

Commonwealth of Massachusetts
Department of Early Education and Care
Commonwealth Cares for Children (C3) Information Session



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Commonwealth Cares for Children (C3) Program Updates

C3 Overview

For three years, **Commonwealth Cares for Children (C3)** has served as a vital source of financial stability for the state's rebounding early education and care sector, providing monthly payments to over 8,000 programs across the state since its inception.

Since its launch, C3 funding has helped to support:



Stabilizing operational expenses and maintain capacity for working families



Addressing some of the challenges that the sector faces with recruiting and retaining educators and staff through new investments in the workforce including increased compensation, benefits, and professional development



Mitigating the need for tuition/fee increases in the face of significant rising costs, benefiting a broad range of working families



Sustaining and building the quality of services and education that families with young children need to work and thrive

C3 has been a critical support for the field

Through C3 participation and ongoing surveys, EEC has an unprecedented understanding of programs' needs and progress across the diversity of the system.

Tracking Changes Over Time



Program Stability

- License capacity exceeds pre-pandemic levels
- Some programs rely heavily on C3 funding to sustain operations



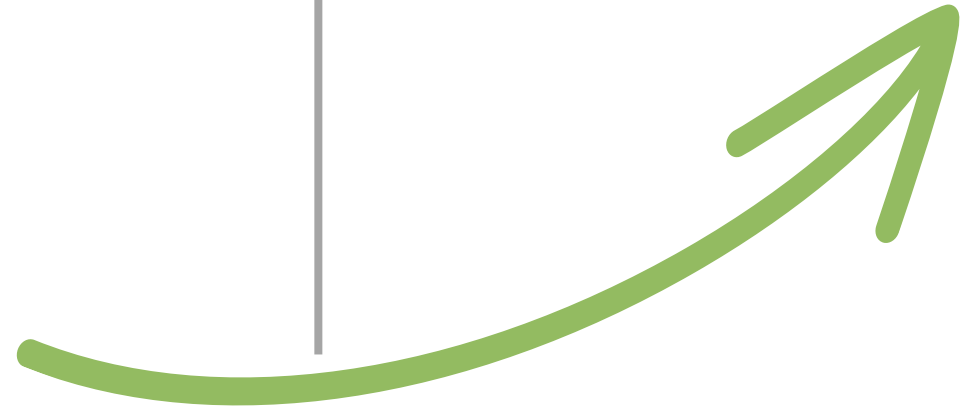
Workforce Supports

- Educator compensation has grown during the C3 period



Family Access

- Programs report using C3 funds to maintain affordability for families



C3 Goals for FY25

- **Recognize C3 as a critical funding mechanism for the early education and care sector** that provides ongoing operational resources to programs.
- **Maintain C3 universality** to sustain and expand capacity to serve working families, invest in workforce and program quality, and build a system that is more accessible and affordable for all families.
- **Provide more equitable distributions aligned with expected costs and enrollment** to better support all programs serving infants and toddlers, providing longer hours, etc.
- **Direct additional funding to programs that serve low- and moderate-income working families** including supporting and incentivizing programs to serve children that receive EEC Child Care Financial Assistance (CCFA).
- **Ensure funding predictability** at the state and individual program level for planning and budget management.

