**Board of Early Education and Care Meeting**

December 8th, 2015

1:00 PM – 4:00 PM

**Department of Early Education and Care**

51 Sleeper Street, Fourth Floor

Boston, MA 02210

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**MINUTES**

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

Nonie Lesaux, Ph.D., Chairperson

James Peyser, Secretary of Education

Robyn Kennedy, designee of Marylou Sudders, Secretary of EOHHS (left at 2:45 p.m.)

Mary Walachy, Vice Chairperson

J.D. Chesloff

Sharon Scott-Chandler, Esq. (arrived at 1:30 p.m.)

Elizabeth Childs, M.D.

Joan Wasser Gish, Esq.

Eleonora Villegas-Reimers, Ph.D.

Joni Block

Katie Joyce

Thomas L. Weber, Commissioner of the Department and Secretary to the Board

**The meeting was called to order at 1:04 p.m.**

**Welcome and Comments from the Chair**:

Board Chairperson Nonie Lesaux welcomed everyone and provided a brief update due to the high number of individuals scheduled to offer public comment. She discussed the meeting she attended in Auburn during the previous week about the Early Literacy Expert Panel with Mariela Páez, Ed.D.; Amy Carithers, from the Department of Elementary and Secondary Education; Commissioner Tom Weber; and Carol Nolan, Associate Commissioner of Programs and Grants at EEC. The group discussed the panel's findings, issues, and potential next steps. For example, there is real urgency around the Massachusetts Kindergarten Entry Assessment ("MKEA") because the funding ends when the Race to the Top Early Learning Challenge Grant ("RTT ELC") finishes. Commissioner Weber spoke about EEC's opportunity to streamline and eliminate redundancies with assessment in FY17. The group would like to support both early education and care educators and families at the same time. The Board is now transitioning to a board level strategic working group with a focus on assessment. The findings will be critical for reform in this area. Chairperson Lesaux emphasized that the group must consider assessment beyond just what tools we have, but to what end, and how to provide support for children and families.

Chairperson Lesaux explained that today's budget discussion will make it apparent that the system is underfunded, and as discussed in many conversations, EEC is at a pivot point in moving towards quality early education and care. From an early education perspective, Chairperson Lesaux feels responsible for thinking about this topic in a different way, and wants the system to become data driven with quality at its core. This drives the work and generates a theory of action to get to the outcomes so the investments in early education and care are meaningful for children and families.

**Comments from the Secretary**:

Secretary of Education James Peyser was present but elected to defer to the Commissioner on any comments to allow time for public comment.

**Comments from the Commissioner**:

Commissioner Tom Weber provided a brief update due to the number of those seeking to provide statements to the Board.

**Commissioner Weber updated the Board on the following**:

**Child Care Financial Assistance System:**

Commissioner Weber has been in contact with the Board about the Child Care Financial Assistance System ("CCFA") over the past month, especially in light of the recent media attention it received. The CCFA team is focusing on attendance to ensure accuracy from July through November. The goal is to get 100% attendance by the re-launch of the CCFA system in January or February. There is no confirmed date for the re-launch yet, but he will inform the Board when he has a specific date. EEC is conducting targeted outreach to providers who have not input attendance. Approximately 400 providers have either not entered attendance or have incomplete attendance data. The CCFA team is providing weekly updates to the field about CCFA's progress, and Commissioner Weber commended the members of the field who have been assisting EEC with CCFA. EEC has devised a number of proposals and solutions related to CCFA jointly with the field.

**Release of Waitlist Remediation Funding:**

Commissioner Weber informed the Board that EEC is in the process of releasing vouchers from the waitlist remediation line item, and plans to release a little over 1800 vouchers throughout the next several months. The waitlist remediation process typically begins on approximately October 1st, but due to challenges with CCFA this year it was delayed to December 2015. The delay will not affect the number of vouchers released, but will alter the timing of the release.

**Licensing Educational Analytical Database Application Update:**

Commissioner Weber notified the Board that the Licensing Educational Analytical Database (“LEAD”) application is close to launching and he will provide a further update on the application in writing. He anticipates that LEAD will begin its initial phase in January 2016.

**Preschool Expansion Grant Update**:

Commissioner Weber updated the Board on the status of enrollment in the Preschool Expansion Grant ("PEG") program locations. Enrollment is at 100 percent in Boston and Lawrence. As for those PEG locations not at capacity, Holyoke has filled 90 percent of its slots; Lawrence has filled 75 percent of its slots; and the Lowell and Springfield locations have each filled 70 percent of their slots. EEC has been in contact with those locations not at capacity, and is permitting flexibility with the children's eligibility criteria at those locations. In Lowell and in Springfield, both communities have undertaken significant outreach efforts, which began prior to relaxing the eligibility requirements.

**Statements from the Public**\*

*The Board of Early Education and Care makes up to 30 minutes available for persons in the audience to address the Board on specific agenda items. In order to hear as many speakers as possible, the Board limits individuals to three minutes, although written material of any length can be submitted to Chairperson Lesaux or Commissioner Weber*.

