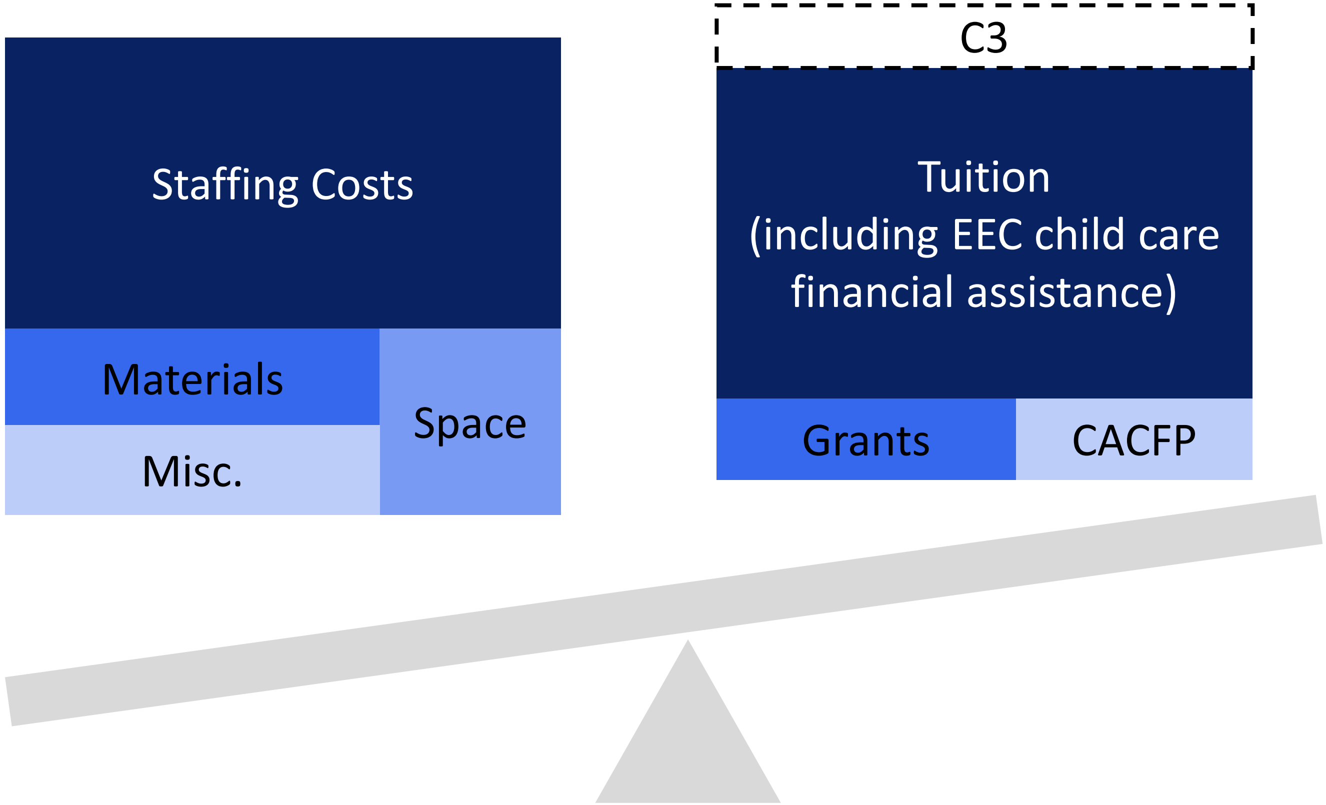
Commonwealth Cares for Children (C3) Fall Survey Data

Please note these slides are from the Board of Early Education & Care January and March meetings that occurred on January 10, 2024 and March 13, 2024 and are not inclusive of all survey data.

C3 funds play a key role in supporting the early education and care market.



In a functioning market, revenues are expected to be greater than costs, allowing for reasonable reserves and opportunities for reinvestments.

- Child care revenue comes largely from tuition, whether in the form of parent fees or child care financial assistance from EEC.
- Data from C3 grantees points to ongoing challenges in balancing costs associated with workforce retention with affordability for families.
- C3 helps programs mitigate the need for tuition/fee increases in the face of significant rising costs, benefiting a broad range of working families.

As of the most recent C3 survey, 1,161 providers report they would close without C3 funds.

Fall 2023 C3 Survey Overview

In October, EEC launched the fifth in a series of surveys to gather additional information about programs' use of C3 grant funds, ongoing financial needs, investments in educators, and services provided to families.

The fall survey launched on October 31, and providers were required to complete the survey when they applied for their December monthly C3 grant.

This analysis includes responses from 6,864 providers (84%) that completed the survey prior to January 1, 2024. Respondents include:

- 2,468 GSA programs (84%)
- 4,396 FCC programs (85%)
- 4,291 programs (92%) that serve children with subsidies*

Response rates by region range from 82% in the Southeast and Cape to 88% in Western MA.

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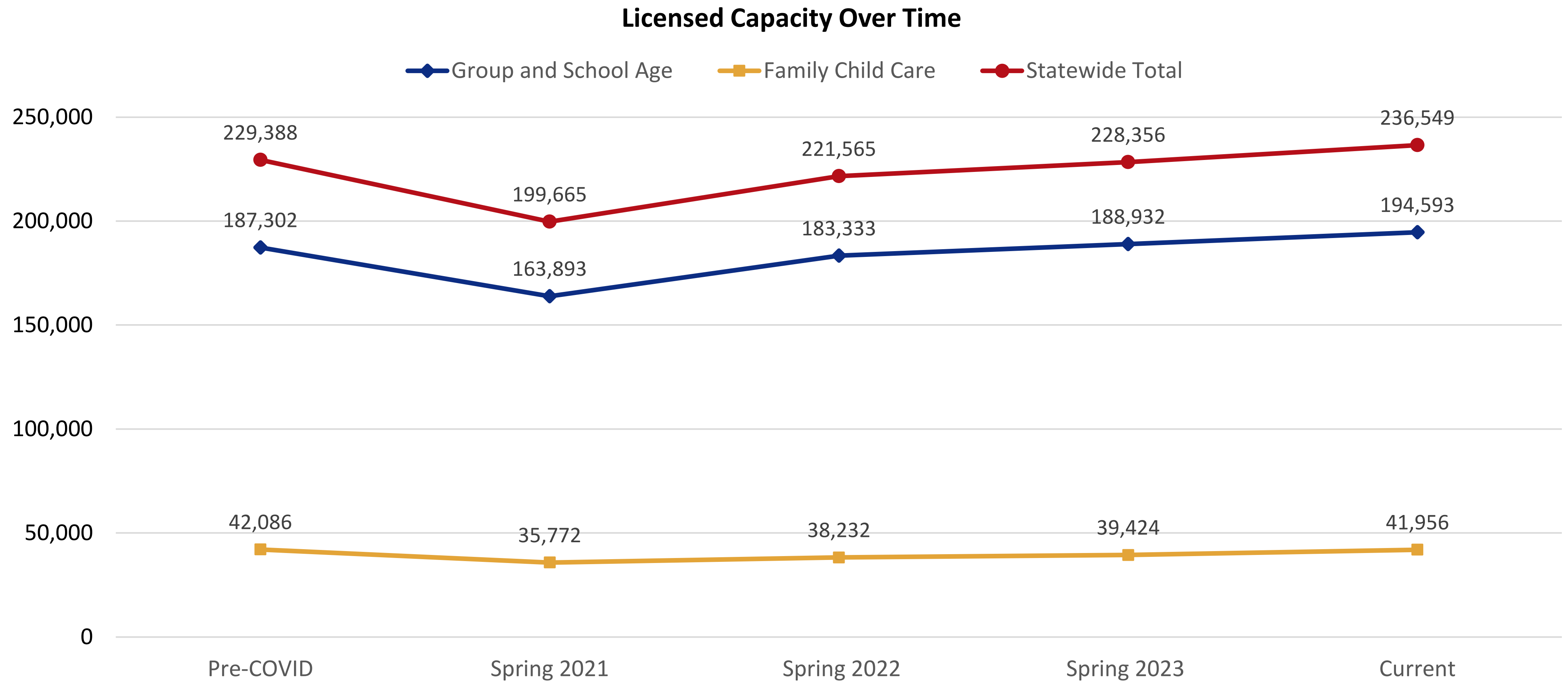
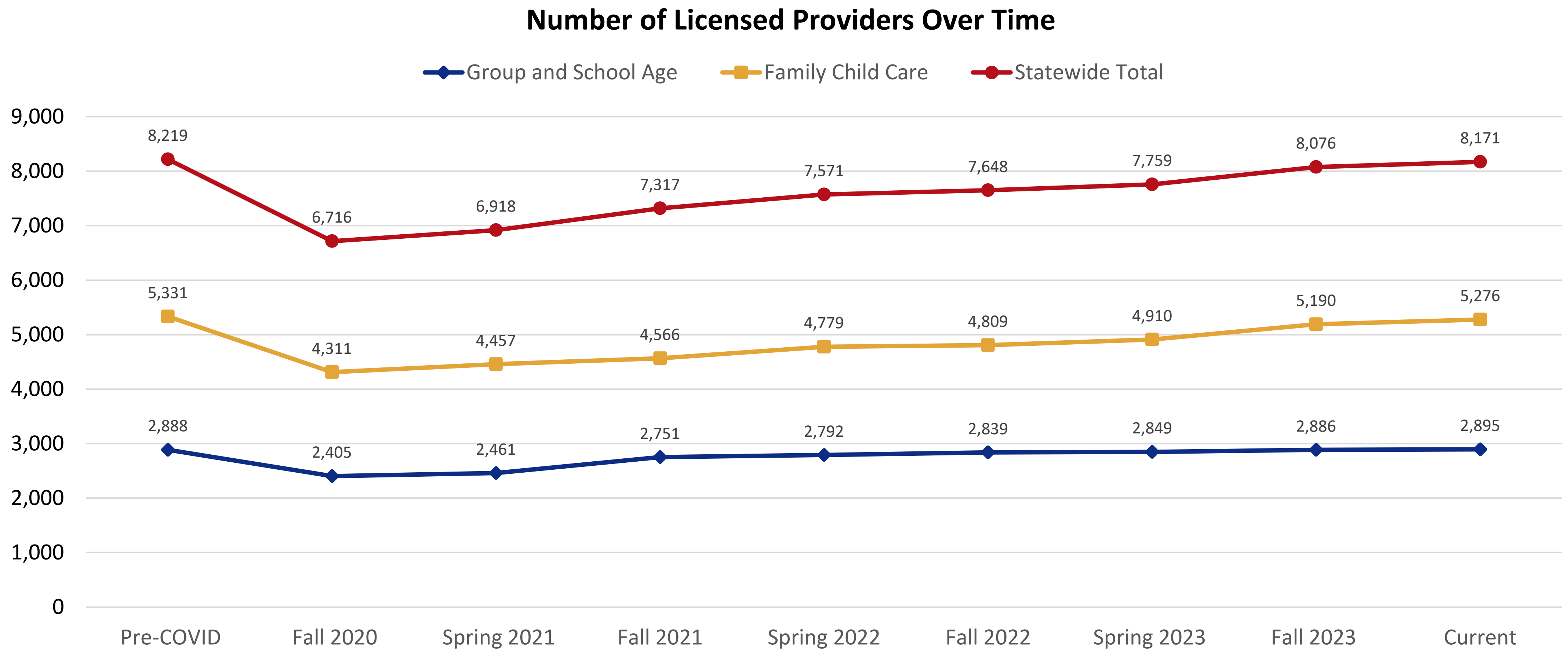
*Note: For purposes of this analysis, "serve children receiving EEC child care financial assistance" is defined as a program that served a child with child care financial assistance in Feb 2020, May 2021, Nov 2021, March 2022, June 2022, Sept 2022, Dec 2022, and/or March 2023, and June 2023, as these are the points used in the C3 formula.