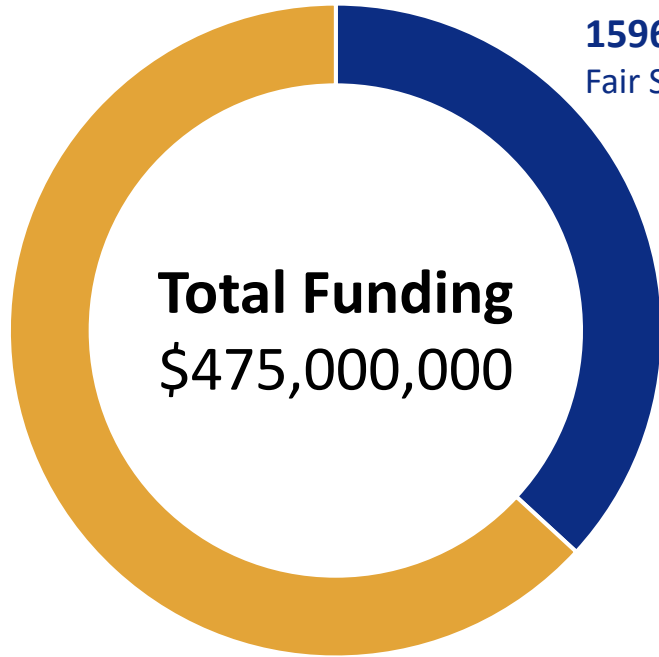
FY25 Budget Requirements

3000-1045: \$300,000,000

High-Quality EEC Affordability Fund & iLottery

1596-2410: \$175,000,000

Fair Share Revenue



Outside Section 189 includes additional requirements for the agency in administering C3 in FY25, including establishing funding requirements based on provider enrollment.

Provider Enrollment Characteristics	Funding Requirement (of Total C3 Funding)
<ul style="list-style-type: none"> ≥25% of children receiving CCFA ≥25% of low-income/at-risk children Head Start/Early Head Start 	≥50.5%
<ul style="list-style-type: none"> ≥1% but <25% of children receiving CCFA 	≥28.4%
<ul style="list-style-type: none"> No children receiving CCFA 	≤21.1%

Caps annual funding for for-profit providers that operate more than 10 center-based programs in MA at 1% of total C3 funding.

Authorizes EEC Commissioner to grant a waiver of the 1% limit, if determined to be in the best interest of the Commonwealth.

In developing the formula for FY25, EEC is also taking into account other outside sections that make C3 permanent beginning July 2025 and include additional requirements.

Proposed C3 Formula for FY25

Base Rate

Equity Adjustment

License Capacity (adjusted by % enrolled)

X

Differential Rates Based on Youngest Age Served (Center-Based) or Staffing (Family Child Care) and Hours of Operation

X

Based on Program Tier

Based on cost models, this part of the formula recognizes differential gaps between revenue and costs faced by programs serving children of different ages and operating full or part time.

This part of the formula recognizes programs serving children with CCFA, other financial scholarships provided to families, and those in a very low opportunity area.

FY25 Base Rates for Different Program Types

Proposed rates based on the following information from cost modelling:

1. Recommended staffing based on ages/program type served
2. Proposed higher salaries
3. Other costs associated with each program type

Aligned with identified gaps between costs and revenues identified by the cost models.

Center-based programs

(full- and part-time rates for each program type below except school age, part time = <25 hours per week)

- Programs serving infants as youngest age group
- Programs serving toddlers
- Programs serving preschoolers
- Programs serving (only) school age

Family child care programs

(full- and part-time rates for each program type below)

- Programs with full-time assistant
- Programs with part-time assistant
- Programs without an assistant

Proposed New C3 Formula

Base Rate					
Licensed Capacity (Adjusted by enrollment*)	Standardized Base Rate* (Based on youngest age group served, differentiated for part time programs)				
	<table border="0" style="width: 100%;"> <tr> <th style="width: 50%; text-align: center;">Center Based Care</th> <th style="width: 50%; text-align: center;">Family Child Care</th> </tr> <tr> <td style="vertical-align: top;"> <p>\$100 if serve infants (\$80 if open part time)</p> <p>\$80 if serve toddler (\$60 if open part time)</p> <p>\$70 x if serve preschool (\$50 if open part time)</p> <p>\$50 if only serve school age (including K)</p> </td> <td style="vertical-align: top;"> <p>\$80 if Full Time Assistant (\$60 if open part time)</p> <p>\$60 if Part Time Assistant (\$40 if open part time)</p> <p>\$50 if No Assistant (\$30 if open part time)</p> </td> </tr> </table>	Center Based Care	Family Child Care	<p>\$100 if serve infants (\$80 if open part time)</p> <p>\$80 if serve toddler (\$60 if open part time)</p> <p>\$70 x if serve preschool (\$50 if open part time)</p> <p>\$50 if only serve school age (including K)</p>	<p>\$80 if Full Time Assistant (\$60 if open part time)</p> <p>\$60 if Part Time Assistant (\$40 if open part time)</p> <p>\$50 if No Assistant (\$30 if open part time)</p>
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1					
2					