**Clare Higgins and Gwen Hawk from Community Action of the Franklin, Hampshire, and North Quabbin Regions, Inc.,** spoke about the troubles they face retaining quality staff and about the low pay for early educators, stating that it has become increasingly burdensome to maintain high quality programming. The programs have suffered from high teacher turnover and expressed the importance of maintaining high quality staff. Teacher turnover mostly affects the children because the new staff does not have the same teaching skills and it is very difficult to provide continuity of care with high turnover.

**Jackie Gardner, Lead Preschool Teacher at the Guild of St. Agnes,** described her struggles as a single mother and an educator. She worked in the early education field for eighteen years, and subsequently left for two years to work in the public school system. She began at the Guild of Saint Agnes making $4.75 per hour and it took her fifteen years to get her Bachelor's degree. She now has student loan debt that she cannot pay and is looking for a second job. She urged that there be more respect for the early education and care profession and the fact that she has a degree, because children's success in elementary school begins with their early education experience.

**Debbie Kneeland Keegan, Executive Director and Founder of For Kids Only Afterschool ("FKO"), and Rislean Rosas,** advocated for raising EEC's reimbursement rates to increase staff salaries at programs. The rates are not high enough, especially in light of the varied and challenging populations of children the programs serve. Teachers leave and cannot be replaced, which causes their enrollment to freeze and creates a waiting list. There are presently 134 children registered for FKO who cannot begin because of the program's staff shortages. Ms. Rosas informed the Board that she began with FKO as an assistant group leader and believed she was good at her work. She started college but had to drop out and leave home at age 18. She was living in a shelter while working in the program and had to work three jobs to survive as an early education and care educator. She is now a full time staff member at FKO and is living with a friend because of high rent prices. She noted that she made more at Dunkin Donuts than she does as an educator.

**Marites MacLean, Family Child Care Educator in Fitchburg,** discussed her work as a family child care educator. She acknowledged that the Child Care Development Block Grant ("CCDBG") established the 75th percentile of the market rate as a benchmark, and she found out last week that family child care educators' rates are about 20% of the market rate. Ms. MacLean advocated for raising the rates to the equivalent of $15 per hour. She has been granted level 3 with QRIS and is working towards meeting level 4. She urged the Board to consider tiered reimbursement rates, quality awards and bonuses, and rate supplements for QRIS participants.

**Wayne Ysaguirre, President and CEO of Nurtury,** explained to the Board that he believes the field is currently in a crisis. He described his program's prior ability to have high levels of staff to provide services on behalf of children and families. Due to the low rates, Nurtury is no longer able to staff its programs in the same way. EEC drives the quality in the programs by creating a quality infrastructure, but when there has not been an investment into the quality system, then it does more harm than good. EEC does not own the crisis, but EEC must manage it. He urged the Board to consider working towards meeting the 50th percentile of the market rate because institutions like Nurtury will go under if rates do not improve.

**Carol Rubin, Massachusetts Regional Coordinator of the Parent Child Home Program,** referenced the letter sent to the Board prior to this month's Board Meeting, which requested that EEC consider further investment into the Parent Child Home Program. She noted that the program aligns with EEC’s intent to provide higher quality care and access, and described how the program serves several populations of underserved high-risk children. She noted that the program is data driven, and she looks forward to working on the initiative on assessment that the Board is developing.

**Gail Brown, Program Director of Cole-Harrington School Age Enrichment Program operated by Enable Inc.,** explained that she has been with Enable, Inc. for over thirty-five years. She has degrees from Boston University in Early Childhood Education, Special Education, and Social Work. She asked that the Board consider increasing the add-on rate provided as a part of EEC's Priority Populations Contract. The agencies and programs serving children from the Department of Children and Families ("DCF") will not be able to service the children unless the rate is increased. It is distressing that there are over 2000 DCF children waiting for funding. EEC has a legislative mandate to serve DCF children that it must fulfill.

**Claudette Jules, family child care educator affiliated with Catholic Charities,** advocated for EEC to provide more grants to providers. Sheexplained that she has been working with Catholic Charities for eighteen years. She has received grants from EEC on three occasions, and her program has improved thanks to the grants. Catholic Charities is very helpful to her by providing trainings, professional development, and providing equipment and materials to her home. Catholic Charities has also assisted the families she serves, such as over Thanksgiving when Catholic Charities donated a meal and clothing to one of her families who did not have money for a Thanksgiving meal. She noted that she was able to complete college courses thanks to EEC; an accomplishment that she had not believed was possible because she graduated high school in 1984.

**Doreen Dubique, Director of Nurtury located on Tremont Street in Boston,** spoke on behalf of the teachers she works with every day. She has been in the field for over 35 years, and has been a director for 30 years. She has had numerous staff tell her they can no longer afford work in the early education and care field. She has six vacancies she cannot fill. Children seem to bring more social and emotional needs requiring attention than ever before, and there is not enough staff to help the children in the classroom. She urged the Board to increase EEC's reimbursement rates to increase educators' salaries.

**Kathy Reticker, Executive Director of Acre Family Child Care,** shared with the Board the Pope's recent comment that there should be increases to teachers' pay. She stated the educational alliance is broken and in need of an increase to teachers' salaries.