Program Stability

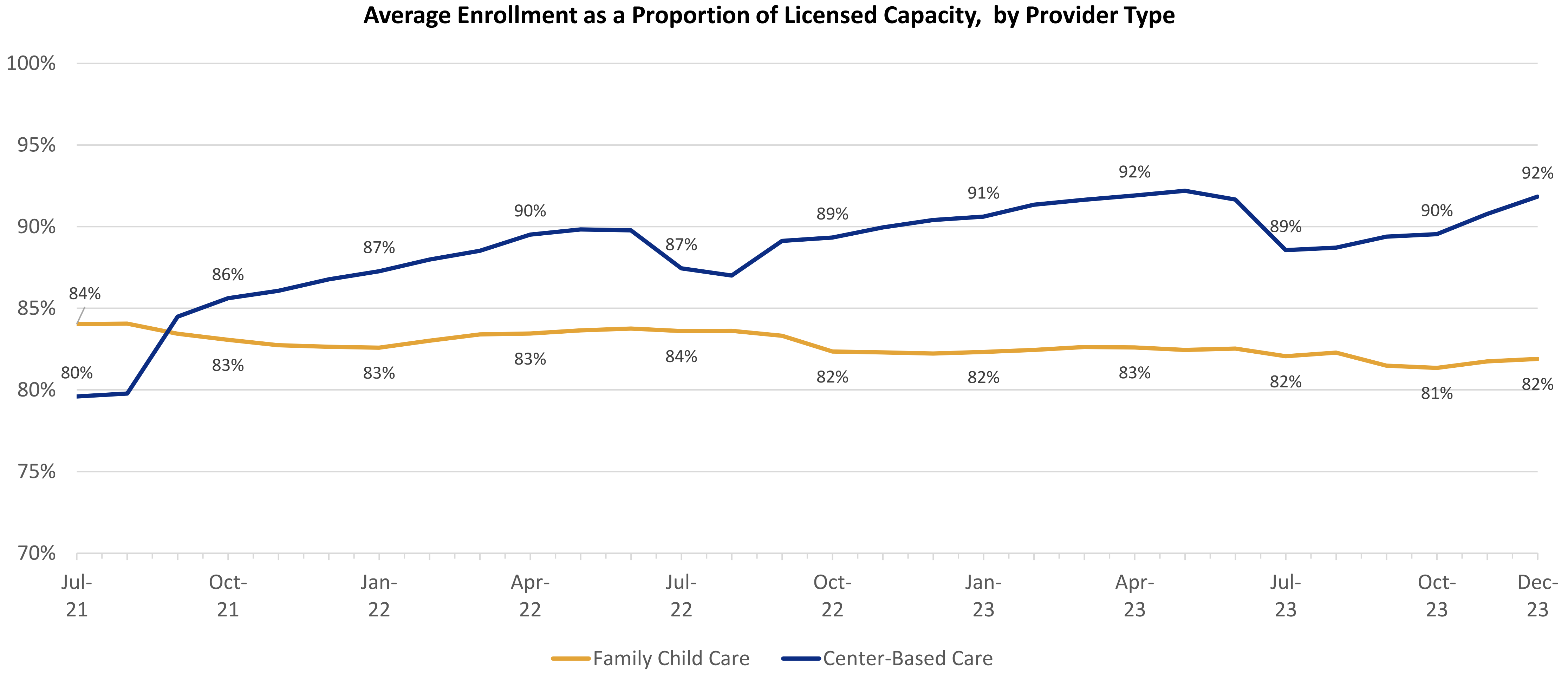
The licensed capacity of our system continues to grow and now exceeds pre-pandemic levels.



The number of licensed providers continues to rebound to pre-pandemic levels.

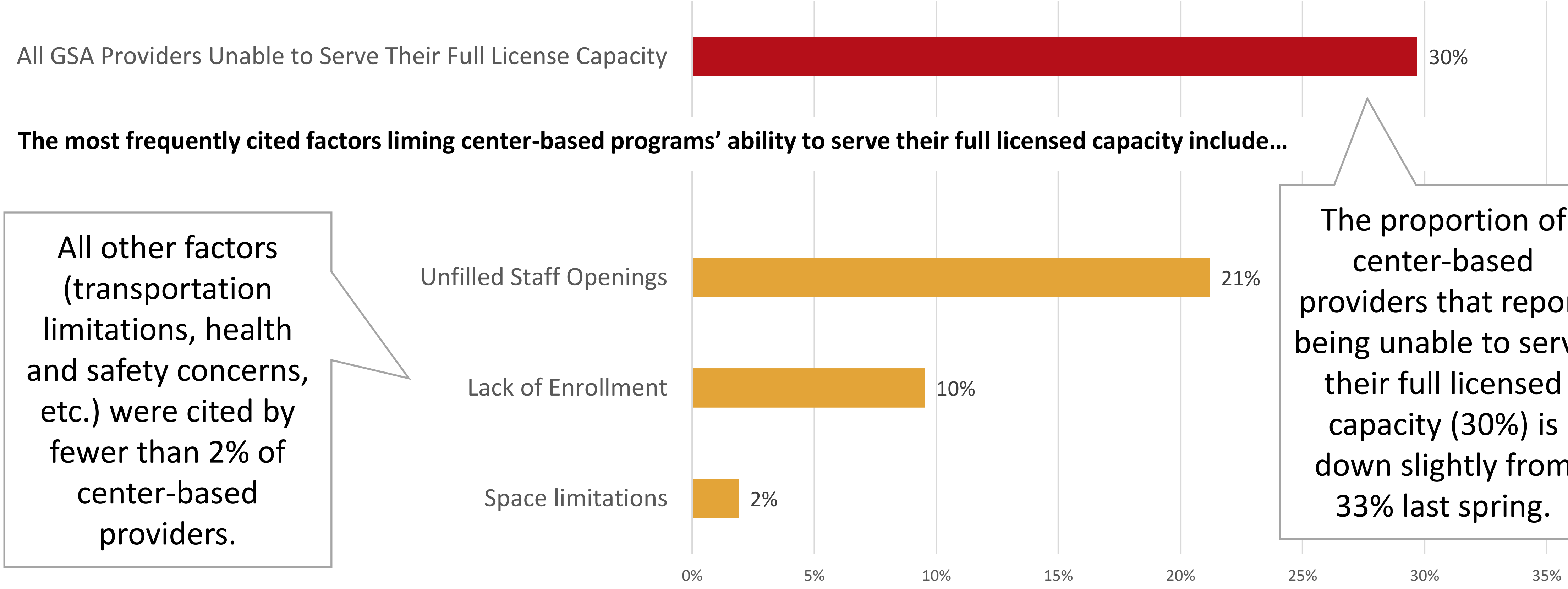


On average, providers are currently filling 85% of their licensed seats with enrolled children.



More than 2/3 of all center-based providers report that they are able to serve their full licensed capacity.

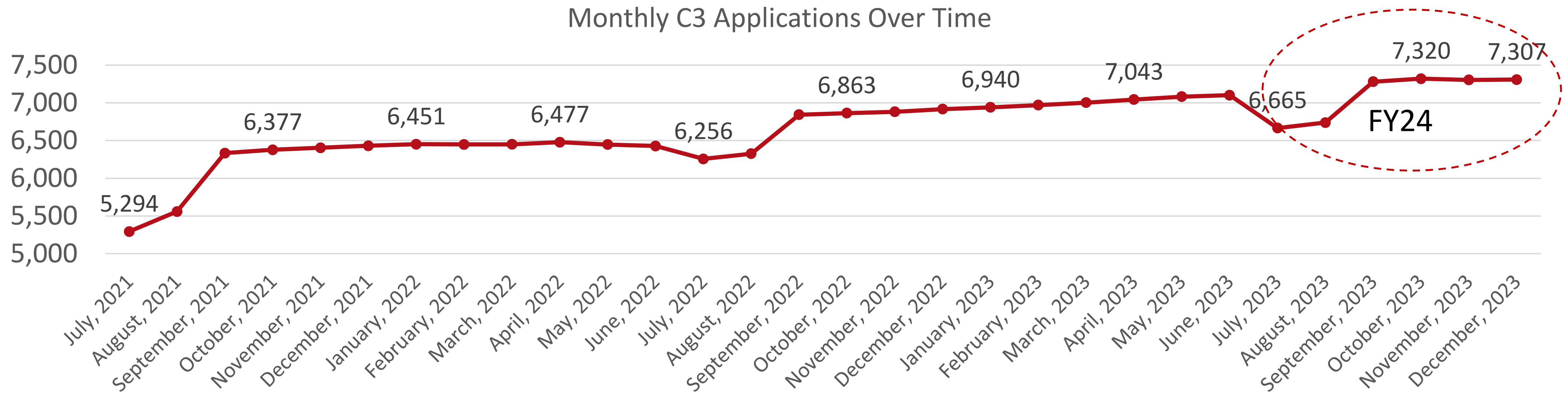
Factors Limiting Center-Based Programs' Ability to Serve their Full License Capacity (n=2,468)



All other factors (transportation limitations, health and safety concerns, etc.) were cited by fewer than 2% of center-based providers.

The proportion of center-based providers that report being unable to serve their full licensed capacity (30%) is down slightly from 33% last spring.

C3 participation has steadily increased since July 2021.



In December:

4,673 FCC Providers
(89% of all FCCs)

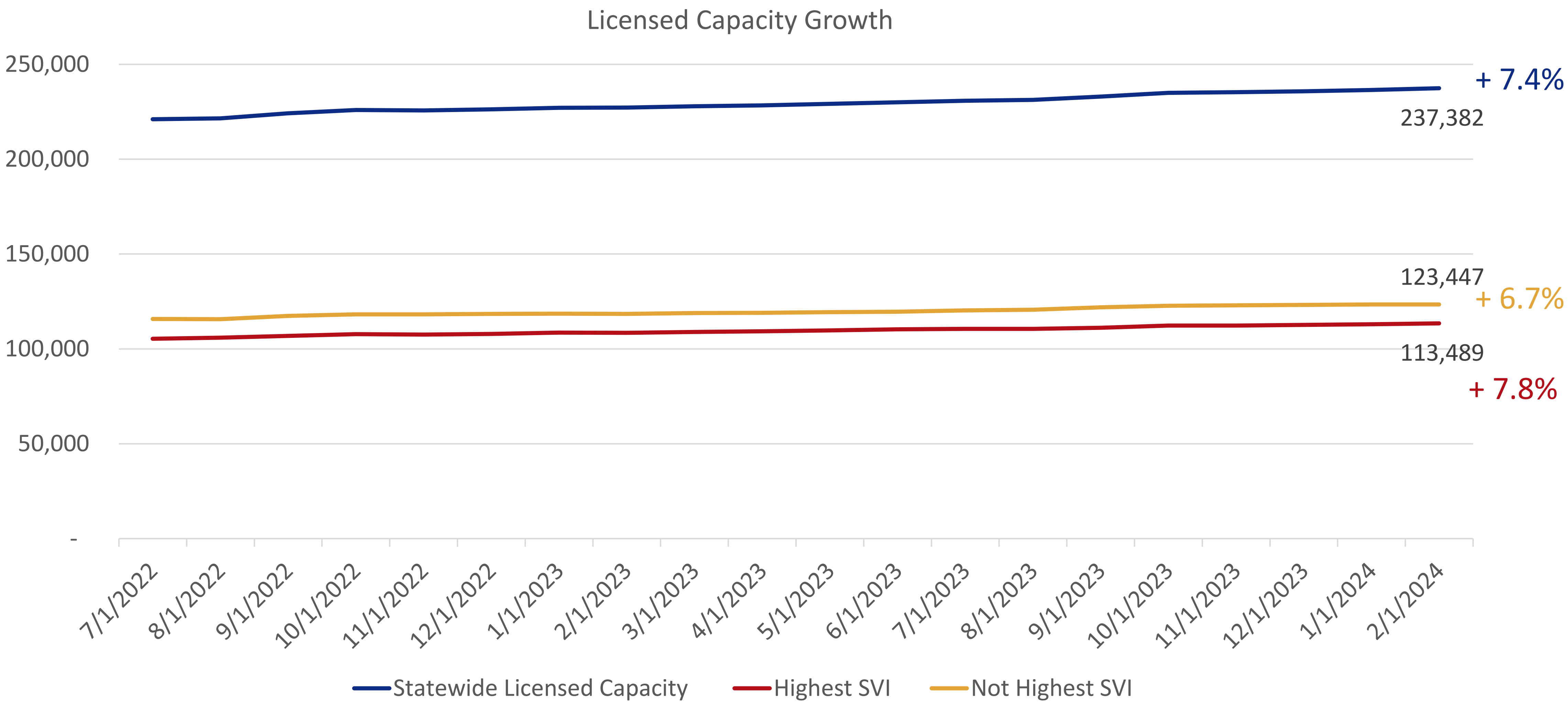
2,634 Center-Based Providers
(89% of all CBCs)

