POLICY ADVISORY

Field Operations 2024 - 3

Policy: Child Care Financial Assistance Reimbursement Rates for Fiscal Year 2024
Effective Date: 7/1/2023 *(implemented 2/1/2024)*
Policy link: https://www.mass.gov/doc/fiscal-year-2024-child-care-financial-assistance-daily-reimbursement-rates/download

Overview

The final fiscal year 2024 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.

The updated rates for center-based early education and care providers will be implemented on February 1, 2024, with an effective date of July 1, 2023. This means that starting in February, providers will see an increased amount in their reimbursement payments. It also means that the new rates apply retroactively to services provided on or after July 1, 2023, for which providers will receive a one-time payment in February to account for these increases.

Rates for family child care providers will be finalized once the new contract with SEIU Local 509 has been ratified. More information will be shared at that time.

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 center-based reimbursement rates includes:

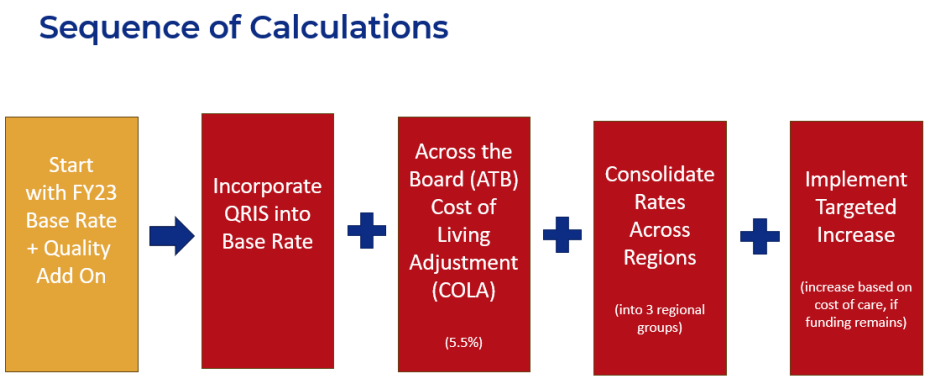
- All center-based rates will receive at least a 5.5% cost of living adjustment. Some center-based rates will see further increases due to: 1) new consolidated rate structure that aligns regions with similar economic indicators and cost of care and/or 2) intentional efforts to move rates to at least 81% of the cost of care as defined by recent cost research commissioned by EEC (this means rates already at 81% will not see additional increases).

- Quality funding has been incorporated into the base rates moving forward. The funding helps to promote quality, so it is now provided to all providers. This means the 8.5% quality add-on from fiscal year 2023 and the 3% QRIS add-on are no longer shown as separate rates. Programs no longer need a QRIS rating to receive these rates.

RESOURCES

Frequently Asked Questions

1. How were rates for fiscal year 2024 calculated?



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 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, with implementation subject to union negotiation;
- 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.

3. Why are family child care provider rates not increasing at this time?

Family child care provider rate increases are subject to the collective bargaining agreement between EEC and SEIU Local 509. While the Board of Early Education and Care voted for a 5.5% FCC provider rate increase and consolidated rate structure, it is subject to union negotiation. Once the collective bargaining process is complete, EEC will initiate the FCC rate increase in the coming months. When implemented, the rate increase will be retroactive to July 1, 2023.

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

For center-based programs, the rate increases are being implemented in February 2024 and are retroactive to July 1, 2023. This means that you will receive the retroactive increase for July 2023 through January 2024 services with your payment in February, in addition to your 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 are no longer separate rates. These add-ons are now included in the base rates 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/educators must use the funds received to increase salaries, benefits, and stipends for the professional development of early educators.

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.

OBSOLETE

This fiscal year 2024 rate structure replaces the agency's rate structure from fiscal year 2023 (except for FCC rates that will be finalized once the new contract with SEIU Local 509 has been ratified).