**Kathy Sanchez, former educator at Community Teamwork, Incorporated ("CTI"),** explained that she used to work as an educator at CTI but left because she was not able to make ends meet. She was faced with either continuing the work she loved or being homeless. She was making $5 per hour when she started at CTI and $11.87 per hour when she left. She currently works at McDonald's part time where she makes $20,000 more per year than she did at CTI. As an educator, she enjoyed the relationships she made with children and families, seeing the children's smiles, and watching them turn into beautiful people after they left. She is presently continuing her education by pursuing a double major in human services and hopes to return to her profession as an educator when she can afford it in the future.

**Chris Hunt, Associate Executive Director of Children, Family, & Adolescent Services at CTI,** described the difficulties CTI encounters in recruiting and retaining educators. It used to be that educators in his programs would give their notice to teach in the public school and he felt okay with that situation. Now, educators are giving their notice to go and work at McDonald's. The field is in a staffing crisis. CTI had to reduce the qualifications of educators, which results in hiring staff of a lower quality, and there are still 19 openings in the program. Waitlist remediation cannot occur unless the quality of staff is increased. Children placed in classrooms with teachers who leave are in a lower quality environment. Quality comes down to the teachers. He asked that the Board consider these factors when making its budget recommendation.

**Debby Stratton, Preschool Program Director at South Shore Stars,** has been with South Shore Stars for eighteen years. The starting salaries, although good for the field, cannot compare to those salaries provided by Dunkin Donuts and McDonald's. Her program works with low income and at risk children and children who are less resilient due to unfortunate circumstances. One educator in her program is a lead teacher who is a single mother of three and responsible for caring for her ailing mother. She was not able to pay a $15 registration fee for training until the next pay period. Something is drastically askew when a teacher with a Master's degree cannot afford to pay $15 for a training course.

**Tamaria Folkes, Lead Teacher at YMCA of Greater Springfield,** informed the Board that she has been an educator for seven years and proudly represents the field. She stated that quality child care improves the performance of children who as a result have more advanced skills, and it allows teachers to provide direct attention to all of the children. Without investing in quality early education and care, the future of the country will be dismal. It is great that there are loans and scholarships available to teachers, but they are insufficient to make up for the low salary. The median salary is $35,000, which is slightly higher than a pizza delivery driver with five years of experience, and significantly less than a dog walker with five to nine years of experience. It is difficult to recruit and retain educators because there are no incentives. Ms. Folkes hopes that incentives will become available for educators who pursue higher degrees.

**Cathy Flynn, Executive Director of Child Care Services at the Merrimack Valley YMCA,** informed the Board that she just received the fourth resignation letter from an educator at her program. She urged the Board to revisit the rates so they can continue to serve children and families.

**Leo Delaney, Chief Executive Officer at Ellis Memorial,** urged the Board to invest in early education and care. Ellis Memorial cannot attract quality staff even though it has been able to offer salaries above $30,000 per year. He believes that we are about to enter a crisis and the Board should intervene by increasing EEC’s reimbursement rates. The $5 million dollar rate increase only equals to a 1.3% increase, which is not enough to address the crisis. Ellis Memorial will have to start closing classrooms if the rates are not increased soon. In Boston, a living wage is $50,000 per year, so all educators should meet that wage. There a crisis with respect to finding staff for infant and toddler care. Low-income working families deserve to send their children to a high quality program. After advocating to the Board, the next steps will be to advocate for increases to the governor and the legislature. This is the leadership where we can make the rate increases happen.

**Pam Kuechler, Executive Director of the Massachusetts Head Start Association,** addressed her participation on the stakeholder group working with EEC to review the requirements under the Child Care Development Fund ("CCDF") State Plan. Throughout the four meetings, the group was able to review changes to the plan, and learned of the opportunities it provides to EEC moving forward. The changes provide EEC with the opportunity to be creative and consider what is best for children, and invest in quality access rather than quality versus access. Ms. Kuechler hopes that the initiatives discussed during the CCDF Advisory Groups will be conveyed in the drafts of the CCDF State Plan and in public comment.

**Kira Taj, Bessie Tartt Wilson Initiative for Children, Inc.,** described the "Put MA Kids First" as a coalition focused on providing quality programming for children by strengthening the workforce. In 2010, EEC approved its QRIS standards. Changing the reimbursement rates to reflect quality is crucial. The field has accomplished a lot with minimal state investment, but we stand to lose those investments. We are losing classrooms and programs with the number of EEC licensed programs steadily decreasing from 2011 to 2013. She urged the Board to advocate for funding to stabilize and grow the budget and raise reimbursement rates.

**Lisa King, Director of Education & Children’s Services at Beverly Children's Learning Center, Inc. ("BCLC"),** discussed the community practices that were established with a group of providers last spring, which met to discuss recruitment, retention, and salaries of staff. It was determined that the average salary was around $29,000, which is much lower than the public schools that on average pay entry-level teachers approximately $45,000 per year. The infrastructure establishes quality, and if we want professionals then we must treat teaching early education and care as a profession. BCLC was recently awarded Early Education and Out of School Time ("EEOST") funds for a beautiful new center, but has been unable to fill the center due to lack of staff able to recruit children to attend the facility. EEC and the field need to come together to end the impending crisis.