4,584 in Highest SVI Areas
(93% of all providers in highest SVI areas)

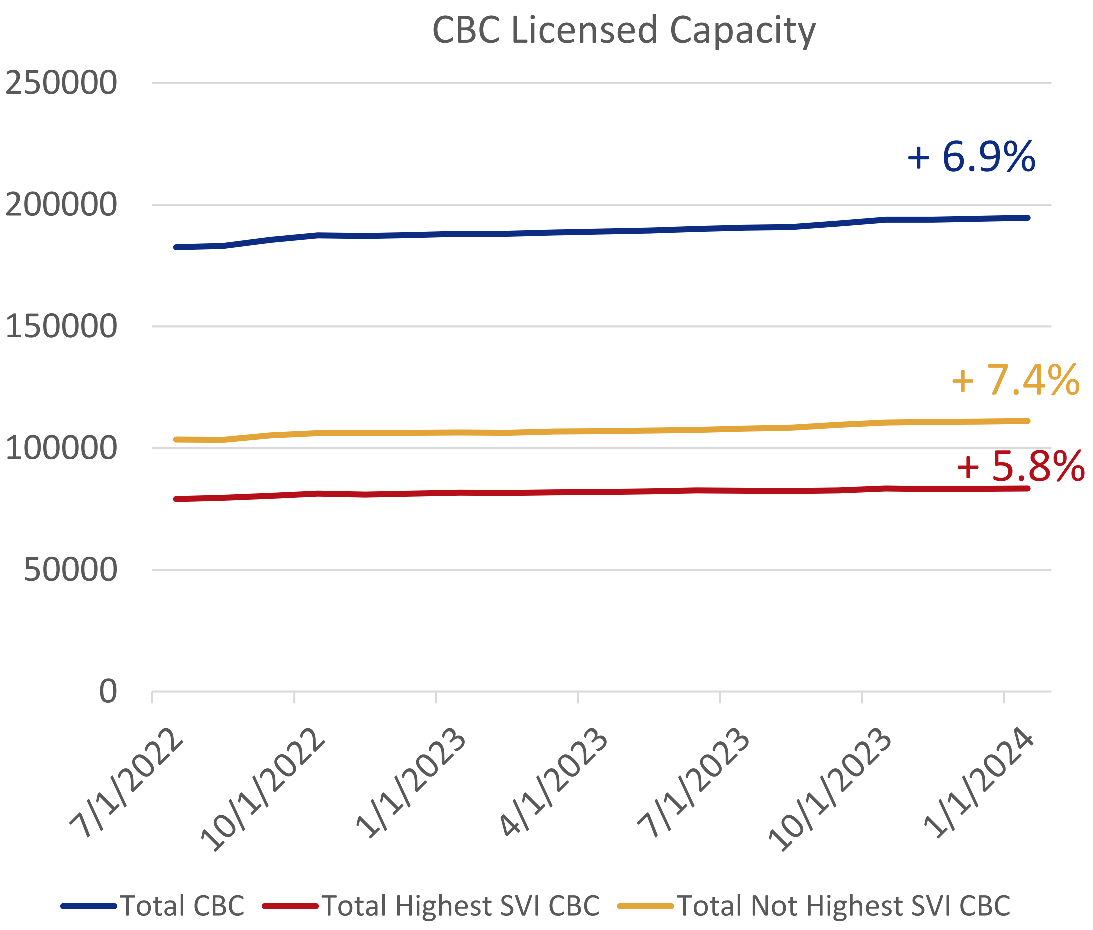
4,552 Providers Serving Children with Child Care Financial Assistance
(95% of all providers serving children with CCFA)

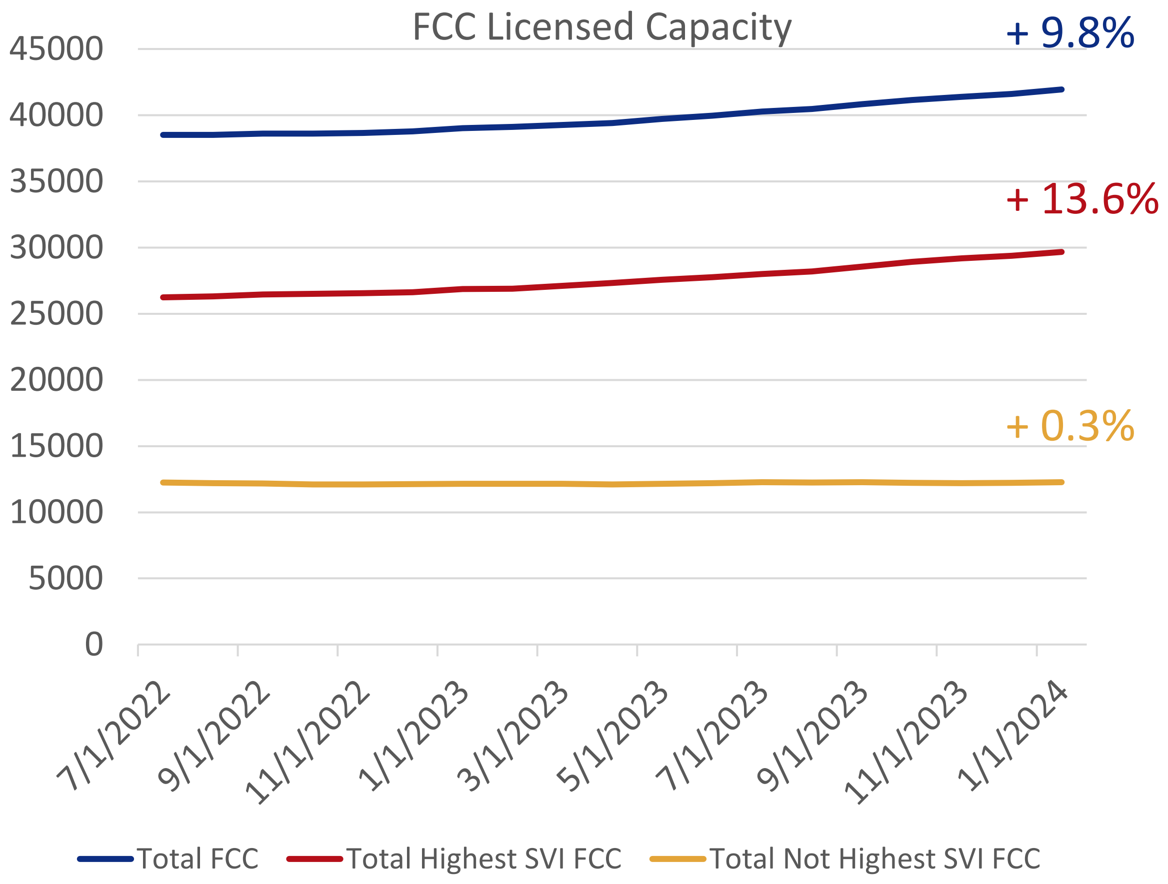
From C3 application data as of February 23, 2024. Providers can continue to apply for July 2023-March 2024 through April 5, 2024, and therefore participation rates above for those months will continue to rise. Percentages based on eligible programs at the end of December 2023.

Overall, licensed capacity has grown 7% since the beginning of FY23.



Patterns in growth vary by provider type.

