**Board of Early Education and Care**

**April 11, 2023**

**1:00 PM – 4:00 PM**

**Department of Early Education and Care, Taunton Office**

**100 Myles Standish Boulevard, Suite 100**

**Taunton, MA 02780**

[https://www.youtube.com/c/EECMass](https://urldefense.com/v3/__https:/nam04.safelinks.protection.outlook.com/?url=https*3A*2F*2Furldefense.com*2Fv3*2F__https*3A*2Fwww.youtube.com*2Fc*2FEECMass__*3B!!CUhgQOZqV7M!mtJGkDA0V8yVgg2uKSG9uy90hzVOfMC6kxew8RLmPytYEKM5G63U2wNQX5lmit0oRma9LJJQvSy2Xg9khjIXdBkRMbjsJqM*24&data=05*7C01*7Cmike*40renvisioning.com*7Cfc2fcdfea44a4844760708da926316e2*7C804f5616b15149f0831435a91562ab97*7C0*7C0*7C637983251547746626*7CUnknown*7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0*3D*7C3000*7C*7C*7C&sdata=GfmZaBZpVTD29gjgCI6wqLvtPwwz9k3Ct84ytJS62uk*3D&reserved=0__;JSUlJSUlJSUlJSUlJSUlJSUlJSUlJSUlJSUl!!CUhgQOZqV7M!nAONvpYnuUFeIIGmPyWAYzixbXXP4opicM2oKiaL2PxTSq3vmDXa1fDb49UwAzr-myowXZhp4oTO75KqUO9_ZCMBwQ$)

**Members of the Board of Early Education and Care Present**

Paul Belsito, Chairperson

Dr. Patrick Tutwiler, Secretary of Education

Amy Kershaw, Commissioner

Maria Gonzalez Moeller

George Atanasov (via phone)

Cheryl Travers

Carolyn Kain, J.D., Designee for HHS Secretary Kate Walsh

Stephanie Curenton, Ph.D. (via phone)

Mora Segal

Linda D. Sagor, M.D., M.P.H

Nikki Ruiz de Luzuriaga

Jamella Lee (via phone)

**AGENDA:**

**Welcome and Comments from the Chair**

Chairperson Belsito thanked the host office and explained the day’s agenda, which will focus on two critical items for discussion and one vote that is in service to the Department’s goal to help support providers across the Commonwealth while serving children and families in the most effective way possible, and continuing to provide access, affordability, and equality.

**Comments from the Secretary**

Secretary Tutwiler thanked Chairperson Belsito and the host office before providing an update on the budget process and stating that the House budget is anticipated to released the next day. Secretary Tutwiler also expressed optimism in anticipation of the budget release, and acknowledged a site in Lawrence, in partnership with the Commissioner and Governor, for the great work happening there.

**Comments from the Commissioner**

Commissioner Kershaw thanked Regional Director Renee Collyer and her team for hosting the meeting and also thanked Patsy Watson from Cape Cod Children’s Place for her leadership role at an event for childcare providers, including parents that wished to engage which resulted in 18 new interested providers.

Commissioner Kershaw noted that the Early Education- Higher Education Scholarship is now live, open, and available. EEC will be hosting two informational sessions on April 12th at 6pm and April 27th at 7pm, in English and Spanish. Information will also be on the EEC website.

Commissioner Kershaw highlighted that the C3 survey is up and running and has already received 4,400 (65% of participants) responses. She expressed appreciation for those filling out the survey and encouraged those that have not yet to please do so, as the data is critical for insight into the field and the impact of the grants.

Commissioner Kershaw acknowledged that the supplemental budget contains $63M for C3 grants, which will allow it to continue for remainder of the fiscal year. She expressed significant relief along with the rest of the Board.

Commissioner Kershaw provided an update regarding the Early Educator Pilot program. She stated that May and June Board meetings will be in Boston and then recess for July and August.

**Statements from the Public\***

Chairperson Belsito stated that there was no in-person public comment, but that public comment received through email had been distributed to the Board.

**Routine Business:**

* Approval of Minutes from March 21, 2023 Meeting – VOTE

Approved with Mora Segal and Nikki Ruiz de Luzuriaga abstaining

**Items for Discussion and Action:**

* Child Care Financial Assistance
  + Approval of Child Care Financial Assistance Regulations for Promulgation – VOTE

Commissioner Kershaw welcomed General Counsel Janis DiLoreto Smith and Director of Policy Development Joy Cohen to present the revised Child Care Financial Assistance Regulations.