Chairperson Lesaux thanked those who provided comments and invited the attendees to submit written comments.

**Routine Business:**

* **Approval of November 10, 2015 Board Minutes – Vote**

**Board Chairperson Lesaux proposed amending the minutes on page 1 to reflect that focusing on assessment was only part of the Board Meeting. Additionally, on page 11 of the minutes, Chairperson Lesaux suggested amendment of the third paragraph, third sentence, from "Screening and assessment tools are more than raising red flags" to "Screening tools do more than raise red flags". She also amended the fourth paragraph, third sentence from "use an assessment tool for screening" to "use a formative assessment tool for screening". Board Member Joan Wasser Gish sought amendment of the minutes on page 8, paragraph five, sentences two to three to read, "Board Member Wasser Gish replied that there are a variety of tools and metrics contained in QRIS. There is a lot of existing information and data that the agency could use to establish metrics on school readiness." She also sought to strike the words "to receiving services via access" from page 9, paragraph four, sentence two of the minutes.**

**On a motion duly made and seconded, it was:**

**VOTED that the Board of Early Education and Care approve the minutes of the November 10, 2015 Board Meeting as amended**.  The motion passed unanimously.

**Board Committee and Advisory Reports**:

Fiscal and Oversight Committee:

Board Member Elizabeth Childs reported that the Fiscal and Oversight Committee met on December 1, 2015, and the next meeting will occur on January 25, 2016. The Committee received an update on CCFA, which was described during Commissioner Weber's update. She emphasized the importance of programs entering attendance and placement data and encouraged the Board attendees to spread the word to providers. EEC is doing a workaround to ensure timely payments are made until the reconciliation is in place. EEC is very close in what it is paying out versus what was anticipated. EEC paid out $65 million when it anticipated paying out $63 million and $53 million when it anticipated paying out $54 million. That sort of reconciliation will be achievable when CCFA is running. The EEOST capital fund grant is ongoing, which is the bond funds issued to programs looking to improve their facilities. Last fiscal year, EEC issued ten grants for a sum of $4.5 million. For FY16, EEC is utilizing a pre-application process to make the grant application process more efficient. As of November 2015, there were twenty three applications received, which is on target for what was expected. The Governor will make the final announcement as to who received the grant in April 2016. The Committee also discussed transportation. The consensus was that there should be a consultant hired to complete a study of transportation services EEC is funding and compare EEC's practices to other states. The Committee hopes to use CCFA data to assist with the transportation review, because CCFA has more data available than is present in the legacy systems. The committee also discussed background record checks of transportation providers and how EEC's Priority Populations' Contract funds transportation. It was determined that the range of EEC's funding for transportation ranged between $54 million and $44 million each fiscal year. The reason why the number is not exact is because the Priority Populations Contract permits grantees to use the add-on rate of $17.22 for any combination of services, including transportation.

Advisory Council:

Board Member Joni Block reported that the Advisory Council is scheduled to meet this Friday, December 11, 2015 at EEC in Boston.

**New Business**:

No new business was raised.

• **Disclosures**

Board Member Sharon Scott-Chandler submitted a written disclosure that she is employed by Action for Boston Community Development ("ABCD"), a recipient of EEC funding.  Board Member Eleonora Villegas-Reimers submitted a written disclosure that she is employed by Wheelock College, a recipient of EEC funding.   Board Member Block submitted a written disclosure that her position as the Coordinated Family and Community Engagement ("CFCE") Coordinator with Brockton Public Schools is funded by EEC.

**Items for Discussion and Action:**

I. **Child Care Development Block Grant (CCDBG) Reauthorization Plan Public Comment Period - Discussion**

 *Relevant resources included in Board Materials:*

* Child Care Development Block Grant (CCDBG) Reauthorization and the Child Care Development Fund (CCDF) State Plan for Federal Fiscal Years 2016-2018, PowerPoint presentation dated December 8, 2015

Commissioner Weber introduced and provided context for the CCDBG Reauthorization and the CCDF State Plan presentation to the Board. Commissioner Weber stated that the objective of presentation will be to understand the activities that occurred over the last few months, and discuss issues raised by advisory groups. Commissioner Weber recommended that an ad-hoc Board working group be formed to work on issues pertaining to the CCDF State Plan over the upcoming weeks so a final product can be brought to the Board in February. Commissioner Weber noted that the early education and care system has four principal objectives and goals: school readiness, ensuring that families are self-sufficient, focusing on priority populations, and supporting the early education and care field. He noted that the CCDBG reauthorization is an opportunity to better align the system against these goals. Commissioner Weber concluded that the same goals and activities for the system are goals that EEC is seeking to further in its FY17 budget recommendation.

EEC Assistant General Counsel Tom Weierman presented an update of the CCDBG reauthorization and CCDF State Plan to the Board. Mr. Weierman stated that EEC has identified key individuals in the agency to draft responses for each section of the State Plan. In addition, EEC formed a CCDF State Plan Advisory Group comprising of ten key stakeholders that convened four times to discuss the requirements of the CCDF State Plan. Mr. Weierman noted that this has been a wonderful opportunity for EEC to hear the perspective from outside of the agency.