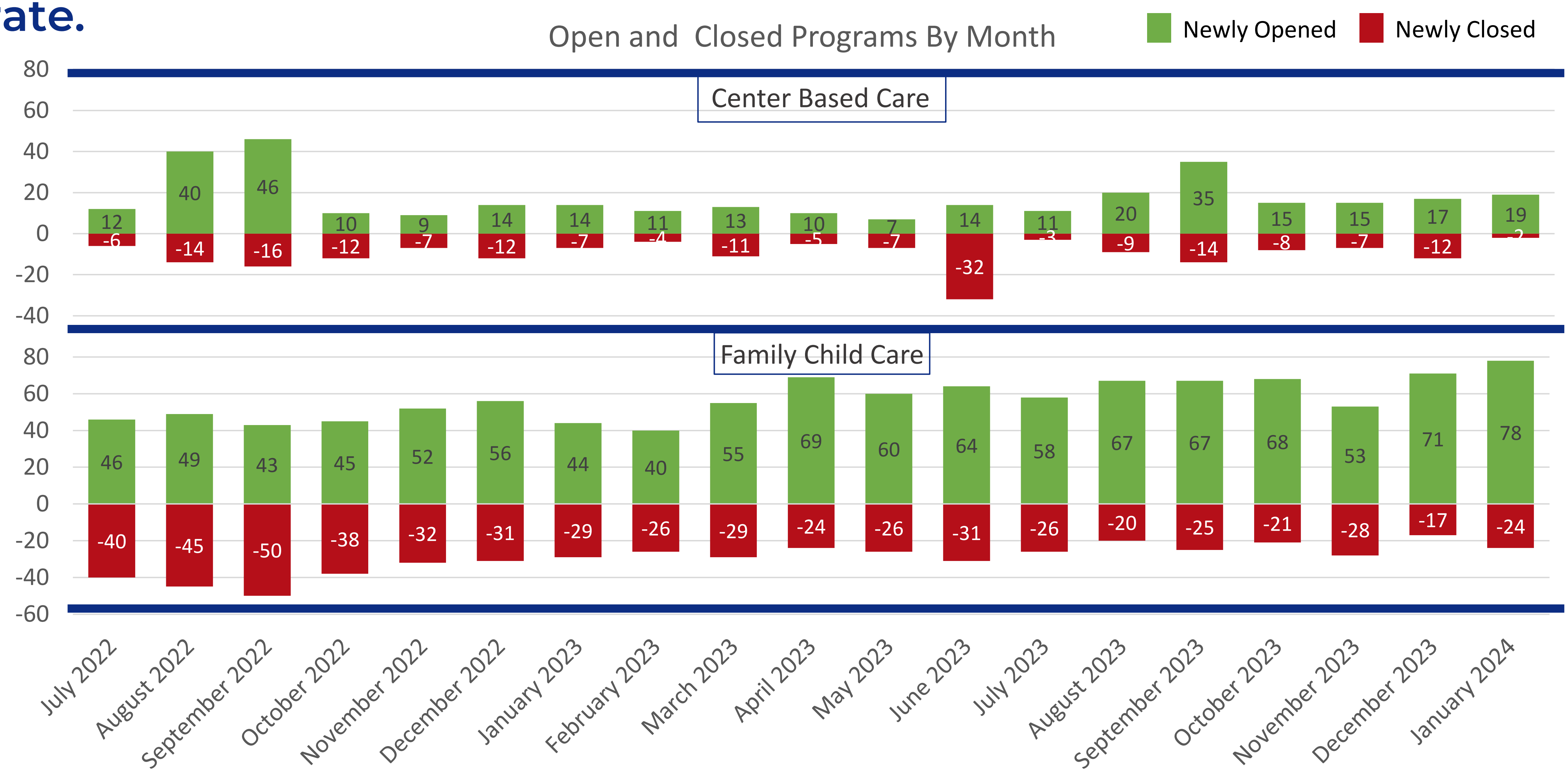




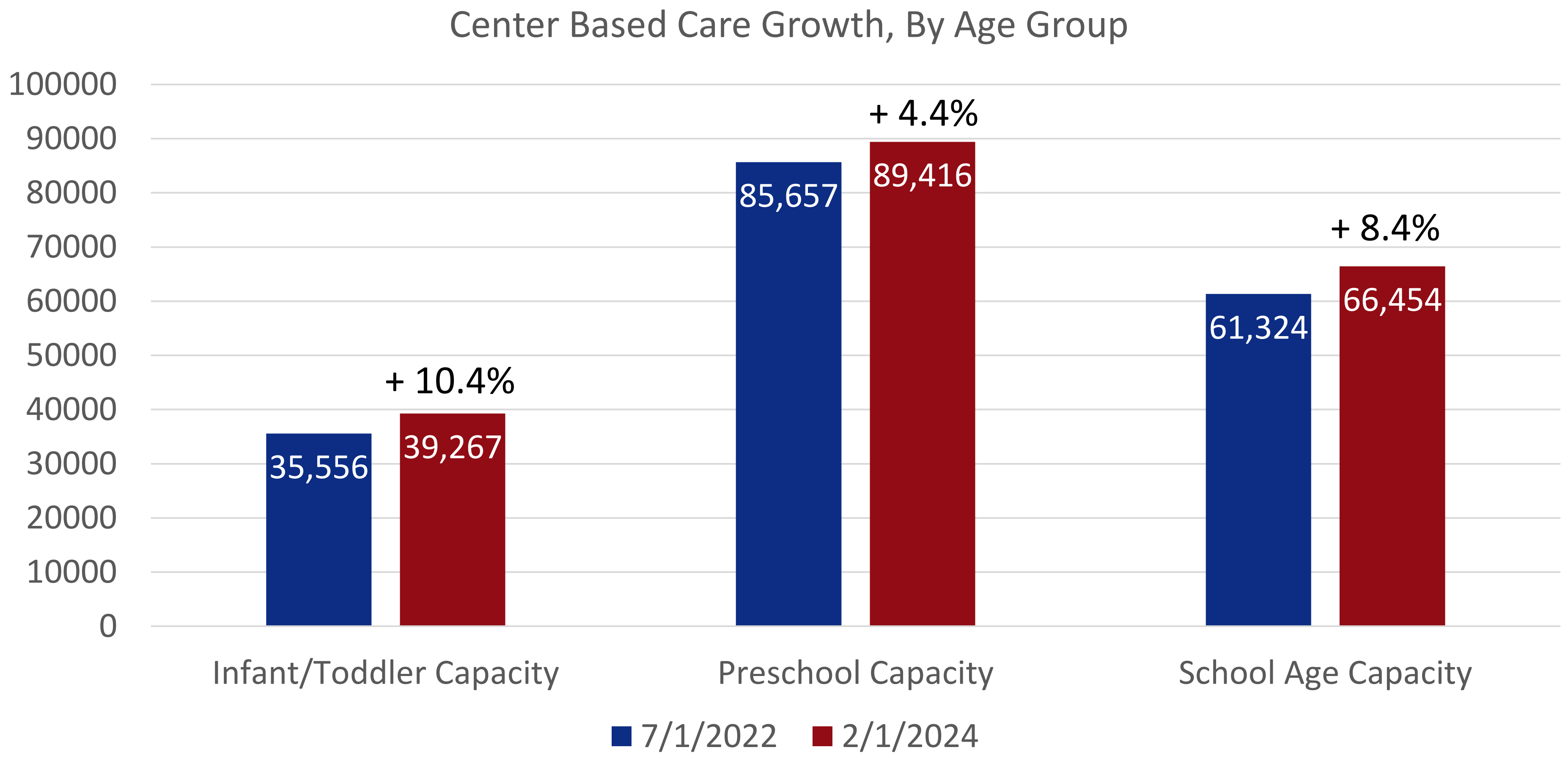
Licensed capacity has increased within all EEC regions at a comparable rate, with the highest rate of growth in Metro Boston.

Licensed Capacity from July 2022 to February 2024			
	July 2022 Licensed Capacity	February 2024 Licensed Capacity	Growth Rate
Central	42,878	45,564	6.0%
Metro Boston	48,416	53,433	10.4%
Northeast	57,516	61,416	6.7%
Southeast and Cape	43,978	46,729	6.3%
Western	28,543	30,240	5.9%

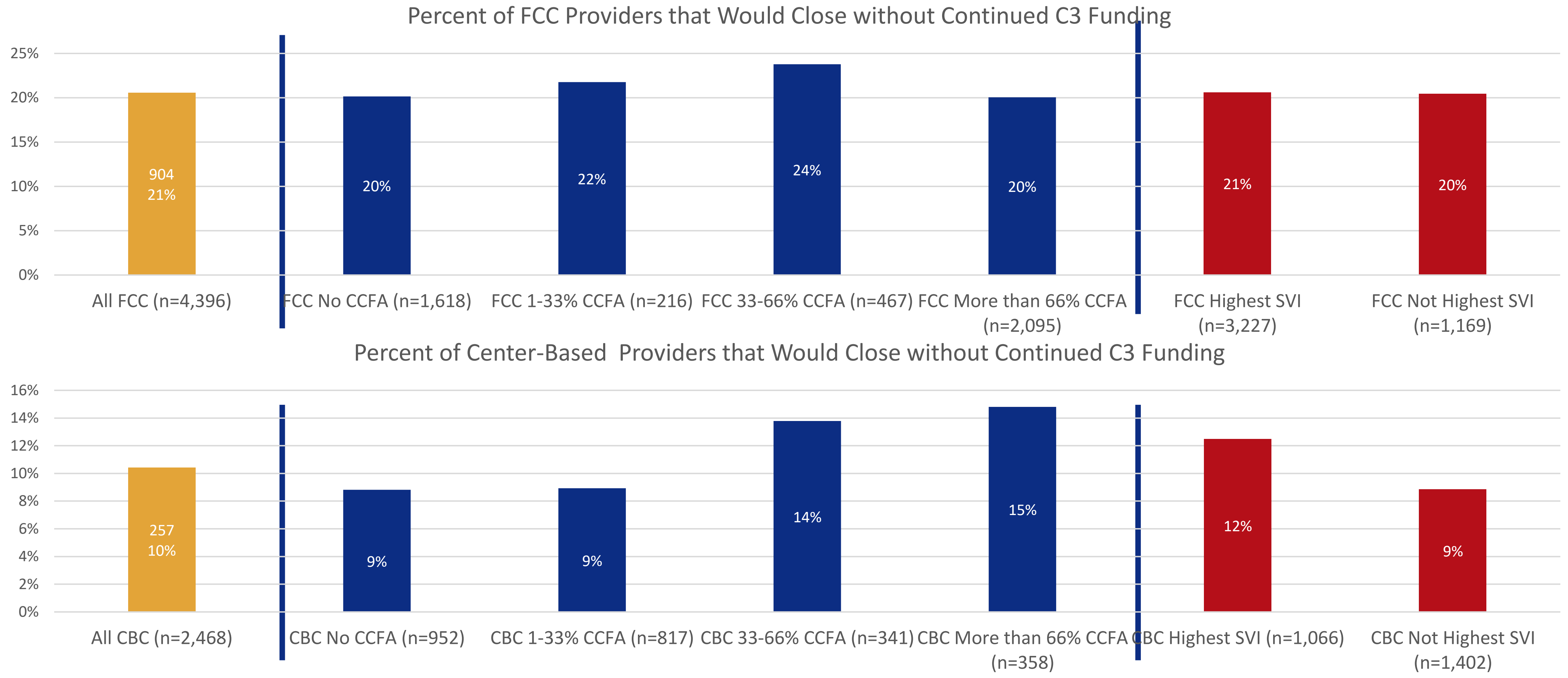
Fewer programs are closing than opening, resulting in a net gain over time. Family child care providers are opening at a higher rate.



Capacity growth is seen across all age groups, with infant and toddler classrooms showing the largest gains and preschool the smallest.

