



Massachusetts
Taxpayers Foundation

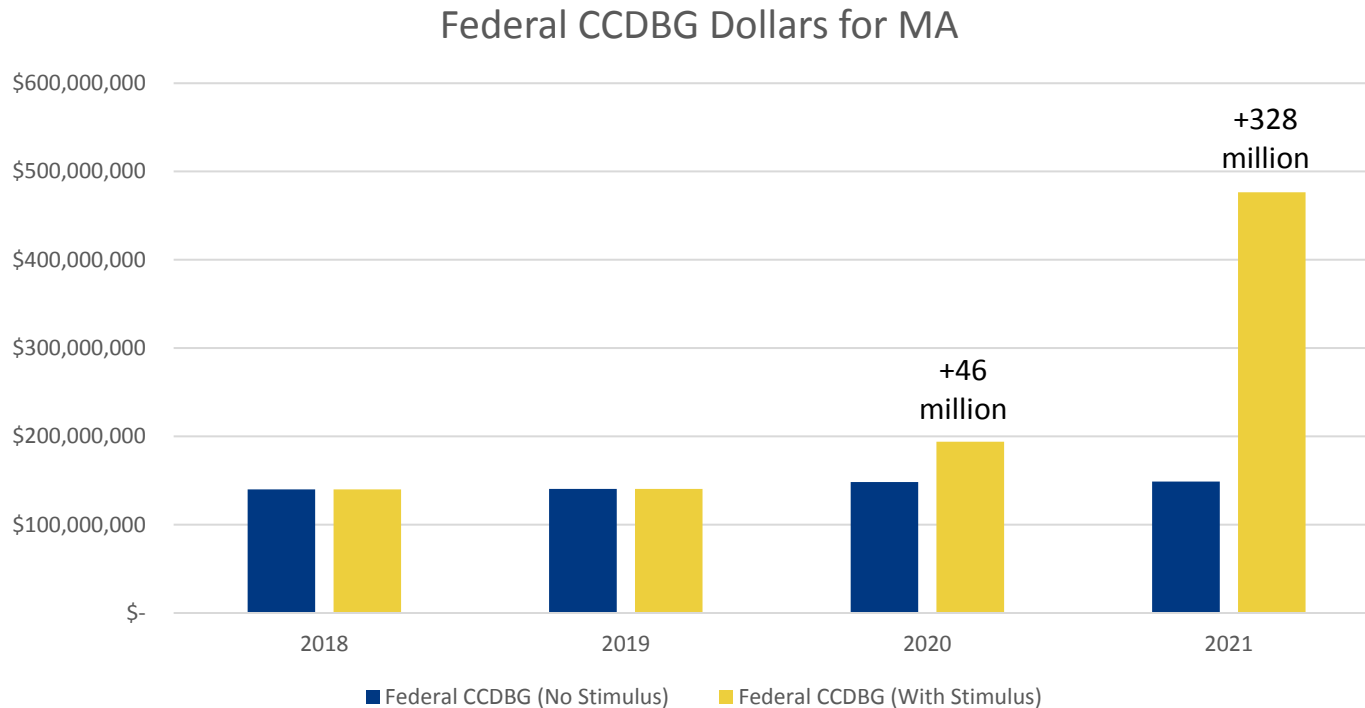
Early Childhood Coffee and Conversation: MA Landscape for Child Care Reform

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Federal Relief Funds and the Child Care Development Block Grant

In the first year of the pandemic, Massachusetts received an unprecedented level of funding for the Child Care and Development Block Grant, the main funding source for states to subsidize child care.



*Federal CCDBG without stimulus includes federal mandatory, federal share of state match, and discretionary dollars.

Federal Funding Streams for MA Child Care Relief

CCDBG FUNDS	MA ALLOTMENT	MA FUNDS SPENT	MA FUNDS REMAINING
CARES ACT: (March 2020)	\$45.7 Million	— \$45.7 Million	\$0 (spent on provider grants)
CRRSA ACT: (December 2020)	\$131 Million (appropriated)	— \$43.6 Million	\$87.5 Million (for stabilization grants)
ARPA: (March 2021)	\$196 Million (not appropriated)	— \$0	\$196 Million
GRAND TOTAL:	\$372.7 Million	— \$89.3 Million	\$283.4 Million