Mr. Weierman presented a number of key discussion points that emerged from the advisory meetings. He stated that the field favors twelve-month child care subsidy authorizations, because it will provide stability for children and providers. He reported that subsidy rates paid to providers are too low, which affects retention of teachers and impacts efforts to support quality programs. He emphasized the need for a tiered rate structure based on quality. Mr. Weierman noted that the requirements surrounding background record checks should be implemented in a way that does not influence the hiring process and avoids delays. Finally, Mr. Weierman stated that the department should work with other state or federal agencies to assist with unannounced annual monitoring visit requirements.

Mr. Weierman then discussed areas where EEC needs the Board's input. With respect to twelve-month minimum authorization periods for child care subsidies, he noted that in the current system, there may be shortened authorization periods due to the specific referral type or self-reporting requirements that render a parent ineligible. He asked the Board what self-reporting requirements EEC wants to impose, and whether there are any categories of families that the Board wants to extend an authorization to beyond twelve months.

Commissioner Weber noted that the existing system places administrative burdens on families, and Child Care Resource and Referral Agencies ("CCR&Rs") have multiple interactions with families in a single year. Commissioner Weber added that the system may benefit from EEC not looking back in time, meaning that if a family is eligible on the day they are assessed, then an authorization would stay in place for a year without revisiting it or imposing self-reporting requirements. Board Member Block commented that families have lost subsidies because their DCF or Department of Transitional Assistance (“DTA”) case closes or they no longer meet the criteria. Board Member Wasser Gish stated that twelve-month authorizations are a no-brainer and she supports longer-term authorizations for particular populations. Chairperson Lesaux added that this will eliminate transitions and instability and is a low-risk investment from EEC's perspective. Board Member Robyn Kennedy stated that some Health and Human Services-administered programs experience similar issues. Board Member Sharon Scott-Chandler commented that if a family's income changes, then the child should be able to stay in the child care program and have continuity of care, because often an increase in income is not sufficient to shift the family to the middle class. Board Member Childs stated that with respect to longer authorizations, EEC should look at Health and Human Services' priority populations. In addition, Board Member Childs suggested that the system have the flexibility to identify specific families that are eligible for longer authorizations.

Mr. Weierman stated that the CCDBG reauthorization does not come with additional funds to increase rates. He recommended that EEC consider revisiting how it funds ancillary services, such as transportation and priority populations. There was a push from the CCDF Advisory Groups to create a tiered rate structure, with some advocating for a “cafeteria plan” whereby providers are paid a base rate, with additional rates for certain add-on activities.

Mr. Weierman discussed the parent fee scale, noting that currently EEC employs a twenty-eight level fee scale. He noted that the scale is inconsistent. He added that the federal recommendation is that parent fees be tied to ten percent of household income. In addition, Mr. Weierman asked the Board whether they would like to see additional priority populations who would have their parent fees waived. Mr. Weierman stated that, currently, TAFDC, foster and guardianship families, DCF families, teen parents, and homeless families have their parent fees waived.

Board Member Wasser Gish requested that an avenue be created for the Board to look at the parent fee scale comprehensively beyond the FY17 budget conversation. Chairperson Lesaux replied yes, that it makes sense so the issue does not arise through multi-faceted avenues. Board Member Wasser Gish stated that such a discussion would serve as a precursor for addressing the larger topic of rates. Chairperson Lesaux responded that the working groups will be a way of addressing the rates discussion. Board Member Childs stated that the Board posed great questions, but it is important that it obtains financial information to weigh in effectively. Board Member Scott-Chandler stated that there will be financial implications as a result of the change to the minimum length of authorization. Ten years ago, she was an advocate for more access because so many children needed child care, but she can no longer advocate for this because of the system requires deeper changes. Board Member Childs stated that policy should always drive the finances, but the Board will need to understand the numbers and how it will affect the rest of the system. Commissioner Weber state that all items for discussion would likely require a board vote, which would allow for a greater level of detail and dialogue because changes would require resources to be shifted. Board Member Scott-Chandler inquired whether the Board can consider implementing the initiatives over time instead of looking at FY17 as the answer for all of our questions.

Mr. Weierman then discussed the eligibility and reassessment process which may not unduly burden a parent with assessment or reassessment. Mr. Weierman also asked whether the department needs to maintain a difference between part-time and full time eligibility. Regarding priority populations, Mr. Weierman stated that the department needs to target infants and toddlers, areas with high poverty, and low income families. He asked if the SMI high or low enough, how we meet needs of children with disabilities/special needs, and how we will serve underserved areas and provide non-traditional care options. Finally, with respect to license-exempt programs, Mr. Weierman asked if these programs should require licensure and how the department addresses this population that the state funds, but is not subject to licensure.

Mr. Weierman presented the timeline and next steps, including a presentation to the Advisory Council on December 11, 2015 and the draft State Plan completed by December 18, 2015. Mr. Weierman stated the dates and locations of the public hearings to accept public comment: Tuesday, January 5, 2016 in EEC's Springfield Office, Wednesday, January 6, 2016 in EEC's Boston Central Office, and Wednesday, January 13, 2016 in EEC's Worcester Office. Mr. Weierman stated that the final draft of the CCDF State Plan will be submitted to Board at February 9, 2016 meeting.