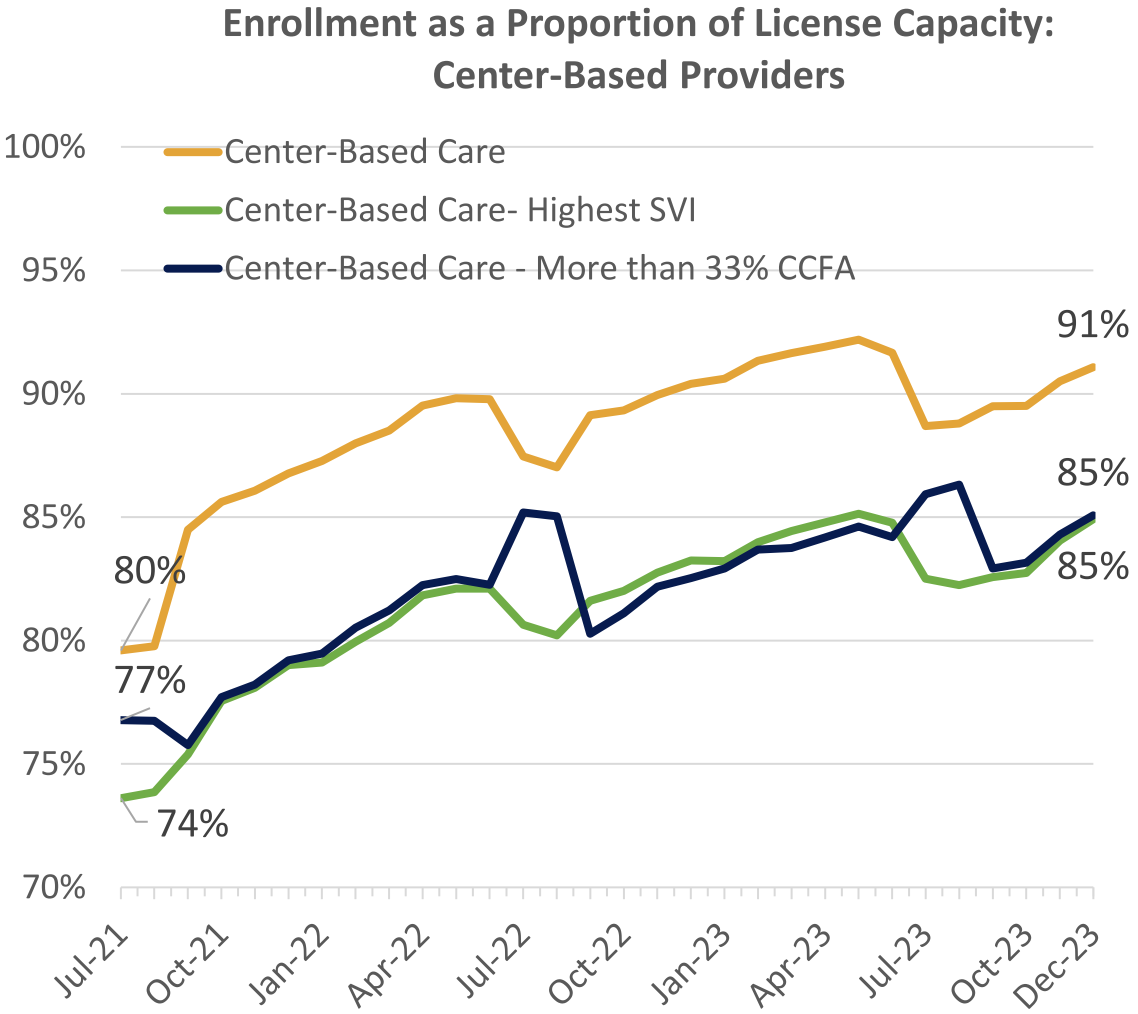


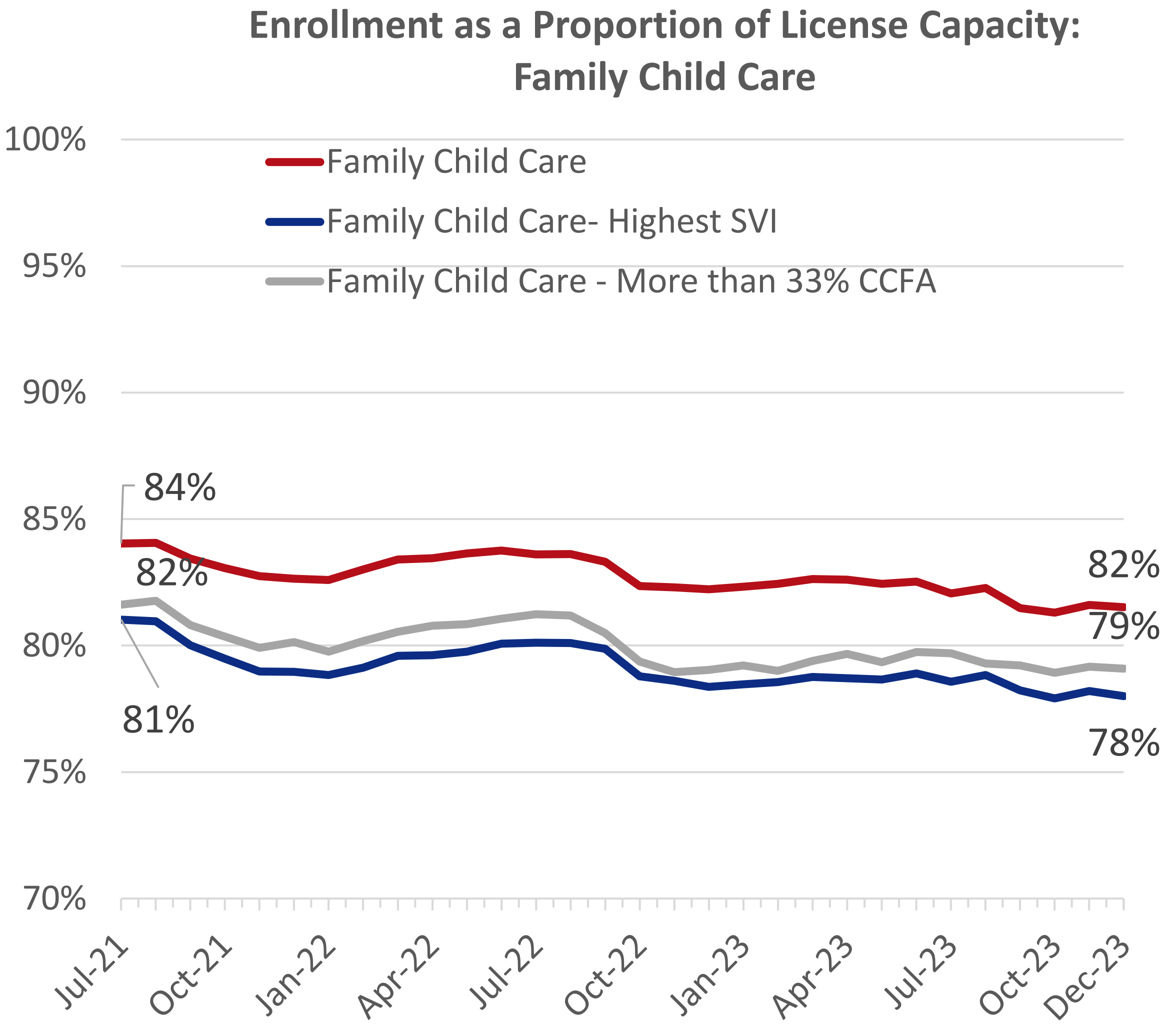
Overall, a notable number of FCC providers report reliance on C3 to remain open, whereas center-based programs are more likely to report reliance on C3 to stay open if they serve children with CCFA and/or are in high SVI areas.



C3 Fall 2023 Survey Data as of 1/1/24.

Programs that serve children with CCFA and/or in highest SVI areas report lower enrollment rates, a potential indicator of financial instability.





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C3 Application data as of January 25, 2024.

Programs increasingly report needing to close if C3 funds were no longer available.

1,161

programs report they would

Close if C3 Funds No Longer Available

21% of family child care providers

report they would close

up from 18% in Spring 2022

10% of center-based programs

report they would close

up from 8% in Spring 2022

~14,000

Seats in programs that accept child care financial assistance

would be lost if these programs closed

20,839

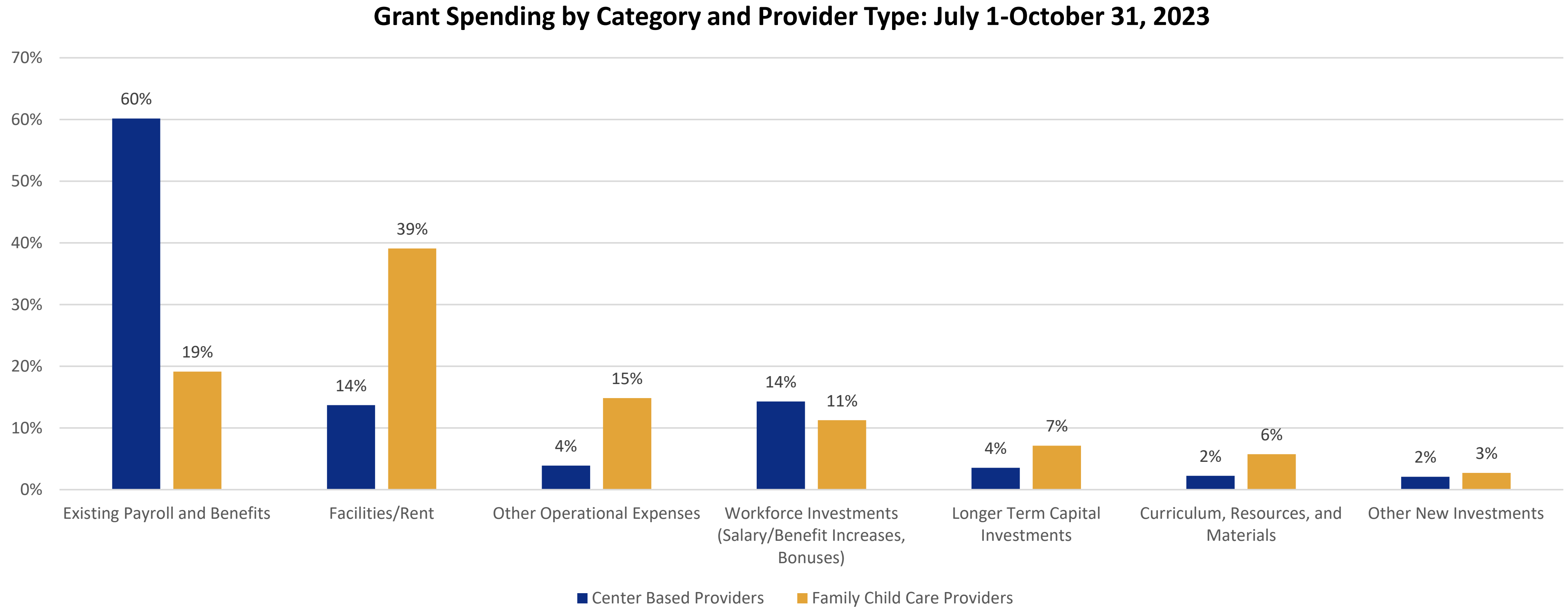
Licensed Seats

would be lost if these programs closed

Data from Spring 2023 C3 Survey

Workforce Supports

Center based providers continue to spend more than half of recent grant funds on existing payroll and benefits, while FCC providers spend almost 40% of funds on facilities and rent.



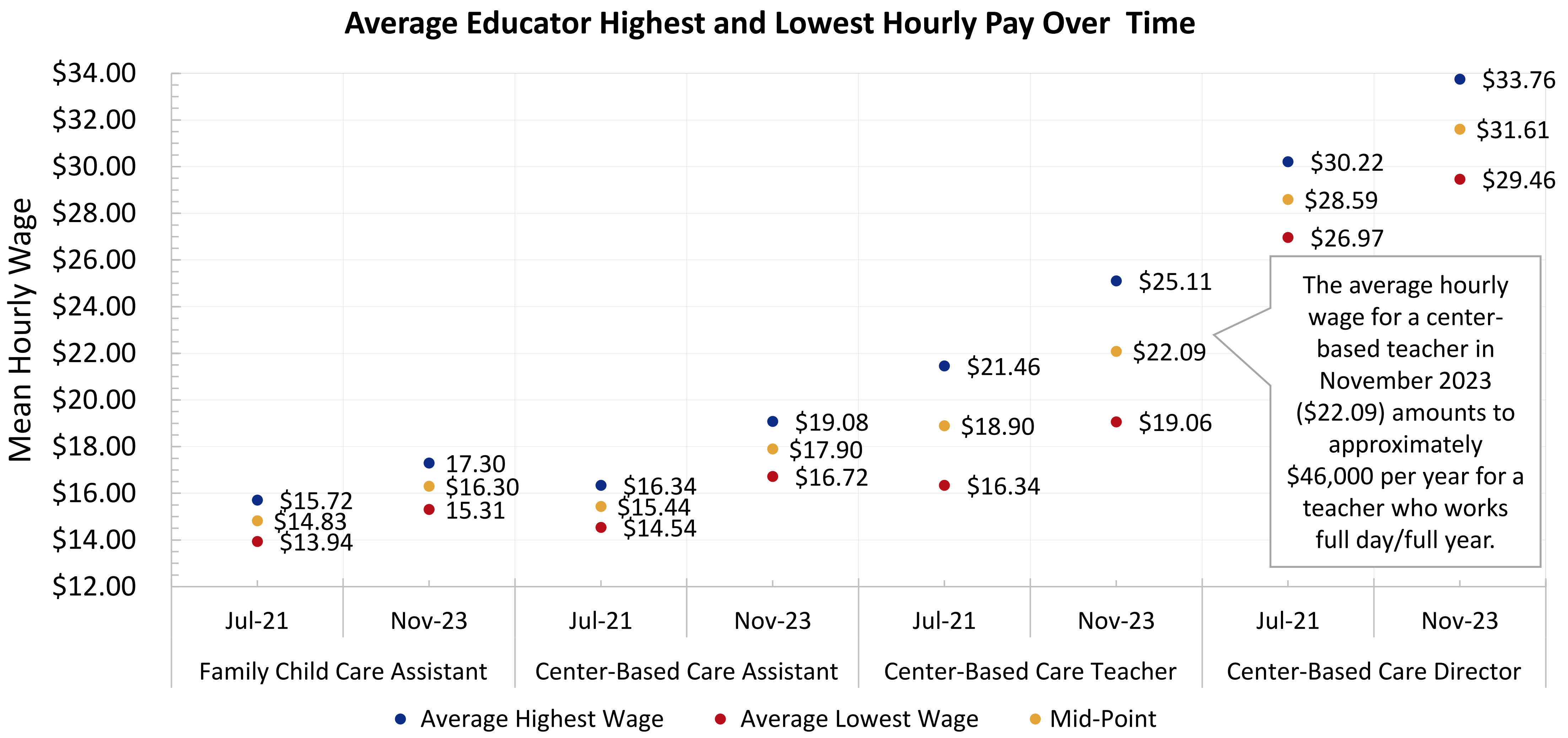
Note: In the most recent survey, EEC shifted the structure for reporting grant spending. Previously, providers reported cumulatively on all grant funds expended since the start of the grant program. EEC now asks providers to report on grant funds spent during a finite reporting period. Therefore, these data should not be directly compared to previously reported data. Additionally, these data do not include unspent funds.