Child Care Stabilization Fund at a Glance

\$314 million
Total MA Funding for
C3 Grants

86%
% of Eligible Programs That
Have Applied for Grants

\$270 million
Funding Spent

65%
% of Funding Distributed to
Subsidy Programs

July 2022
When Grant Funds Will Be
Spent Down Without Further
Appropriation

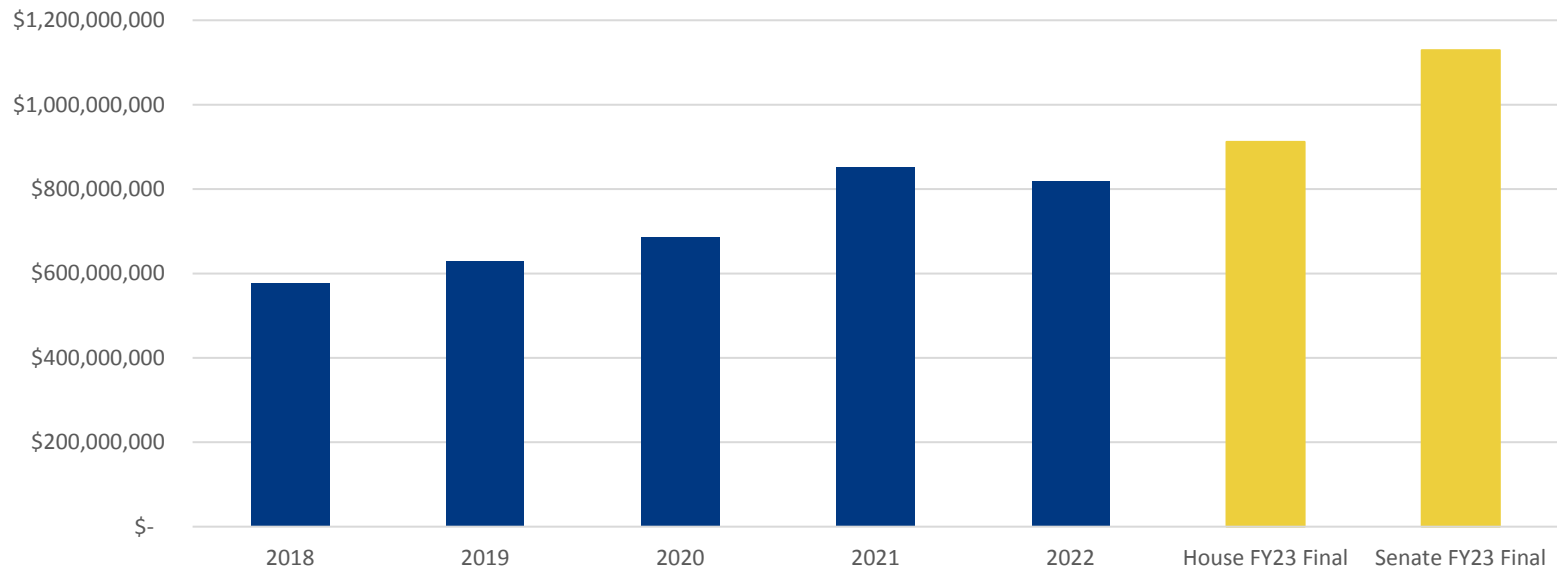
7
of Programs Receiving
Grants That Closed
July 2021 – February 2022



EEC Budget Over Time

Historically, roughly 80% of the EEC budget goes directly to subsidizing the cost of child care for families.