Chairperson Lesaux asked what the strategy will be for soliciting comments on the CCDF State Plan. Commissioner Weber responded that the department has some ideas, but the purpose of the public hearings is to solicit ideas. Commissioner Weber added that based on the CCDF Advisory Group’s work and ad-hoc committee work that will be performed, EEC should be in a good place to have firm proposals by January.

II. **FY17 BEEC Budget Recommendation - Discussion and Vote**

 *Relevant resources included in Board Materials:*

* FY17 Budget Request, PowerPoint Presentation dated December 8, 2015

EEC Associate Commissioner for Finance Sean Reynolds and EEC Director of Caseload and Financial Assistance Carole Meehan presented the FY17 EEC Budget Recommendation to the Board. Associate Commissioner Reynolds state that the goal of the presentation is to set forth the FY17 maintenance budget and discuss what the Board would like to include as discretionary proposals in its FY17 Budget Request. Associate Commissioner Reynolds stated that EEC is seeking an increase of $14,074,682 in maintenance funding over FY16 appropriations. In addition, EEC is seeking an additional $1,063,145 in funding to comply with CCDBG reauthorization requirements. Finally, Associate Commissioner Reynolds set forth EEC's proposed discretionary budget of $41,133,625 for targeted investments to help improve the quality of early education and care. Of this, the following discretionary targets were proposed:

* $13.65M to support a 3% increase for all regions and program types;
* $4.55M to create a pilot rate structure connected to quality ratings;
* $9.8M to secure a funding level adequate enough to fund 945 children on DCF's waitlist;
* $12.9M to secure additional funding to remove 2,000 children from the waitlist; and
* $250K to hire a consultant to complete a comprehensive review of EEC's transportation policies, costs, and service delivery model including a review of best practices resulting in recommendations.

Regarding FY17 maintenance costs, Associate Commissioner Reynolds stated that for EEC to perform the same services as in FY16, EEC will require $563,709,688 in funding, which represents a $14M increase in FY16 funding. Associate Commissioner Reynolds noted that the CCCDF Block Grant provides EEC with approximately 93% of its budget. Associate Commissioner Reynolds set forth the major areas that present significant financial challenges for Massachusetts to comply:

* Licensing and Monitoring: EEC will be required to conduct pre-licensure inspections and at least one unannounced inspection for both licensed and license-exempt providers. EEC projects a cost of $377,062 to comply with this requirement.
* Background Record Checks: EEC will be required to conduct expanded background record checks and projects at a cost of $686,083 to comply with these requirements by hiring twelve additional background record check specialists.

Associate Commissioner Reynolds then provided detail about the discretionary spending targets. He noted that the federal benchmark to provide equal access for subsidy recipients is 75% of the market rate. Associate Commissioner Reynolds stated that the State Plan must detail how EEC will comply, and noted that EEC will not comply without rate increases. To this end, EEC proposed $13,650,000 toward an across-the-board increase in rates, as well as $4,550,000 to create a pilot rate structure connected to quality. Board Member Block asked how the QRIS grants come into play. Associate Commissioner Reynolds replied that EEC has four million dollars in QRIS grants, and two million of the funding is accounted for by the Quality Improvement Grants. The rest of the funding is undetermined for FY17. Board Member Block inquired where the two million is going. Commissioner Weber responded that part of the money will supplant Race to the Top funding that will expire, and the rest will go to support QRIS and program quality. He also added that the QRIS validation study will ensure alignment between quality investments and performance of programs. The proposal is for a 3% rate increase with 1% to pilot a rate structure that will help to advance alignment with quality initiatives. Vice Chairperson Walachy asked whether every provider would receive the 3% rate increase and have the opportunity to receive the 1% quality rate increase. Commissioner Weber responded yes. Vice Chairperson Walachy inquired how long it will take EEC to reach the 75th percentile of the market rate. Commissioner Weber replied that it would take approximately three years and cost EEC approximately $50 million to reach the 50% percentile of the market rate, and approximately five to seven years to reach the 75th percentile. Commissioner Weber added that this structure provides EEC with the opportunity to shift to tiered reimbursement rates based on QRIS levels in the future.

Associate Commissioner Reynolds went through the other targeted discretionary spending, including $9,823,282 to fully fund children waiting for child care on DCF's waitlist; $18,860,343 to take fund 2,000 income eligible children from the waitlist; and $250K to hire a consultant to take a comprehensive look at transportation.

Vice Chairperson Walachy asked if it was correct that the waitlist remediation figure would calculate to a around $6,000 per child. Ms. Meehan responded that it is approximately $6,430 per child, plus any parent fees paid, which represents an average rate across all age groups. The figure does not take into account the type of care being provided.

Board Member Chesloff stated that the comments made during the public comment period are not substantially different than what was heard during public comment when the Board made its budget recommendation last year. The Board is making a statement with this budget recommendation, and the Board can acknowledge and amplify that the field is in crisis. He stated that the department could aim to increase rates to the 50th percentile in two years, and that money can come from waitlist remediation to reflect the principle that rates need attention. In addition, Board Member Chesloff suggested that a strong cover letter could articulate the crisis, but the budget recommendation should reflect the crisis.