Providers spent two-thirds of recent grant funds on workforce-related expenses.

Total Workforce Spending (July 1-October 31, 2023)	
Category	**Percent of Funds**
Existing payroll and benefits	51%
Investments in salary increases	9%
Investment in new or improved benefits	1%
One time compensation and bonuses	3%
Incentives to hire new staff	1%
Investments in training, staff mental health, etc.	1%
Total	**66%**

66% of all grant funds spent between July 1 and October 31, 2023 were used to support the early education and care workforce.

Educator wages continue to grow since the start of the C3 grant but remain low.



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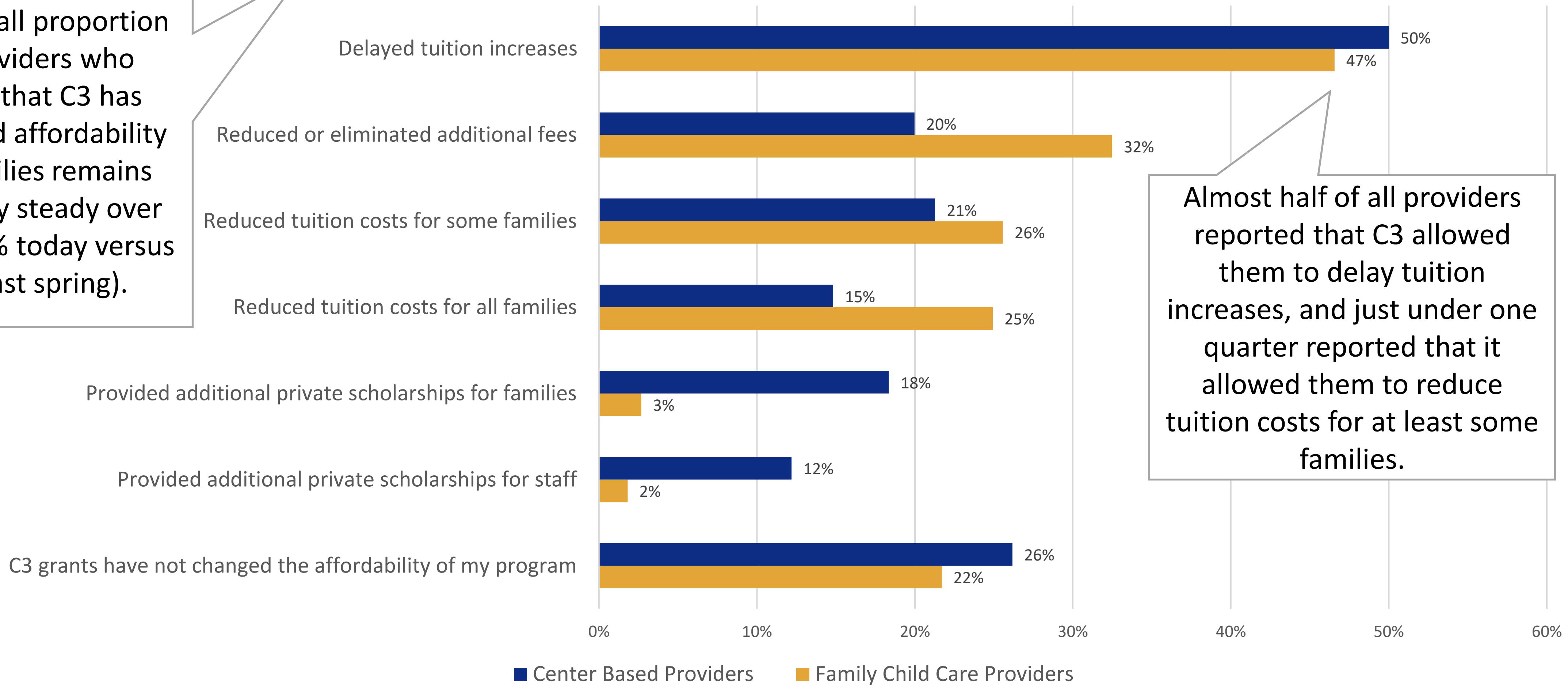
More than three-quarters of providers report that C3 has had an impact on affordability for families.

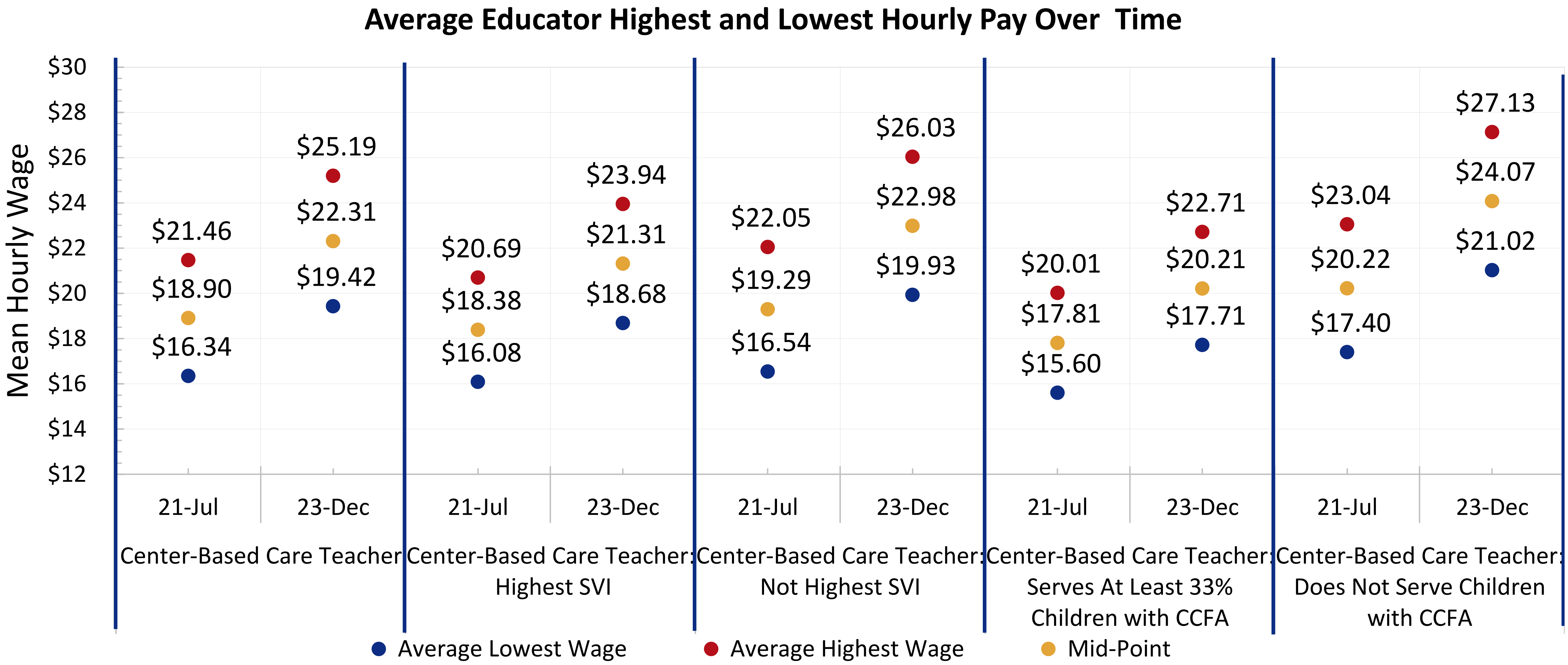
The overall proportion of providers who report that C3 has impacted affordability for families remains relatively steady over time (77% today versus 74% last spring).

How have C3 grants impacted affordability for families in your program?



Almost half of all providers reported that C3 allowed them to delay tuition increases, and just under one quarter reported that it allowed them to reduce tuition costs for at least some families.

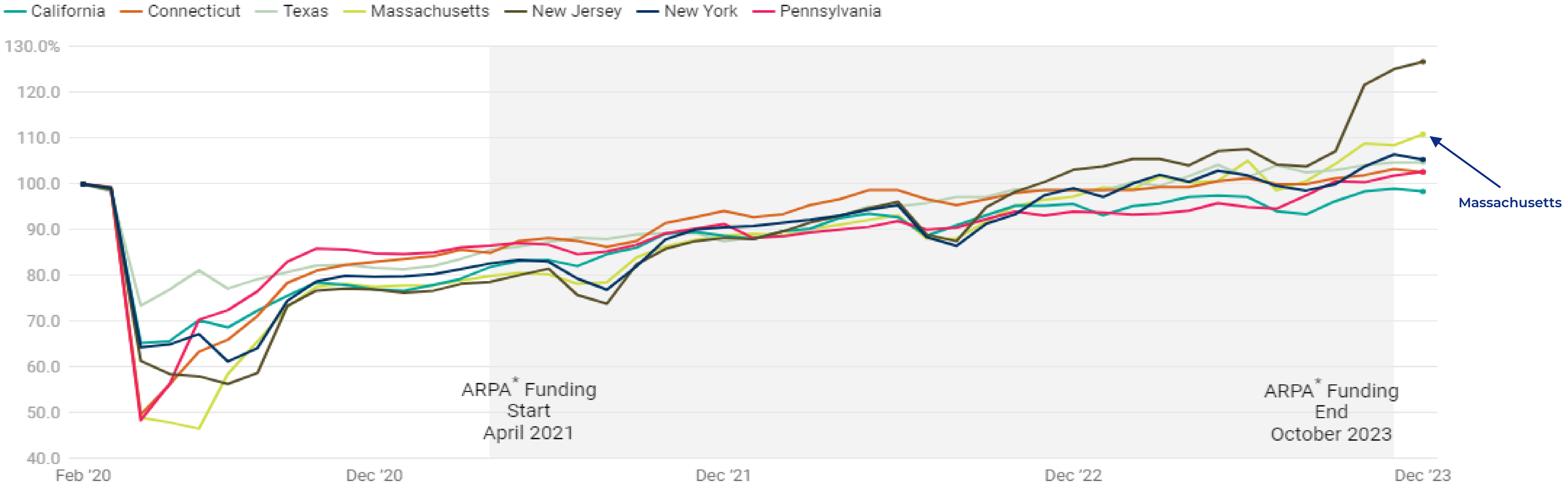
Average hourly wages have risen for educators since the inception of C3, although educators working in programs that serve children receiving CCFA and in programs in high SVI communities have experienced smaller increases.



In Massachusetts and some other states, child care employment has reached and surpassed pre-pandemic numbers, although the sector already faced shortages prior to 2020.

