**Board of Early Education and Care**

**December 13, 2022**

**1:00 PM – 3:00 PM**

**Massachusetts State House**

**24 Beacon Street, Room 428**

**Boston, MA 02108**

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

Nonie Lesaux, Chairperson

Jim Peyser, Secretary of Education

Amy Kershaw, Acting Commissioner

Carolyn Kain, J.D., Designee for HHS Secretary Marylou Sudders

Paul Belsito, Vice-Chairperson (via phone)

Jamella Lee

Maria Gonzalez Moeller

Mora Segal

Allison Schonwald

Nikki Ruiz de Luzriaga

The meeting was called to order at 1:05 PM.

**AGENDA:**

**Welcome and Comments from the Chair**

Chairperson Lesaux welcomed the Board and stated that this meeting will be her last meeting as Chair and Secretary Peyser’s last meeting as Secretary.

**Comments from the Secretary**

Secretary Peyser reflected on the accomplishments of the Board, the Department, and the field over the eight years of his appointment as Secretary. Secretary Peyser highlighted that the focus has been to strengthen the quality and capacity of the early education system by increasing funding for operational costs, staff compensation and workforce development, while improving affordability and access for children and families, and provided specific highlights. Secretary Peyser acknowledged and thanked Chairperson Lesaux for her leadership.

**Comments from the Commissioner**

Acting Commissioner Kershaw thanked the Senate President’s office for hosting the Board meeting. Acting Commissioner Kershaw introduced two new Board members who were not in attendance, George Atanasov and Cheryl Travers. She provided a COVID update and highlighted that the Federal government’s expanded testing program will be ending at the end of December and programs that participated in that program are encouraged to join EEC’s rapid test program, which has provided over 2.5 million rapid tests to programs and maintains a health line for questions. Acting Commissioner Kershaw stated that this program will continue through the fiscal year

Acting Commissioner Kershaw stated that EEC has used its discretion to allow programs that utilize subsidies to close during the holidays and clarified that no program is being required to close.

Acting Commissioner Kershaw provided an update regarding a pilot program being designed with $10M in funding from the FY23 budget to provide childcare financial assistance for early education and care staff and stated that the pilot program will be launched in the new year. Acting Commissioner Kershaw further provided an update regarding the Applied Behavioral Analysis unit.

Acting Commissioner Kershaw recognized Chairperson Lesaux for her service and expressed gratitude for Chairperson Lesaux’s support and civility. Acting Commissioner Kershaw stated that it has been an honor to serve with Secretary Peyser and expressed gratitude for his support of early education and care.

**Statements from the Public\***

Amy O’Leary, Executive Director of Strategies for Children, offered thanks and support to the Board, Secretary Peyser and Chairperson Lesaux. She highlighted the actions taken by the Board during the COVID shutdown. She expressed thanks and appreciation to Secretary Peyser for his commitment and leadership. Ms. O’Leary acknowledged Chairperson Lesaux’s accomplishments in the field of early education and as Board Chair. Ms. O’Leary echoed comments provided by Governor Baker when Chairperson Lesaux was appointed as chairperson of the Board. She expressed gratitude to both Secretary Peyser and Chairperson Lesaux for their leadership during the pandemic and wished them well in their next roles.

**Routine Business:**

* Approval of Minutes from November 8, 2022 Meeting – VOTE

Approved unanimously

* Board Working Group: Workforce Recruitment & Retention – UPDATE

Board member Moeller provided an update regarding strategies for workforce recruitment and retention that had been discussed at the most recent working group meeting. She stated that increasing licensed capacity and apprenticeship efforts will be the focus of the next meeting, which is being held on December 20, 2022. She stated that a full update will be provided at the January Board meeting.

**Items for Discussion and Action:**

* 2022 End of Year Review

Acting Commissioner Kershaw provided an end of the year review and reflected on work accomplished in the past eight months. She discussed steps taken to operationalize the strategic action plan and discussed work being done on priority projects, highlighting the subsidy system and the background record check system. Acting Commissioner Kershaw discussed efforts to build a robust workforce system and highlighted immediate steps being taken to address workforce capacity challenges. Acting Commissioner Kershaw highlighted that building capacity and talent within the agency has been a focus and recruitment is ongoing.

Board member Moeller commented that the impact of the changes and Acting Commissioner Kershaw’s operational expertise is already evident in the field. Board member Ruiz offered kudos to the team for the work accomplished in the last eight months. Board member Segal expressed excitement for the work going forward.