Board Member Childs agreed with Board Member Chesloff, acknowledging that the department will have to be prepared to deliver services on a budget whether we have an increase, level funding, or a reduction in funding, and the department must be clear what it is prioritizing. If we want to sustain the 2.75% growth, then we must increase our budget. Board Member Childs continued that in a reduction scenario, the Board should reallocate services from expanding the number of children served to increasing the reimbursement rates.

Secretary Peyser explained that the recommended budget is voted on by EEC’s Board, and Secretary Peyser forwards the Board’s recommendation to the senate and house ways and means committees, the joint committee on education, and to the secretary of administration and finance. As a result, Secretary Peyser elected to abstain from today’s vote. He expressed that it was important for him to convey that we continue to live in a time of fiscal constraint, and the administration is considering § 9C cuts during the next fiscal year. The outlook has been shifted to negative due to concerns within the market. There are many things driving our expenses above revenue projections. Secretary Peyser continued that the State is currently in a position where discretionary items are placed under a lot of pressure. He noted that Board Members Chesloff and Childs both have good points, and agreed that it is about making priorities and choices. He asked that the Board be cognizant of the budget situation, because if the Board does not decide what to prioritize, then someone else will make the decision for them.

Chairperson Lesaux agreed with Board Member Chesloff’s comments, and asked how the Board imagines the quality piece coming into play with respect to rates. Board Member Wasser Gish asked if voucher access would be closed absent waitlist remediation. Associate Commissioner Reynolds responded that some continuity of care would be available, but generally access would be closed. Commissioner Weber added that under the maintenance budget, income eligible access would be closed, but if the DCF proposal is funded, then access would be open for DCF referrals. Board Member Wasser Gish inquired whether the quality of the services provided in a program would be impacted if EEC serves all DCF children but does not successfully serve more income eligible children. She noted that the number of children entering programs with very high needs is increasing, and that coupled with the lower quality programming prevents programs from meeting the needs of high needs children. She requested that the Board be attuned to that issue, and that it consider the implications of opening up access to certain populations and not others. Commissioner Weber replied that over the course of two and a half years, he has seen a little over 6,500 supportive children served, significant expansion, and an influx of children with high needs. EEC is at 120% utilization rate for supportive slots, a population who typically tends to have high needs, and have often experienced trauma. Income eligible contract utilization has fluctuated between 85% and 92%, and many of those children in income eligible slots are at the same program as children in supportive slots. There has been a shift of the balance toward serving children in need of greater services.

Board Member Block added her support in terms of requiring prioritization, because determinations cannot be formulated without vision. She urged the Board to consider the issue of quality versus quantity, and review what other work EEC does to improve the quality of programming. When the Board discusses quality, it must consider the other work EEC is involved in that focuses on improving quality. Board Member Block called for a comprehensive view of the work EEC is managing that addresses quality to determine whether the Board can integrate this work into some of these considerations. Chairperson Lesaux agreed and stated that Undersecretary Reale mentioned this at the last Board meeting.

Board Member Childs stated that it is important to listen to the people who are doing the work and that she values the public comments heard today. The field cannot do quality work when they are demoralized. She added that she would prefer to see EEC doing something well, even if it means serving fewer children and reallocating funds to make this happen. She expressed that she took all of the public comments to heart today. Chairperson Lesaux stated that programs are probably still going to serve more children, because programs do not currently have sufficient staff to operate at their maximum capacity. She also noted that the Board must review the reallocation to make sure it creates enough of a bump to the rate to make a difference. Raising teachers’ salaries from $25k to $27k is not a sizable bump and is not the best use of resources.

Board Member Wasser Gish stated that rates are the floor of quality in our overall system. She added that low rates increase turnover costs and a loss of experience, and that the department is trying to increase quality and demands on educators without paying for it. Board Member Wasser Gish proposed a 6% increase across the board and to maintain a pilot to tier rates so the department can incentivize quality. Chairperson Lesaux asked where the 6% number comes from and what the threshold rate increase should be to stabilize the field. Board Member Wasser Gish responded that the most likely source of funds would be waitlist remediation, but the Board should consider the impact of not serving income eligible children and missing out on the appetite of the legislature for serving preschool aged children.

Board Member Childs asked what the department would able to do with at best a 2.75% budget increase, and whether that means there should be a significant rate increase regardless, knowing that the money will have to be taken from another source. Board Member Joyce stated that the Board needs to be realistic about its request but should also be aggressive, as the budget is the Board’s policy statement and the Board does not want to miss an opportunity. Board Member Scott-Chandler agreed, stating that the Board must be clear about its priorities. She added that with respect to waitlist remediation, the department still has funds that have not been deployed.

Board Member Chesloff stated that there should be a cover letter reflecting an understanding of the fiscal environment, but also setting forth the Board's principles. The principles governing the recommendation should include, the recognition of the crisis of the field; prioritizing rates and workforce of waitlist remediation; and connecting quality to programming. He added that a 6% increase is nice but feels arbitrary, and if some of the waitlist remediation money is moved over to the rates, then EEC would be able to achieve the 50th percentile of rates within two and a half years. He continued that as a steward of EEC, he is worried about EEC staff’s capacity to do all that is required, and there is nothing in the maintenance budget about the fact that EEC staff are overworked especially after the Early Retirement Incentive Program occurred.