FIGURE 2

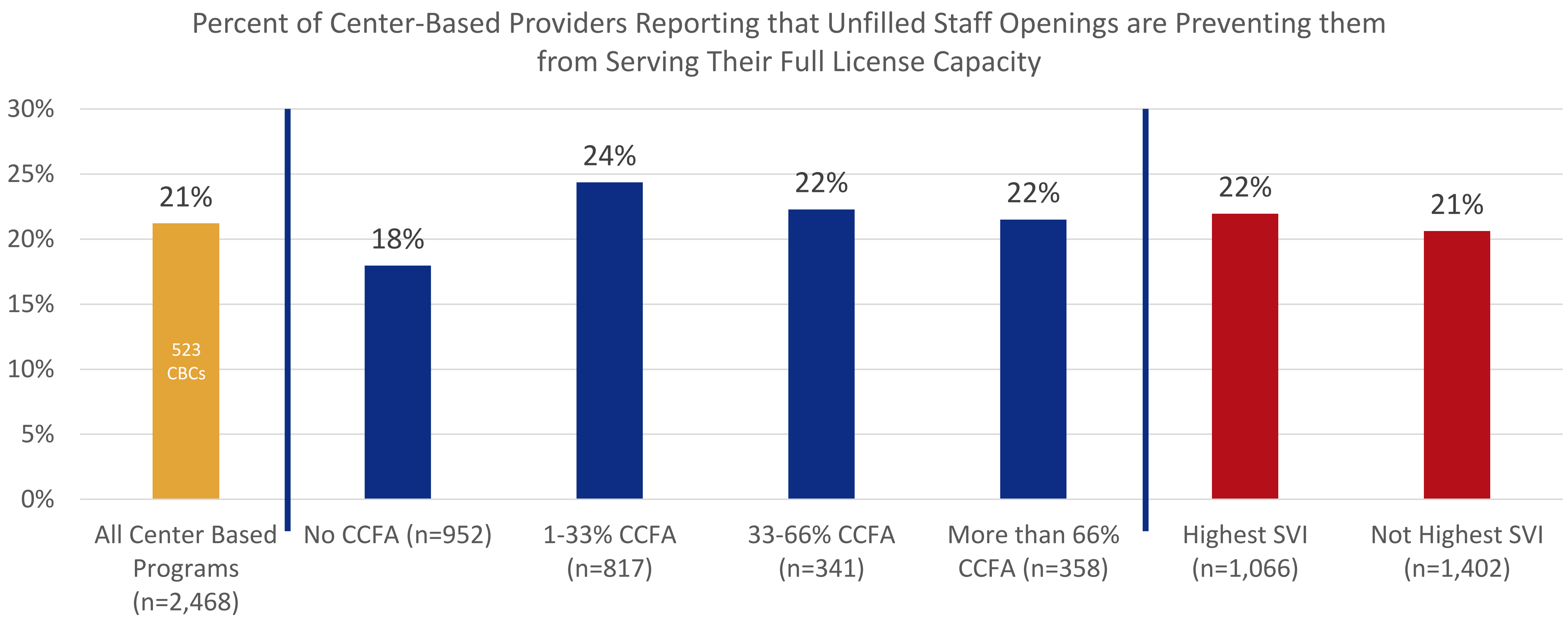
Selected States: Child Care Industry Jobs as a Percentage of February 2020 Baseline, through December 2023



*ARPA stands for the American Rescue Plan Act of 2021

Chart: Center for the Study of Child Care Employment, UC Berkeley • Source: U.S. Bureau of Labor Statistics, "Current Employment Statistics," available at https://beta.bls.gov/dataViewer/view/4918eefb944741d5aeb3d89dee5e5705 • Created with Datawrapper

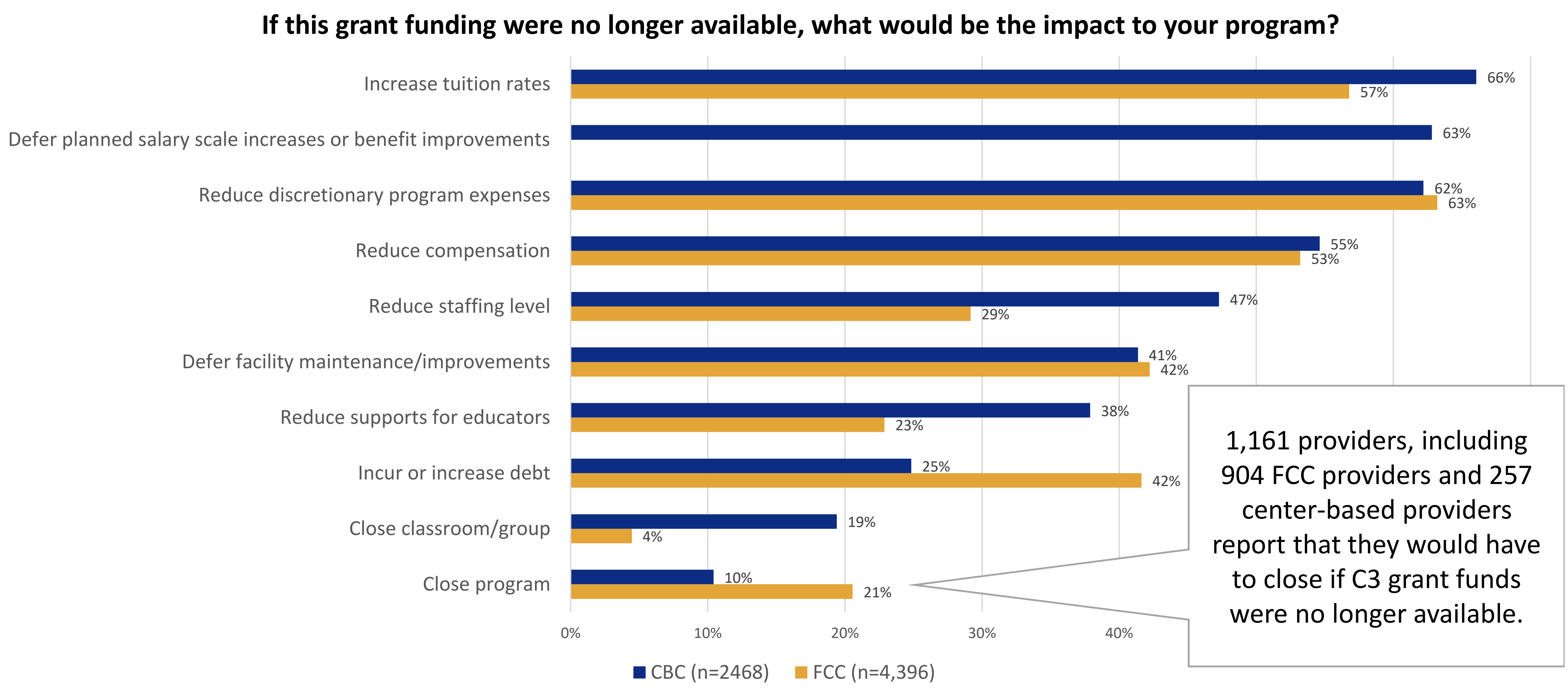
About one-fifth of centers report that unfilled staff openings prevent them from serving their full capacity.



C3 Fall 2023 Survey Data as of 1/1/24.

Family Access

Providers report impacts to families and educators if grant funding were no longer available.



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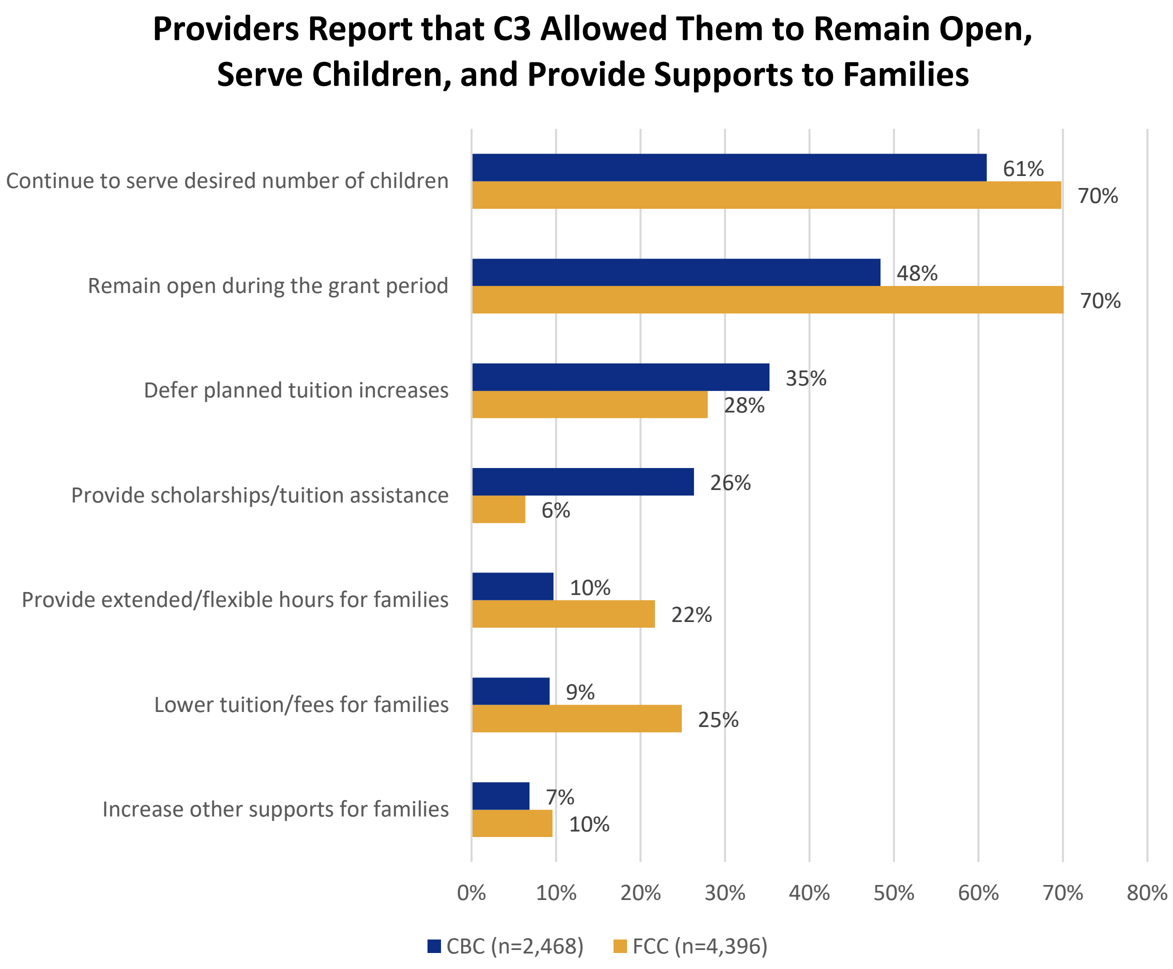
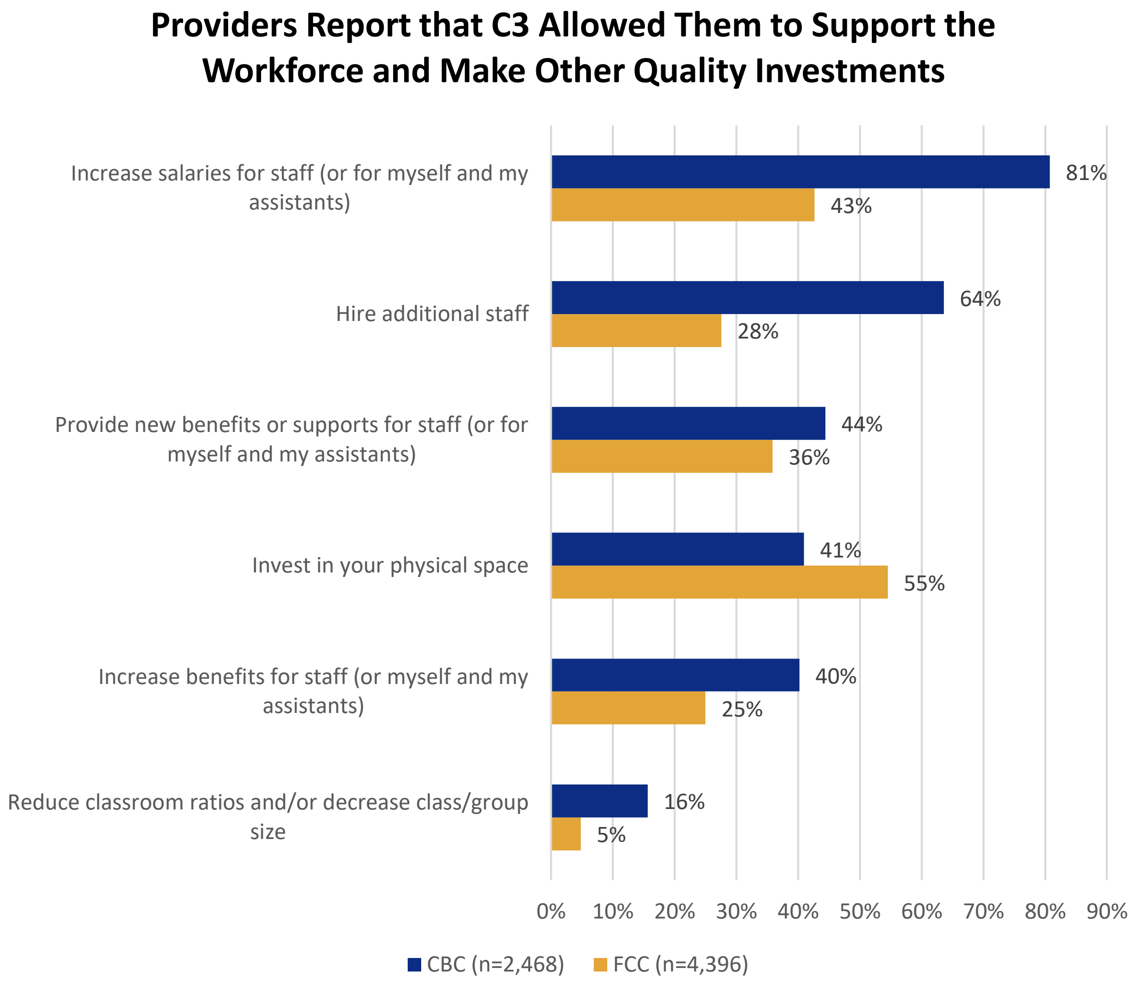
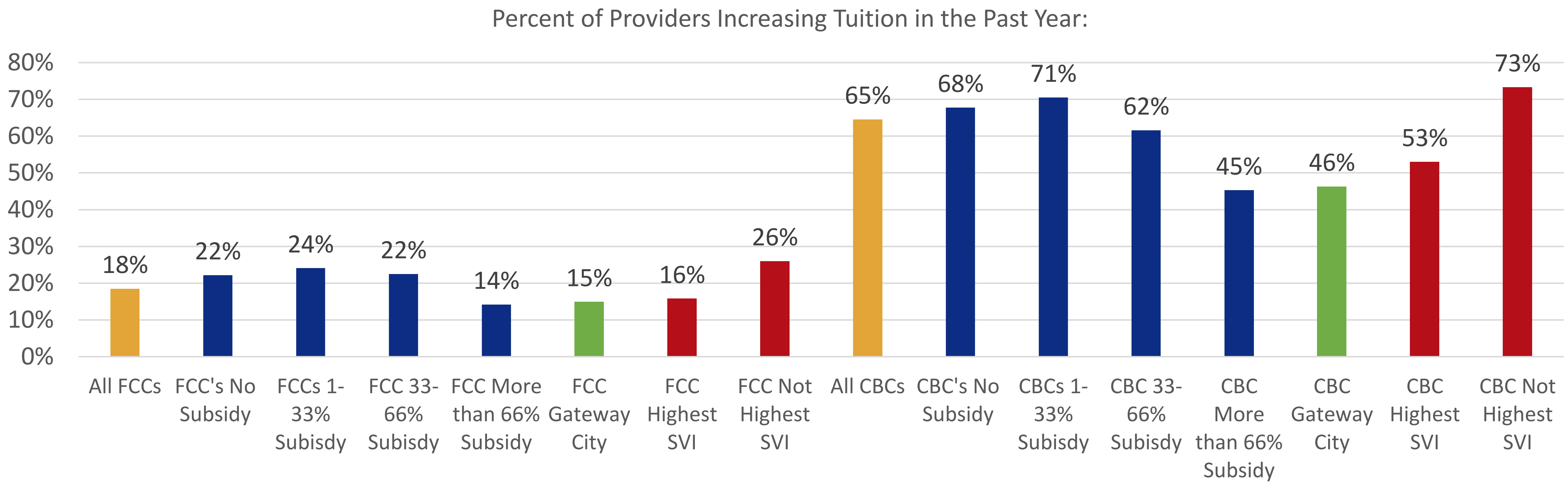
Providers report that C3 enabled them to remain open, serve their desired number of children, invest in staff, and support families.