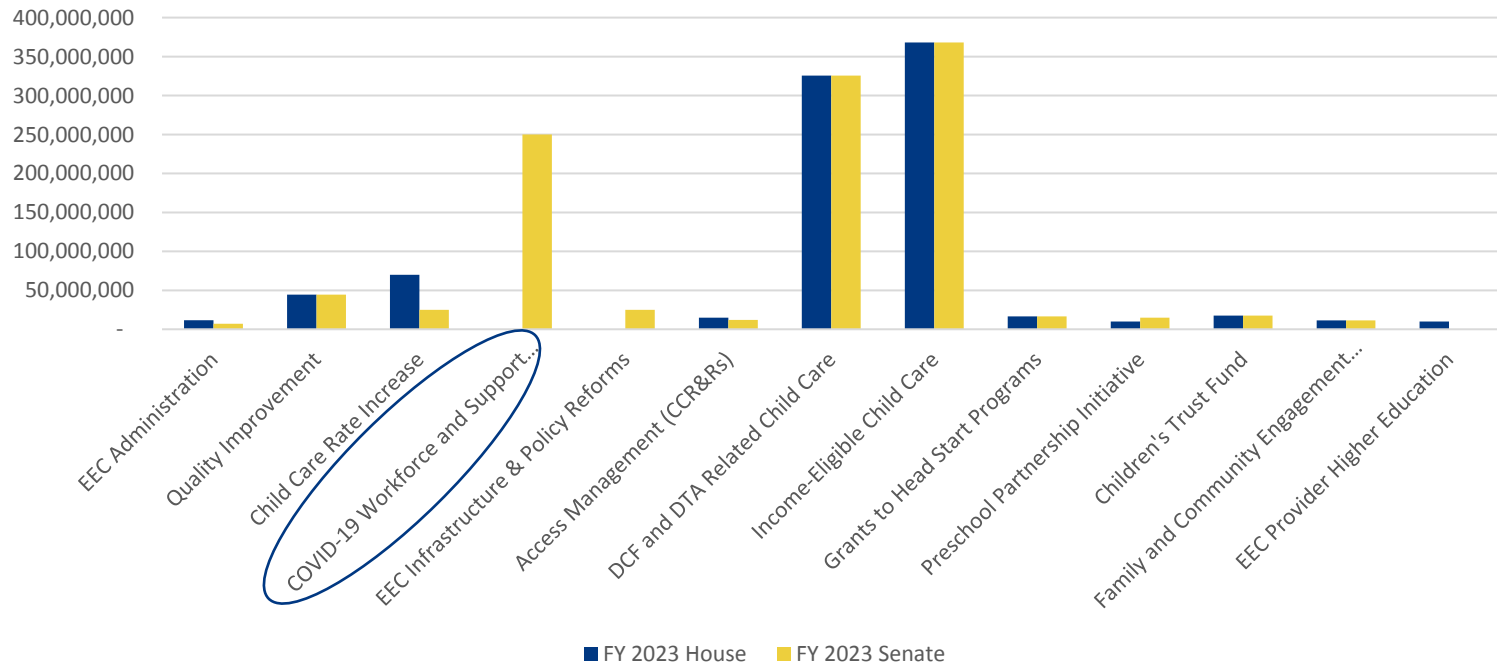
EEC Budget by Year



FY23 Budget (so far)

House makes key investment in reimbursement rates and provider higher education, while the Senate focuses on C3 grants and infrastructure improvements.

FY23 Budget - House vs. Senate



Conference Committee

How will this play out in conference committee? Who knows, but let's look to FY22 as a jumping off point...

Account	Name	House	Senate	Conference Report
3000-1000	Dept. of Early Education and Care	\$6,644,823	\$6,394,823	\$7,069,823
3000-1020	Quality Improvement	\$44,551,119	\$44,551,119	\$44,551,119
3000-1042	Child Care Rate Increase	\$20,000,000	\$0	\$20,000,000
3000-1044	EEC Parent Fee Reserve	\$0	\$8,950,000	\$8,950,000
3000-2000	Access Management (CCR&R's)	\$12,000,000	\$10,086,311	\$12,000,000
3000-3060	DCF and DTA Related Child Care	\$358,928,900	\$358,928,901	\$358,928,901
3000-4060	Income-Eligible Child Care	\$298,702,892	\$298,702,892	\$298,702,892
3000-5000	Grants to Head Start Programs	\$15,000,000	\$15,000,000	\$15,000,000
3000-6025	Commonwealth Preschool Partnership	\$5,000,000	\$10,000,000	\$10,000,000
3000-7066	EEC Provider Higher Education	\$5,000,000	\$0	\$5,000,000



Early Education Bill

What does it do?

1. Provides an aspirational framework to begin the process of reforming the MA child care system
2. Focuses in on Commission recommendations
3. Codifies operational grants and expands income eligibility for subsidies to 85% of state median income
4. Directs the EEC to design and study new programs

What does it not do?

1. Appropriate funding
2. Set a schedule for increasing reimbursement rates and expanding eligibility

Early Ed Bill vs. Commission Recommendations

Immediate Commission Recommendations

Early Ed Bill

#1: Extend C3 grants until at least December 2022	Partially, subject to appropriation
#2: Base subsidy reimbursements off of enrollment	Yes
#3A: Raise subsidy reimbursement rates #3B: develop new cost of care funding model	Partially, subject to appropriation Yes, directs EEC to create
#4A: Review subsidy regulations and policies #4B: increase navigational & outreach support to families	Yes No
#8: Increase workforce compensation through program grants and rate increases	Partially, subject to appropriation
#9: Develop and implement a career ladder and competency-based credentialing system	Yes, directs EEC to create
#12: Provide additional resources to the EEC to support management of new policies/programs	No



Early Ed Bill vs. Commission Recommendations

Longer-term Commission Recommendations

Early Ed Bill

#5: increase income threshold to serve more families through subsidy system

Partially, subject to appropriation

#6: explore incentives for employers to support additional education and care benefits

Yes, directs EEC to study

#10: Build a workforce pipeline using existing state structures and strategies

Yes, directs EEC to do/study this

#11: Explore additional strategies to increase workforce retention, including higher education loan forgiveness, and scholarship supports

Yes, directs EEC to design

#13: Support local partnerships across the mixed delivery system

Yes, directs EEC to study

#14: Pilot and evaluate local shared services and quality hubs to increase program operational capacity

Yes, directs EEC to study

#7: Implement additional strategies to expand capacity in underserved communities, including investing in facilities needs

Yes, directs EEC to study



Early Education Reconciliation Proposal

- Senators Patty Murray and Tim Kaine introduced an early education proposal through the reconciliation process
- Includes \$72 billion in additional funds for the Child Care and Development Block Grant
 - \$151 million for Massachusetts annually, for six years
- Additional funds for:
 - A pilot program to expand child care assistance (TBD)
 - Raise Head Start wages (\$12 billion)
 - Grants to establish and expand pre-school programs (\$18 billion)

Final Thoughts

- The policy window is open - investments for child care have increased, spurred by the impacts of the pandemic and timely advocacy
- FY23 budget tackles immediate reforms to stabilize the system
- Early education bill has an eye towards the future, though details need to be filled in and more data needs to be collected
- If passed, federal resources have the opportunity to change the early education policy landscape in MA