Board Member Childs advocated for retaining the $250K for the transportation study, stating that the department spends $44-54M on transportation and $250K for review of transportation expenditures is reasonable and small resulting in a potentially big return. EEC does not have the capacity to complete such a study, requiring that the work be done by a consultant.

Chairperson Lesaux summarized the discussion by proposing to reduce the discretionary targets to the rate increase, the pilot rate program, and the transportation consultant, and take the remaining proposed discretionary funds and apply them to the rate increase. Chairperson Lesaux asked whether the Board thought the rate increase should be across the board. Board Member Villegas-Reimers responded that the rate increase should be across the board, due to the severity of the crisis. Board Member Wasser Gish noted that the quality pilot is an opportunity to learn more broadly about quality before promoting tiered reimbursement. Board Chairperson Lesaux stated the Board would impose a universal rate increase, spend more time on the correlation between quality and rates for the system, and the universal rate increase would apply across the system. Board Member Childs agreed on an across the board approach, but suggested that the department's statement acknowledge that reimbursement rates are connected to quality.

Vice Chairperson Walachy stated that the rate increase will have to happen even assuming that the department does not obtain a budget increase. She added that the Board should show that they are committed to this goal, regardless of whether we see a budget increase. Chairperson Lesaux stated that the messaging is much stronger than the actual numbers. Chairperson Lesaux added that the messaging should be that this is a year for rates, the field is in crisis, and we have high quality programs running deficits.

Board Member Villegas-Reimers asked how the department plans to serve DCF children. Chairperson Lesaux responded that EEC would not, but would instead be spending time stabilizing the system. Board Member Block asked if the Board had flexibility with the numbers after the vote. Commissioner Weber responded that this is just a recommended budget and the department will have as much discretion as permitted by the final budget. Commissioner Weber added that nothing proposed today is binding upon EEC, because the final budget determines how money is appropriated. Board Member Chesloff commented that it is important that when the final budget request is determined there are principles guiding the funding.

Chairperson Lesaux state that the Board may not want to think about rate increase and pilot as two different things. Board Member Childs agreed, stating that this is a much stronger argument and it gives the department more flexibility. She also added that asking for $41M may not be realistic. Board Member Scott-Chandler asked what this would mean, with Board Member Childs responding that the budget recommendation should be tied to growth. Secretary Peyser added that 5% growth would be very high. Board Member Scott-Chandler stated that the budget recommendation is not unrealistic because by doing so, the Board has prioritized regardless of what budget the department receives.

Chairperson Lesaux summarized the discussion by stating that the Board proposes discretionary spending on rates and rate reform, and a small amount of money to study transportation. She added that the Board proposes focusing less on access and more on rates over the next twelve to eighteen months. Commissioner Weber asked for some more clarity as to the Board's vote. Chairperson Lesaux stated that the discretionary ask should be $41M. Board Member Chesloff asked why the Board couldn't recommend funding the rates to the 50th percentile in year one. Commissioner Weber responded that to get to the 50th percentile in year one would require $49M. Board Member Childs stated that the Board should ask to fully fund its maintenance budget, work towards fulfilling the CCDBG requirements, and spend a discretionary amount of $25M for rates and quality with $250K to study transportation. Board Member Childs stated that the goal will be to get to the 50th percentile of the market rate by next year.

Board Member Chesloff asked about the DCF piece, with Board Member Childs responding that she isn't sure, but that the DCF request may water down the budget request because the Board is stating that programs presently lack the capacity to serve more from this population right now. Board Member Wasser Gish stated that the Board can make the argument that the department can use the $41M, and if the department is not willing to serve high needs populations, then the Board will need to make some accounting for this and make a plan going forward. Commissioner Weber added that EEC is legislatively mandated to fund DCF children, and if EEC does not have sufficient funds to serve DCF children then money will be pulled from the income eligible account. Chairperson Lesaux summarized that the Board is recommending that the money allocated for waitlist remediation is reallocated to the rate increase. Vice Chairperson Walachy asked if the word pilot accurately reflects what the Board is seeking to do with respect to the tiered rate structure. Chairperson Lesaux agreed that the word does not capture what is trying to be accomplished by the program.

**On a motion duly made and seconded, it was:**

**VOTED that the Board of Early Education and Care, in accordance with G.L. c. 15D, § 4, hereby adopts the Commissioner's proposed Fiscal Year 2017 Budget Request as its budget recommendation, as amended during the Board Meeting discussion, and further authorizes the Commissioner to submit the Board's final budget recommendations to the Secretary of Education.**

The motion passed unanimously. Secretary Peyser abstained.

**On a motion duly made and seconded, it was:**

**VOTED that the meeting adjourn at 4:31 p.m., subject to the call of the Chairperson.**

The motion passed unanimously.

 Respectfully submitted,

 Thomas L. Weber

 Commissioner of the Department and

 Secretary to the Board