Equity Adjustment		
Tier 1	<ul style="list-style-type: none"> Serves 25% or more children receiving EEC CCFA, or is a Head Start Program, or is located in a very low opportunity area 	X 3
Tier 2	<ul style="list-style-type: none"> Serves 1-24% children receiving CCFA, or Serves at least 25% of children with non-CCFA scholarship that covers at least 50% of tuition, and not in a very low opportunity area 	X 2.5
Tier 3	Does not qualify for tier 1 or tier 2, or CEO compensation ratio exceeds 30:1	X 1

X

1% Cap Requirements

The FY25 budget language relating to C3 (Outside Sections 36 and 189) institutes a cap on annual funding for for-profit providers that operate more than 10 center-based programs in the state. These organizations are limited to receiving a maximum of 1% of total C3 funding. The language applies to C3 in FY25 and beyond.

The language also authorizes EEC Commissioner to grant a waiver of the 1% limit, if determined to be in the best interest of the Commonwealth.



A review of umbrella agencies in LEAD identifies **7 for-profit umbrella** organizations that operate more than 10 sites in MA. These organizations represent 262 individual sites that serve approximately 23,000 children.



EEC is developing a strategy for implementing this requirement and will update the Board at our October meeting. The strategy will consider the impact on accessibility and affordability for families.

Summary of C3 Adjustments Proposed for FY25

Further differentiate per child base rates used to distribute funding to align with proportionate gap between program costs and revenues for different program types in EEC cost models

- Takes into account ages served (for centers), staffing (for FCCs), and hours of operation.
- Will result in some shifts to program funding levels within tiers.

Adjust per slot payments based on reported annual enrollment averages

- For program enrollment $\geq 75\%$ of licensed capacity (center-based) or ≥ 3 children (FCC) programs would receive full per slot allocations
- For center-based programs below this benchmark, per slot payments would be prorated by actual enrollment averages. FCCs would receive 75% of payment if they enrolled < 3 and ≥ 2 children on average, 50% of payment if < 2 and ≥ 1 , and 25% of payment if < 1 child

Replace Social Vulnerability Index (SVI) with Child Opportunity Index (COI) as place-based metric

- Replace SVI – a tool used to measure a community’s vulnerability to disasters – with the COI, which specifically focuses on the quality of local resources and conditions that impact children’s healthy development (see Appendix for additional details).

Adjust CEO compensation ratio Those above 30:1 will not receive equity adjustment

Apply funding caps to large for-profit providers as per budget requirements

- Develop strategy to cap payments to for-profit providers (and non-MA non-profits) with more than 10 programs at 1% of grant expenditures
- Disallow franchises to include C3 funds in royalty calculations and treat them as independent providers

Set consistent monthly C3 payments so that funding levels are stable and predictable

- Set fixed payments based on fall program data and hold payments constant for the remainder of the fiscal year

Open C3 to newly licensed providers quarterly

- Set aside funds at beginning of year for new programs to be able to enter quarterly, and if the projected obligation to new programs exceeds available funds, EEC would close access

Continue administrative improvements introduced in FY24

- Maintain quarterly deadlines for recertification
- Gather information about willingness to engage in a voucher agreement if a family with CCFA seeks enrollment

FY25 Implementation Timeline

September



Work to model and finalize C3 formula to consider new budget language and feedback from the field



Payments based on May/June funding tiers and approach



Continue quarterly process of admitting new programs

October



Update application to collect data needed for new formula



Inform programs of estimated November payments, final payment based on May/June funding tiers and approach



Continue quarterly process of admitting new programs

November



Launch a fully revised application and new formula



Set payments for the rest of the fiscal year based on new formula



Continue monthly recertifications and quarterly process of admitting new programs

For the most up to date information, program resources & opportunities to learn more and share feedback visit: mass.gov/c3