* Child Care Financial Assistance (Subsidy)

Acting Commissioner Kershaw welcomed Deputy General Counsel Robert Orthman and Director of Policy Joy Cohen. She stated that the goal of the regulation changes is to comply with federal regulations with a modern, flexible, and dignified system. Acting Commissioner Kershaw noted that the action being asked of the Board today is approval to send the regulations for public comment, which will be open for sixty (60) days to allow for robust public comment.

Ms. Cohen provided an overview of the timeline of the regulation revision proposal, highlighting the information gathering, stakeholder interviews and reviewing existing materials stages. Ms. Cohen discussed the guiding principals for improving financial assistance for childcare and provided key metrics for the reforms.

Deputy General Counsel Orthman discussed the three core areas of reform, highlighting that 41 regulatory changes are under consideration, and discussed the approach taken to increase overall system efficiency, to prioritize family needs and experiences and to modernize the system.

Ms. Cohen discussed next steps in the process and highlighted that public comment will begin December 14, 2022. Ms. Cohen stated that the focus for the next step will be to finalize policies and procedures to integrate the changes seamlessly. She stated that the anticipated promulgation of the policies and procedures, along with training materials will be July 1, 2023.

There was discussion regarding setting baseline metrics and reporting timeframes. Acting Commissioner Kershaw agreed with board members that updates on key operational measures will be reported at every meeting. Board member Moeller commented that these regulation revisions are impactful and expressed hope that the field will provide feedback.

Board member Kain thanked the team for their hard work and stated that the changes will be helpful to families and programs.

Secretary Peyser echoed previous comments and thanked the Commissioner and the Department for their work. He commented that the long-term impact of the regulation changes will be flexible and effective support for families. Secretary Peyser stated that these revisions will allow the system to operate more efficiently for families. Board member Moeller acknowledged the change in tone reflected in the revisions.

* + Proposed Regulation Revisions – VOTE - Approved unanimously

Acting Commissioner Kershaw noted that these regulatory revisions were a priority of the Secretary and she expressed thanks for his guidance and support during the process.

* Commonwealth Cares for Children (C3) Program Update & Preliminary Survey Findings

Acting Commissioner Kershaw introduced Deputy Commissioner for Research, Innovation, and Supports Jocelyn Bowne, Director of Data Analytics Adrienne Murphy, and Senior Associate Commissioner Amy Checkoway to provide a C3 program update and to discuss updated survey findings. Acting Commissioner Kershaw noted that the C3 program has previously been operated with federal funding and will continue to operate with state funding.

Deputy Commissioner Bowne discussed key takeaways related to program financing and C3 funds. She discussed primary pain points in the childcare market, highlighting the need for increased compensation.

Adrienne Murphy provided an overview of the C3 fall survey. She stated that providers are required to respond to the survey at the time they apply for their next monthly grant, which resulted in a high response rate of 78% of all providers in the Commonwealth. Ms. Murphy discussed answers provided to a new question in the fall survey that asked providers to report what the C3 grants allowed their program to do, highlighting that 2/3 of FCC providers and half of GSA providers reported most fundamentally that the grant funds allowed them to remain open, with over 750 programs reporting that they would have to close their programs without continued funding. She provided insight into those providers, highlighting that 38% are in the highest SVI communities.

Secretary Peyser clarified that programs who reported they would have to reduce staffing levels without continued funding would mean reducing enrollment.

Ms. Murphy provided an overview of how providers are spending C3 grant funding, highlighting that providers continue to spend the majority of C3 funding on existing operational expenses, although that amount has been reduced slightly compared to last year, with a shift of spending into investment categories.

Board member Segal asked for clarification regarding reporting on increased GSA salaries and Ms. Murphy clarified that the question asking providers what the C3 funding has allowed them to do showed that C3 spending in a particular area opens up money to be spent in other areas. Deputy Commissioner Bowne added that the percentages represent different information and leads to the question of what the ideal percentage would be for salary increases. Chairperson Lesaux highlighted that C3 funding was not designed as a workforce support but rather as operational support during a crisis but the data provides insight into workforce development strategies. Secretary Peyser and Ms. Checkoway discussed categorizing bonuses and compensation as part of operational costs.

