



**Testimony of Commissioner Amy Kershaw
Department of Early Education and Care**

**Fiscal Year 2024, House 1 Recommendation
Joint Committee on Ways and Means
March 13, 2023**

Good morning, Assistant Vice Chair Comerford, Representative Vargas, and distinguished members of the Joint Committee on Ways and Means.

My name is Amy Kershaw and I'm honored to serve as the Commissioner of the Department of Early Education and Care (EEC). I'm delighted to be in Amherst with Secretary Tutwiler and my colleagues, Commissioners Riley and Ortega, and with each of you, to discuss the important investments in the Department and the broader early education and care system that the Healey-Driscoll Administration has proposed for Fiscal Year 2024 (FY24).

I have the privilege of serving alongside nearly 250 dedicated public servants at EEC who work across six offices in the Commonwealth, including five regional offices. Nearly 70% of our staff work in one of our regional offices, including our licensors, investigators, administrative support staff, and specialized program and family support staff.

EEC licenses, monitors, and provides technical assistance to approximately 8,000 early education and care programs and agencies that serve children and youth across Massachusetts. These include family child care programs; center-based programs for infants, toddlers, and preschoolers; out-of-school time programs, residential group care facilities, temporary shelters, and placement agencies for foster care or adoption services. Our child care programs serve children from birth to 16 years old, and our residential group programs serve children through age 21. Together these programs have the capacity today to serve more than 230,000 students.

EEC, primarily through federal funding from the Child Care Development Block Grant, also administers the state's child care financial assistance programs, which support access to subsidized child care for approximately 53,000 children and their families across the Commonwealth.

EEC also provides: professional development support for the state's early educators; quality and operational supports directly to early education and care programs; and, through our community partners, parent support and early literacy services for families across the Commonwealth.

EEC, and the diverse network of early education and care programs we oversee, share a dual mission: to provide access to stable, affordable child care so families can work and to provide high quality learning experiences to help prepare their children for long-term success in school.

and beyond. Early education is foundational to closing the opportunity gap in Massachusetts – bringing economic equity and mobility to families as well as educational opportunities to their children. Access to affordable child care is also an engine of the state’s economy, enabling families of all income levels to participate in our workforce. We are both the workforce behind the workforce and the beginning of the educational journey for many of our youngest learners, including children in communities that have been historically marginalized or lack equitable educational opportunities.

And yet, our system is fragile. Even prior to the pandemic the early education and care system was unstable – with programs long struggling to balance affordability for families with providing sufficient wages for staff and investing in critical quality supports. And as we all know, the COVID-19 pandemic deeply and profoundly disrupted this precarious balance – exacerbating many of those persistent issues.

The unique challenges that arose throughout the pandemic required a collaborative response from all aspects of the early education and care field, leveraging innovative thinking and creative problem solving from across the Commonwealth. Throughout the course of the pandemic, we have been able to identify two essential and equally important levers that we can employ to promote stability in the state’s early education and care field:

1. Direct support to programs to provide stable operational supports and target resources to staffing.
2. Direct needs-based financial assistance to increase families’ purchasing power in the market and help pay for the cost of child care.

I am very pleased to be here today to share that the Healey-Driscoll Administration’s proposed budget advances the agency’s dual mission by providing critical and significant investments to affect both levers. While we undoubtedly have critical work ahead of us in the year to come, I’m proud to say that Massachusetts’ child care system continues to rebound due in large part to the passion and dedication of the thousands of educators, directors, staff, and early education supporters. That progress is also a credit to the historic investments we have seen in the sector through the Legislature. The Governor’s FY24 budget proposal aims to build on our continued progress, enabling the continuation of core services and programming from the agency and funded targeted interventions to support increased affordability and accessibility for Massachusetts families.

In total, the Governor’s FY24 budget proposal allocates \$1.5 billion for the Department of Early Education and Care, representing a 25% increase over the agency’s Fiscal Year 2023 (FY23) General Appropriations Act funding.

As I mentioned, during the COVID-19 pandemic, a combination of fluctuating enrollment and workforce challenges exacerbated financial instability for providers across the state, leading to program closures and limiting options for families. To build back and recover, Massachusetts leveraged federal funding to launch the Commonwealth Cares for Children (“C3”) stabilization program.

C3 stabilization grants are based on a formula that factors in whether a provider cares for subsidized children along with need in the communities served by the provider. The grants support providers with basic operating costs, incentivizes capacity-building, increases staff compensation, and encourages quality investments. To date, EEC has distributed more than \$600 million in funds to approximately 6,800 programs.

The C3 program represents a paradigmatic shift in the way child care providers are supported. C3 payments are monthly, based on fixed costs, and available to all licensed providers in the state. For these reasons, they have helped to mitigate challenges providers have always faced in balancing steep operating costs with the often-competing goals of fair workforce compensation and family affordability.

