to provide care to the children of essential workers and the Commonwealth's most vulnerable families. About 550 programs participated in EECCP with capacity to care for 6,000 children ages birth to age 14, using drop-in models for families with unpredictable or changing schedules. About \$18 million was invested in general operations through weekly payments to participating programs to help stabilize their revenue. From March through June 2020, EEC continued to reimburse closed programs that served subsidized children, which required an investment of ~\$160 million.

Paycheck Protection Program Technical Assistance

In April 2020, EEC launched a technical assistance effort to help early education and care programs with applying to the U.S. Small Business Administration's Paycheck Protection Program. The Children's Investment Fund provided individual technical assistance to more than 280 programs, 80% of which were family child care providers. Analysis from the Bipartisan Policy Center found that Massachusetts brought in the sixth-highest total of Paycheck Protection Program funding for early education and care programs in the United States, totaling an estimated \$166 million in federal funding.

Reopening Support

During the reopening of programs during the summer of 2020, EEC provided both funding and technical assistance to programs to help cover costs and implement new health and safety protocols. The Coronavirus Aid, Relief, and Economic Security (CARES) Act allowed states to disregard income eligibility requirements when providing early education and care support to essential workers, cover program sanitation and cleaning expenses, and financially support eligible programs regardless of whether they served children receiving subsidies. Through this allocation, EEC received a total of almost \$46 million in supplemental federal discretionary funds, which it used to fund Restart Stipends and cover parent fees to support programs that reopened during the summer of 2020.

EEC released the *COVID-19 Child Care Playbook*, a resource for programs on implementing Minimum Requirements for Health and Safety for the Commonwealth's early education and care providers during the pandemic.

Subsidy Policy Changes to Maximize Flexibility

Throughout the pandemic, multiple adjustments have been made to subsidy policies to ensure continuity of program operations:

- Continued subsidy payments to providers during the emergency closure period in 2020, which allowed providers to access stable funding.
- Continued subsidy payments to programs for families who confirmed ongoing interest in early education and care enrollment, even if they did not physically return to care, to reserve spaces for those families.
- Coverage of parent fees through closures and continuing into the recovery period.
- Removal of attendance requirements to allow parents to continue to receive funding for all enrolled subsidized children, regardless of whether they returned immediately to care.
- Streamlined policies for reauthorization of subsidies for families, with extended job search periods of up to 26 weeks for families to maintain eligibility.
- Waiver of the requirement that providers charge private pay families a rate equal to or higher than the state subsidy rate.
- Allowance of more adaptive closure policies to accommodate quarantines, necessary closures, and staff illness.

Remote Learning Support

EEC and the Department of Elementary and Secondary Education collaborated to foster partnerships between local school districts and early education and care programs during 2020-21, including the use of exemption categories and incentives, so that working families had safe spaces for their children to learn during the day.

EEOST Capital Fund Program

For FY21 and FY22 grants, the Children's Investment Fund and the Community Economic Development Assistance Corporation worked with EEC to modify the EEOST Capital Fund grants to better meet the emergency health and safety needs of programs. Whereas previous rounds awarded four to six larger capital grants (up to \$1 million each), the FY21 round awarded 36 smaller capital grants (between \$100,000 and \$250,000 each) for COVID-related modifications such as improved HVAC systems and reconfiguration of spaces to aid with social distancing. FY22 grant awards are currently in process.

Child Care Stabilization Grants

Since July 2020, EEC has used federal stabilization funds to pilot the Commonwealth Cares for Children (C3) formula to distribute operational funds to programs. The goal of the program is to stabilize the early education and care infrastructure and support ongoing program operations including maintenance of quality and investment in staff.

This funding model complements traditional early education and care public funding in several ways: (1) it is available to all licensed programs across Massachusetts; (2) it is based on an estimate of program-level fixed costs; (3) it is a stable predictable funding amount (versus funding tied to per-child utilization and enrollment shifts); and (4) the formula includes an equity adjustment for programs in high-needs communities and for programs serving a higher proportion of subsidized children. As intended, programs serving infants and toddlers are receiving larger allocations of funds, as are programs with equity factors, including those located in Black, Indigenous, and People of Color (BIPOC) census tracts, Gateway Cities, and communities with high Social Vulnerability Index scores.

Personal Protective Equipment Distribution and COVID Testing

Starting early in the pandemic, EEC provided personal protective equipment, including free masks, gloves, and hand sanitizer, as programs reopened and continued to operate. In February 2021, EEC also

began a centralized ordering and distribution system, shipping materials directly to programs for ease of use. This program serves approximately 5,000 programs monthly.

In February 2021, EEC also stood up a statewide COVID-19 testing system for program staff and their families and children in care and their families. This system's eight sites are distributed regionally across the state. All sites are dedicated to serving individuals associated with early education and care programs, resulting in shorter waits and rapid notification to support effective mitigation measures.

In the summer of 2021, EEC also began a partnership with Neighborhood Villages to offer free weekly pooled COVID-19 testing for programs throughout the state. This effort was the first in the country to provide free pooled testing to early education and care programs statewide. In January 2022, EEC launched Testing for Child Care, a program that provides EEC-affiliated programs access to free COVID-19 tests, resources, training, and protocols. This program enables children and early education and care staff to have access to COVID-19 testing, minimizing program closures while maximizing health and safety. To date, more than 3,000 programs are participating.