Ms. Murphy discussed data pertaining to operational investments by program type. Board member Kain provided comment regarding operational costs for family childcare as the businesses are run out of homes and the operational costs include rent, mortgages and utilities. Acting Commissioner Kershaw noted that similar questions pertain to the data related to salaries for FCC and will be discussed further. There was further discussion regarding different family childcare models. Ms. Murphy highlighted that school age programs have a higher percentage of funds spent in existing payroll and benefits. Ms. Murphy discussed spending patterns over time and provided insight into programs that have unspent funds, which showed that programs were responding to the uncertainty of the timeline for the grants. Ms. Murphy discussed data related to investments providers reported that they would make if the grant is extended.

Ms. Checkoway discussed updated data on capacity, staffing, turnover, and compensation. She highlighted that the data showed an increase in GSA providers who are unable to serve their full license capacity, resulting in between 10,000 and 15,000 unserved children. She discussed the insight gathered into the number of open positions available, highlighting that 12% of all GSA positions are not filled. Ms. Checkoway discussed data related to educator turnover, noting that 1/3 of all positions were turned over in the last year with consistency throughout all regions. Board member Segal commented on the high turnover rate and Board member Ruiz added that a benchmark would be helpful to highlight how serious this problem is. Ms. Checkoway provided insight into the most common reasons provided for educator turnover and the most common reason is that staff are leaving the field.

Ms. Checkoway discussed recruitment and retention strategy and highlighted that programs reported that they would like to use C3 funds for increasing salaries, but were reluctant due to uncertainty related to the availability of funding. Ms. Checkoway discussed data related to educator hourly pay and stated that hourly pay continues to increase, but overall compensation remains low compared to other sectors and varies by region. Ms. Checkoway provided data related to FCC annual take home pay, which shows that only 10% of FCC providers are earning more than $46,000/year and report working long hours. There was discussion regarding the fact that the reported salaries reflect take-home pay after expenses. Acting Commissioner Kershaw inquired if the next phase of data collection will include cost structures in FCC to provide insight into their financial structures and Deputy Commissioner Bowne confirmed. Ms. Checkoway commented that FCC providers reported reluctance to raise tuition rates. Board member Ruiz and Acting Commissioner Kershaw discussed the importance of viewing the different models for delivering services related to the cost models. Board member Schonwald commented on economic mobility vs. economic stability. There was discussion regarding the how to structure questions for future data collection in order to gain insight into FCC financial models and benchmarks for their economic success. Deputy Commissioner Bowne noted that the cost work will provide insight into strong models

Ms. Checkoway shared data points collected regarding family engagement, highlighting that almost half of all providers reported a waitlist for enrollment and discussed the data by region and by program. There was discussion regarding the choices that families make based on the waitlist data and Deputy Commissioner Bowne highlighted that a without additional supports, a market is created with built-in scarcity. There was discussion on how to utilize the data going forward to target interventions and advocate for funding. Board member Ruiz asked if there was a plan to share the data with the C3 grantees and share the insights gathered. Secretary Peyser discussed the underutilized capacity and the size of the unduplicated enrollment waitlist and he reflected on the efficiency of the market.

Ms. Checkoway shared data regarding tuition increases, noting that 1/3 of programs reporting raising tuition in the past year. Ms. Checkoway discussed types of financial assistance provided to families beyond subsidies provided by EEC and highlighted that almost half of programs reported providing financial assistance, with providers who serve less subsidized children in lower SVI areas were more likely to provide additional assistance.

Deputy Commissioner Bowne provided a reminder of the C3 funding formula and discussed C3 expenditures to date. She provided information regarding the economic development bill and the implications that legislation will have on C3 funding.

Acting Commissioner Kershaw discussed funding in the FY23 budget and stated the agency is committed to identifying additional funding for FY23. There was discussion regarding the $60M appropriation, with specific line-item language allocating it for programs who serve subsidized families, that will be distributed in February.

Ms. Bowne discussed planning for FY24 grant design considerations.

Chairperson Lesaux provided closing remarks. She offered thanks to all past and present Board members and thanked the newly elected Vice Chair, Paul Belsito, for his partnership. She acknowledged Board member Allison Schonwald, who is also attending her last meeting as a Board member. Chairperson Lesaux thanked Secretary Peyser and expressed appreciation for his dedication to the mission of the Board and acknowledged his team for their hard work. Chairperson Lesaux reflected on her time as chairperson of the Board and shared that it is her belief that the work undertaken by the agency is the most important and foundational to support children and families as a social and economic driver for a stronger quality of life for all residents of the Commonwealth.

The meeting was adjourned at 3:10PM.