H.1 recognizes this success and recommends continuing C3 grants at their current levels for another year, allowing predictability for programs as well as further data collection and assessment of operational impact on programs and affordability for families. In this budget, these grants are for the first time entirely funded from state resources: \$225 million from the General Fund, \$100 million from Fair Share revenues, and \$150 million from the one-time High-Quality Early Education & Care Affordability Fund – totaling \$475 million.

To complement the historic investment in stabilizing providers, H.1 furthers the Commonwealth's investment in family affordability and expanded accessibility through direct tax relief and increased support for the child care financial assistance system.

To alleviate the burden of child care costs on household budgets, H.1 proposes an expanded Child and Family Tax Credit that provides families with a \$600 refundable credit for each qualifying dependent, including children, people with disabilities, and senior dependents. This proposal serves as the centerpiece of the administration's tax proposal, providing relief for over 700,000 taxpayers supporting more than 1,000,000 dependents across the Commonwealth.

H.1 allocates approximately \$774 million across our child care financial assistance programs to support access to subsidized care for children in families with low or no income, including families with active cases through the Department of Children and Families (DCF), receiving Transitional Aid to Families with Dependent Children (TAFDC) or Supplemental Nutrition Assistance Program (SNAP) benefits from the Department of Transitional Assistance who are also participating in employment-related activities. H.1 proposes to expand the reach of the state's child care financial assistance program, adding \$25 million to increase the number of families served by the end of FY24 from the current 53,000 to 58,000. In alignment with these investments, the agency has also been engaged in a year-long reform process of our financial assistance programs which will provide easier access, greater flexibility, and a more modern and dignified experience for families participating in our programs.

Relatedly, H.1 maintains \$80 million of provider rate increases that were implemented in FY23 and allocates \$20 million for additional rate increases for both center-based and family child care providers in FY24.

These investments, paired with the Governor's proposed maintenance of the C3 operational grant program, offer essential financial supports for the vast majority of our programs, particularly those serving families receiving child care financial assistance each day.

Together, these funding sources are critical to addressing one of the biggest challenges facing the field: recruiting and retaining a robust early education workforce. Over the last year, as I've met with program directors and FCC providers across the state, recruitment and retention have been a near-universal challenge. In fact, recent findings from our Fall 2022 survey of programs participating in C3 indicated that almost one-third of educator positions in the field had turned over within a year and that 35% of center-based programs in the state could not provide care to their full licensed capacity, which translates to more than 10,000 spaces that children were unable to access due to workforce challenges in the field.

Similarly, the Governor's budget provides \$10 million for the Career Pathways in order to support continued access to professional development opportunities for new and existing educators. Career Pathways is a partnership with the state's 15 state-funded community colleges that offers early educators opportunities to gain skills and knowledge to advance their careers.

H.1 includes proposals to expand successful programming administered by EEC and meet emerging needs in the field. Notably, the proposal doubles funding for our Commonwealth Preschool Partnerships Initiative (CPPI) grant program from \$15 million to \$30 million to expand access to high quality preschool opportunities, with a particular focus on our Gateway Cities and supporting children with special needs to be served in community settings in which they are already enrolled. The proposed increase would enable EEC to expand the program well beyond the 16 communities currently participating in the grant program. New funding is also proposed to offer increased behavioral and mental health supports within our early education and care programs, a growing need across the educational continuum for both children and staff.

The proposal also aims to build on existing strategic investments from FY23 in the next fiscal year. This includes providing \$20 million for child care resource and referral services across the Commonwealth and \$5 million for a comprehensive strategic analysis to build on the work completed through the Special Legislative Early Education and Care Economic Review Commission.

The Governor's budget also maintains vital funding levels for some of our key two-generation programming including, \$4 million for the Parent Child+ program, \$15 million for the state's Head Start programs, and \$11.7 million for our Coordinated Family and Community Engagement (CFCE) Programs.

Finally, over the last year, EEC restructured the agency's operations and business processes to modernize and improve the user experiences of the families and providers we serve, as well as the staff at EEC. At its core, this work ensures that people remain at the center of our work as we look to deliver on the core functions of the agency and operationalize the agency's Strategic Action Plan. In the last year, we have built and strengthened capacity within the agency across several key functions including family access and engagement, research and data analytics,

caseload and fiscal management and workforce development. The proposed investments through H.1 will allow the agency to continue this system strengthening work.

The Governor's proposed budget strongly supports the work ahead of us at EEC and targets state resources toward addressing some of the key opportunities and most pressing matters facing the early education and care field and the hundreds of thousands of families who rely on the system each day.

I am grateful for the opportunity to provide this testimony to you today and look forward to working with you as we continue to modernize and improve our system for the children, families, programs, and educators we serve.

I am happy to take any questions committee members may have.