General Counsel Smith stated that there was an end-to-end review of the financial system for early education and care with three major goals in mind: increasing overall system efficiency, prioritizing the needs and experience of families, and modernizing and updating the system. General Counsel Smith pointed out that there was a public forum held where 218 people participated, and 40 comments received, all of which made the regulations that are before the Board today more inclusive, readable, and better overall for users. These regulations will be sent to the Secretary of States’ office to be published in the Massachusetts registrar and become law. The effective date should be in a few months giving time to have the regulations aligned with policy.

Board member Segal inquired about which regulations will be most difficult to enact. Ms. Cohen responded that a culture shift in how and why we do our work is key. She stated the approach to doing this work should be family centered, removing barriers to access and facilitate access to meet families where they are. We need to focus on not reintroducing barriers while rebuilding the system.

General Counsel Smith further expressed the importance of educating our partners out in the field about the new documentation requirements and stressed that a robust training plan will be imperative.

Chairperson Belsito called a 2-minute break before the vote.

* **Approval of Child Care Financial Assistance (Subsidy) Proposed Regulations Revisions- VOTE**
  + **Approved, unanimously**

Chairperson Belsito thanked the public who commented and for the process to getting to this point. He went on to say that engaging with the public made things better and he looks forward to the implementation of the regulations.

* Early Education and Care Cost Research Findings and Recommendations
  + Implications for childcare financial assistance rates and structure

Commissioner Kershaw welcomed Senior Associate Commissioner for Research & Policy Amy Checkoway, Deputy Commissioner for Workforce, Program Support & Innovation Jocelyn Bowne, and Theresa Hawley, Ph.D. Commissioner Kershaw provided background information regarding the Market Rate Survey and Cost Study and discussed the process that was undertaken. Commissioner Kershaw explained the importance of cost of care and the methods that have been taken to understand and inform providers and families alike. She stated that states across the country have implemented cost studies for the same reasons. Commissioner Kershaw stated that this study will be helpful to the Commonwealth for affordable access and equity. Commissioner Kershaw clarified that a report will be produced by the end June and no vote is expected from the Board at today’s meeting.

Senior Associate Commissioner Checkoway introduced Theresa Hawley, Ph.D., Lead Researcher from the Center for Early Learning Funding Equity, sharing that Dr. Hawley has over 30 years of experience in government/ non-profit administration research and policy.

Chairperson Belsito thanked the team for being here today and acknowledged that the presentation last Fall resulted in some robust discussions and he expressed appreciation for that.

Senior Associate Commissioner Checkoway discussed federal expectations and provided context about where the agency has been and where it is headed. She stated that, in the past, the federal Administration for Children and Families (ACF) has guided states to focus on comparing reimbursement rates to market prices with a Federal goal of meeting the 75th percentile of market rates which is an important benchmark for states to aim for, although not required but should meet or exceed this. Senior Associate Commissioner Checkoway stated that currently, federal regulations require states to look at the cost of providing services.

Senior Associate Commissioner Checkoway acknowledged and discussed the Market Rate Survey and Cost Analysis timeline from 2018. Senior Associate Commissioner Checkoway highlighted the Phase Two cost study findings and recommendations with the Board. A final review by the Board was approved in October and a rate increase was approved in November 2022.

Senior Associate Commissioner Checkoway went over the 2022 Market Rate and Cost Study Scope and discussed the expectations for Phase Two. She reiterated that Phase One was the Market Rate Survey and Updated Preliminary Cost Analysis and Phase 2 will be the In-Depth Cost Estimation Study and Identifying Target Salaries for Cost Models. Senior Associate Commissioner Checkoway also included the 2022 Market Rate Survey findings, mentioning that the subsidy rates are below the 75th percentile in all regions, age groups, and provider types in the Commonwealth. She also added that subsidy rates were on average 23% lower than the benchmark rate and approximately 60% of providers reported that they accept childcare subsidies. The Board used these findings as the basis for approving targeted rate increases in November 2022, ensuring all rates at a minimum met or exceeded the 30th percentile of the Market Rate and there is not an official benchmark for this.