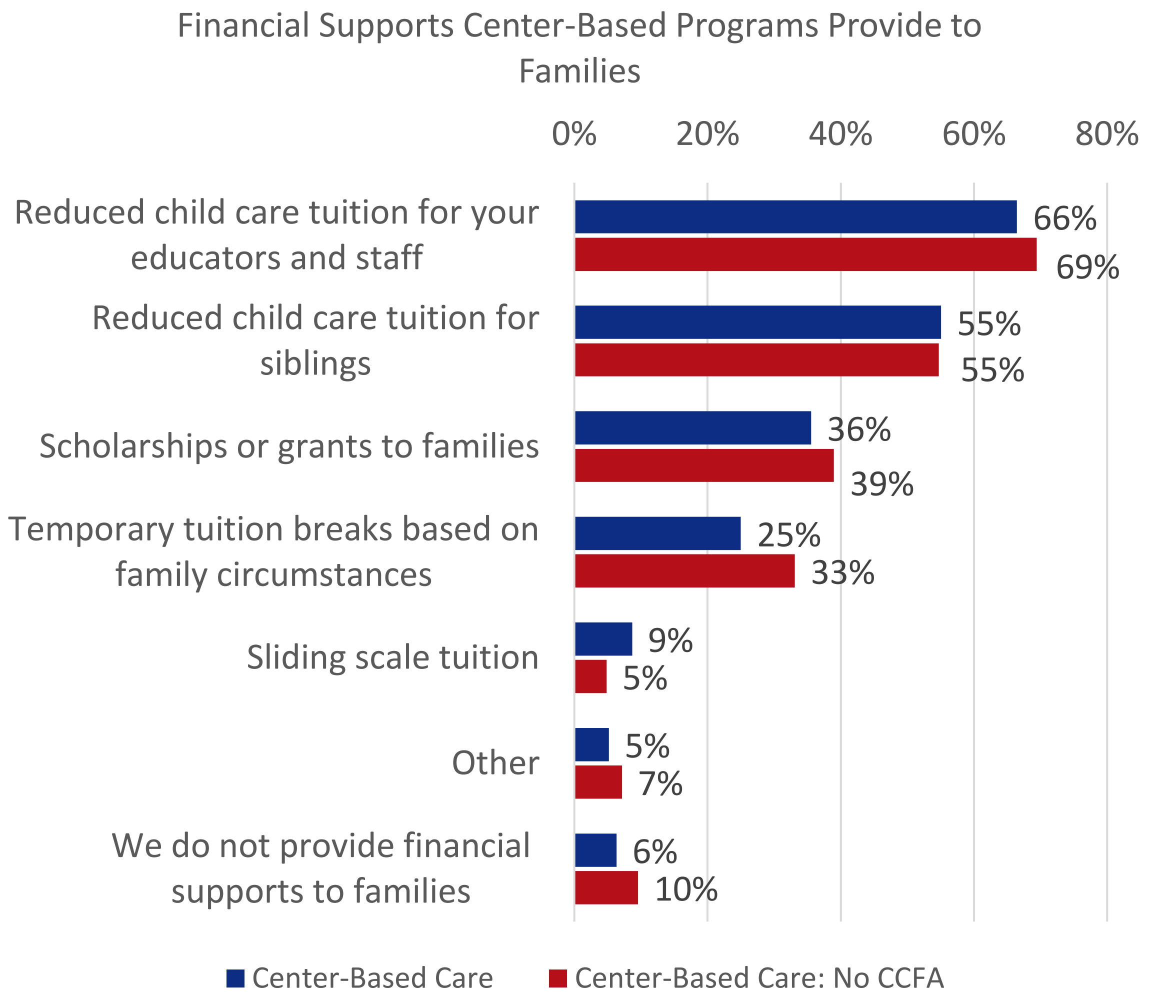


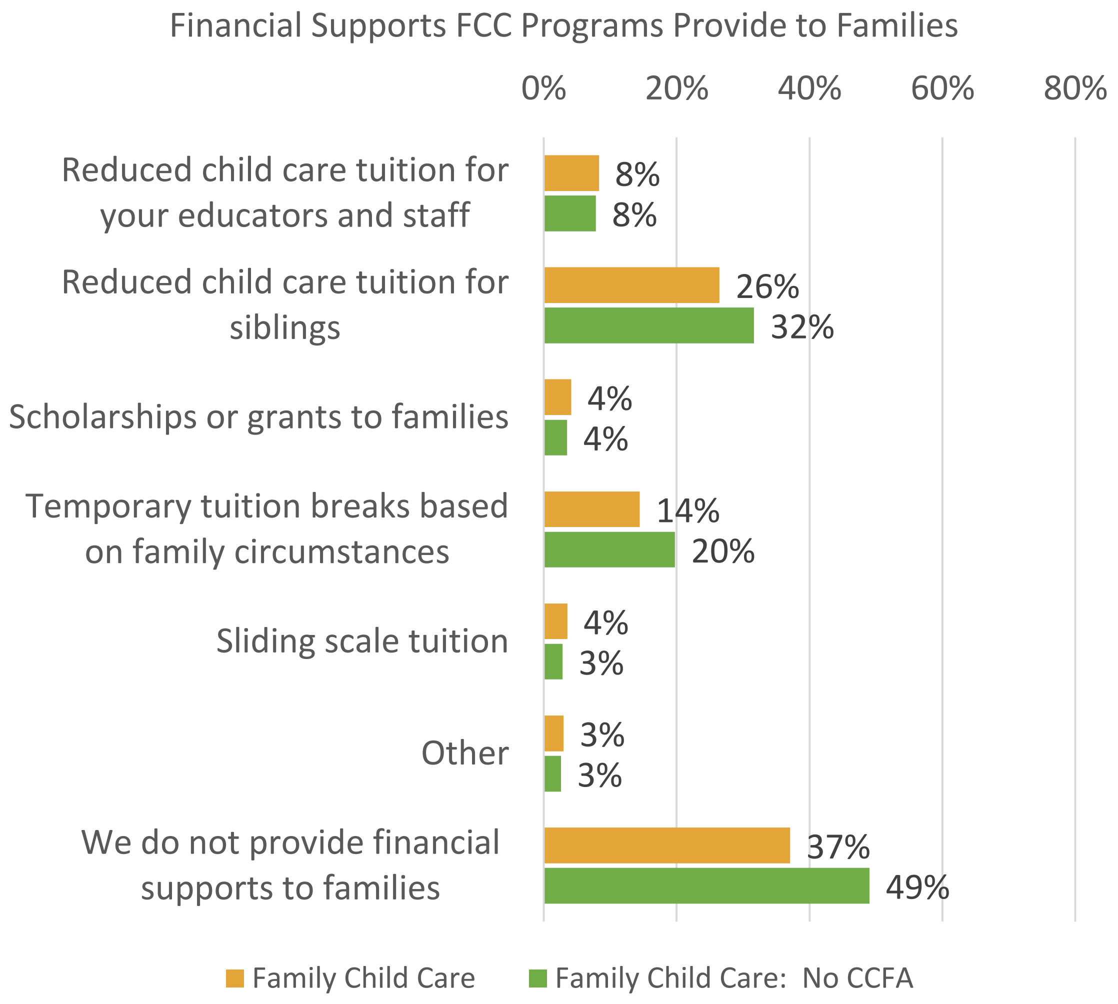
Family child care providers are less likely to report recent increases to tuition compared to centers. Programs of both types serving more low- and moderate-income communities are less likely to report tuition increases.



- Most providers that reported raising tuition report that they raised tuition by less than 5%.
- FCCs tended on average, to report slightly larger increases to tuition, with 25% reporting that they raised tuition by 6-10% (versus 20% of centers) and 9% reporting that they raised tuition by more than 10% (versus 3 percent of centers). See appendix for more details.

Most programs also provide their own financial supports to families beyond the EEC child care financial assistance system.





C3 Fall 2023 Survey Data as of 1/1/24.