



## POLICY ADVISORY

*Field Operations 2024 - 11*

**Policy:** Child Care Financial Assistance Reimbursement Rates for Fiscal Year 2024

**Effective Date:** 7/1/2023 (*implemented 7/1/2024*)

**Policy link:** <https://www.mass.gov/doc/fiscal-year-2024-child-care-financial-assistance-daily-reimbursement-rates/download>

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### OVERVIEW

The final Fiscal Year 2024 (FY24) state budget included \$65 million for rate increases for early education and care providers who accept state child care financial assistance, known as rates. Based on this, the Department of Early Education and Care (EEC) proposed increases to the rate amounts, as well as reforms to how rates are calculated to address long-standing inequities in rate amounts by geographic region and age group of children served. The Board of Early Education and Care approved EEC's rate proposal on January 10, 2024.

Rates for family child care providers are now finalized with the ratification of a new contract with SEIU Local 509. The updated rates for family child care providers will be implemented on July 1, 2024, with an effective date of July 1, 2023. As such, starting in July, when logging into CCFA to submit June 2024 billing, family child care providers will see an increased amount in their reimbursement payments. This also means that the new rates apply retroactively to services provided on or after July 1, 2023, for which family child care providers will receive a one-time payment in July to account for these increases.

The updated rates for center-based early education and care providers were implemented on February 1, 2024, with an effective date of July 1, 2023.

### APPLICABILITY

This policy applies to all early education and care providers who accept state child care financial assistance.

### KEY UPDATES

Key changes to EEC's family child care reimbursement rates include:

- All family child care rates will receive at least a 5.5% cost of living adjustment. Some family child care rates will see further increases due to the new consolidated rate structure that aligns regions with similar economic indicators and cost of care.
- Quality funding has been incorporated into the base rates moving forward. The funding helps to promote quality, so it is now granted to all providers, including center-based providers. This increase is maintained for family child care providers. The 3% Quality Rating

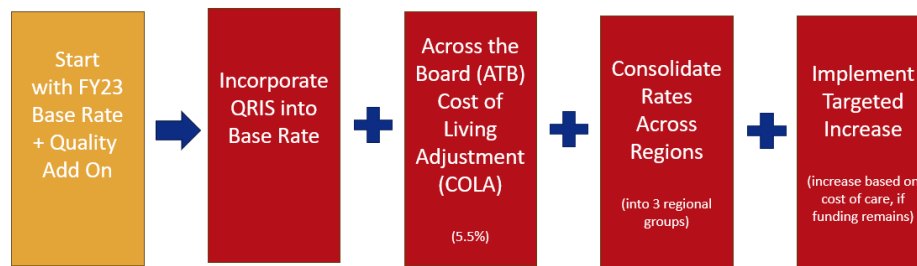
and Improvement System (QRIS) add-on is no longer shown as a separate rate and is incorporated into the under-2 and over-2 base rate for FCC providers. This has already been incorporated into the base rate for center-based providers. Family child care programs no longer need a QRIS rating to receive this rate.

## RESOURCES

### *Frequently Asked Questions*

#### 1. How were rates for fiscal year 2024 calculated?

##### Sequence of Calculations



Please note that the quality add-on was incorporated as applicable by program type.

#### 2. What rate changes are being implemented this year?

The following changes are being implemented for rates this fiscal year:

- 5.5% “across the board” increase for all center-based rates by region and age groups, as well as increases of all rates to at least 81% of the cost of care;
- 5.5% “across the board” increase for all FCC rates by region and age groups;
- Consolidates to three rates to (a) align rates among regions that are substantially similar across key economic indicators and (b) simplify the rate structure: 1) Western, Central & Southeast; 2) Northeast; and 3) Metro & Metro Boston;
- Increases by \$1 from \$23 to \$24 the daily add-on rate for DCF Supportive, Young Parent, and Families Experiencing Homelessness contracts; and
- Incorporates the QRIS (3%) and quality (8.5%) add-ons into the base rate where applicable.

#### 3. Why did family child care provider rates not increase in February?

Family child care provider rate increases were subject to the collective bargaining agreement between EEC and SEIU Local 509. While the Board of Early Education and Care voted in support of a 5.5% FCC provider rate increase and consolidated rate structure, it is subject to union negotiation. Once the collective bargaining process was complete, EEC could initiate the FCC rate increase. The rate increase is retroactive to July 1, 2023.

#### 4. What is the effective date of the rate increases? Will there be retroactive payment?

The rate increase for family child care providers will be implemented in July 2024 retroactive to July 1, 2023. This means that family child care providers will receive the retroactive increase for July 2023 through June 2024 services with the payment in July 2024, in addition to the regular June services payment.

The rate increase for center-based programs was implemented in February 2024 retroactive to July 1, 2023. This means that center-based programs received the retroactive increase for July 2023 through January 2024 services with the payment in February, in addition to the regular January services payment.

Please note that the billing process, including generating ledgers and approving pending invoices, may be slower than usual due to the retroactive payment calculations. Please provide additional time before you submit HelpDesk tickets. We appreciate your patience and understanding as we implement these rate increases.

**5. What happened to QRIS and quality add-on rates?**

The 3% QRIS add-on for infant and toddler rates, as well as the 8.5% quality add-on for center-based programs and FCC systems, are no longer separate rates. These add-ons are now included in the base rates, where applicable, and will no longer be reflected as separate add-ons. Also, programs no longer need a QRIS rating to receive the QRIS rate.

**6. Are there requirements for how programs must spend the rate increase?**

As required by the fiscal year 2024 state budget line-item language (lines 3000-1042 and 1596-2434), center-based providers must use the funds received to increase salaries, benefits, and stipends for the professional development of early educators. Line item 3000-1041, the source of funding for FCC rate increases, does not place restrictions on how the rate increases are used.

**7. What documentation do I need to keep showing how I spent the funding?**

Programs will maintain documentation showing that the funds received through the fiscal year 2024 rate increase have been distributed in accordance with their own fair and equitable standards. All documentation must detail the following:

- The amount each staff person received in salary, benefit, or stipend;
- The effective date of any salary, benefit, or stipend increase;
- The reason for the amount given; and
- The date the increase, benefit, or stipend was made.

**8. Do programs have to make retroactive salary increases?**

The effective date of these rate increases is July 1, 2023. Programs should make their own decisions on how they execute salary, benefit, or stipend increases using this funding.

**9. Do providers need to change their rates for families to get full reimbursement from the state or can private pay families pay a different rate for care?**

No. Governor Healey's fiscal year 2023 supplemental budget included a provision for a permanent exemption for child care programs from the state's price limitation clause that was included in the final signed budget. The price limitation clause had limited early education and care programs' ability to offer discounts or privately funded scholarship to families or staff members unable to afford the state rate. EEC has received a year-by-year exemption from this rule since 2021, which early education and care programs are now permanently exempt from. This means programs can offer discounts or privately funded scholarships to families or staff unable to afford the state rate.

If you or your staff have questions about this policy or need additional support, please contact Sandy Fortier-Hollow at [sandra.fortier-hollow@mass.gov](mailto:sandra.fortier-hollow@mass.gov).

**OBSOLETE**

This fiscal year 2024 rate structure replaces the agency's rate structure from fiscal year 2023.