Deputy Commissioner Bowne discussed the FY23 Reimbursement Rate Increase of $80M that was approved at the November 2022 Board Meeting, which included a 10% increase for all Center-Based programs and FCC provider rates across the board and increased the daily add-on rate for supportive, young parent, and homeless contracts from $22-$23. She also went over the response to the 2022 MRS and preliminary cost Analysis, noting that in November 2022, the Board directed EEC to develop recommendations and report back within 6 months on both regional rate structure and further cost analysis to inform future rate settings.

Deputy Commissioner Bowne acknowledged moving into the next steps of Phase 2 cost study and how it focuses on more in-depth analysis of costs across the state, including focus on compensation and occupancy costs. She noted that over the next 6 months we will be working with OCC and discussing what methodology we will be using for the next cycle with work expected to be completed by June 30th of 2024. There will be an opportunity to propose changes going into FY25.

Theresa Hawley presented the Phase 2 Cost Study Findings and Recommendations and noted that prices and costs are two primary sets of information needed to set subsidy rates and overall funding policy for early education and care. She acknowledged that CELFE used the C3 application data to understand key costs such as program sizes/ number of classrooms for each age group, as well as current enrollment by age group. Also, programs reported the staffing patterns and number of FTE staff per position. She discussed salaries and how programs reported the highest and lowest salary for each staff within programs.

Dr. Hawley also noted that data sources were reviewed to inform cost models and highlighted provider cost of quality, HUD fair market housing cost, connector care premiums, MA report on employer-paid health insurance, analysis of what would constitute parity with K-12 compensation and CAYL- family childcare study. She shared that there were nine listening sessions with over 900 participants, involving both large and small programs. Some of the feedback involved challenges with inflation and not being able to afford staffing. CELFE created cost estimation models to assess the cost of program models and used data from the 2022 Market Rate survey, previous estimation work, data gathered from C3 surveys, and input from providers and systems experts during listening sessions.

Dr. Hawley discussed the changes made between Phase One and Phase Two, highlighting that staffing patterns changed to include more teachers and fewer assistants, salaries were updated to reflect data in the C3 application and desired salaries were reviewed through field input, health insurance costs were adjusted, and the MIT Living Wage Indicator was used to understand approximate regional differences. She also discussed the staffing at licensed ratio and scenarios, staffing at licensed ratio and increased ratio as well as increased compensation, and increased compensation/ increased staffing. She touched on the cost for center-based programs including personnel costs and non-personnel costs with a little bit of reserve included. Every program should be including reserve to be realistic and this is under the assumption that the program is about 85% full. She explained that identification of salary targets is an essential component of funding design. Childcare is in the second percentile of all professions and is one of the lowest paid jobs in the country which it makes it harder to staff childcare programs. She stressed that to retain people in the field, setting target salaries is key. EEC teachers should receive wages comparable to a K-12 teacher with the same degree attainment. Living wage is being used as the economic measure to pin the bottom of the scale and the salary ranges account for years of experience with an assumption that there will be an approximate 20% band of salaries for people at each level. All this was done within the 6 different regions.

Dr. Hawley discussed the business formula used for family child care cost model and discussed the variations.

Chairperson Belsito called a five-minute break.

Dr. Hawley provided CELFE’s recommendations for consideration. CELFE would like to move toward a more cost-informed reimbursement rate structure by simplifying rate structure to better align with economic indicators, set rates across ages in a consistent way across regions, use both the Market Rate Study and Cost Research to inform rates, and consider how child care financial assistance rates integrate with other funding sources. She went on to show that data on the cost of care is showing a much narrower range of costs, despite economic variation across the state. Statewide minimum wage of $15 per hour appears to have had a significant impact on reducing range of costs, creating opportunity to simplify the rate structure, including reducing the number of overall rates. She expressed that ultimately consistency is ideal across the regions. Dr. Hawley stressed that a market failure cannot be remedied by only raising subsidy rates, and strategies like the C3 grants will be needed to address the gap between the prices the market will bear and the true costs of operating high quality child care programs.

Dr Hawley discussed the timeline and next steps for the cost research process.

Chairperson Belsito thanked CELFE and asked the group if there were any final questions.

Commissioner Kershaw expressed appreciation CELFE for the presentation and work they do.

Meeting adjourned at 3:00PM