



## FAQ

**Policy Title:** Center-Based Child Care Financial Assistance Reimbursement Rates for Fiscal Year 2025

**Policy Number:** CCFA-25-02

**Release Date:** 3/5/2025

**Effective Date:** 7/1/2024

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### 1. What guiding principles informed the Fiscal Year 2025 rate calculations?

- Use a **cost-based** methodology to inform adjustments to child care financial assistance rates. Continue to **prioritize** child care financial assistance **rates** that are **furthest from** the **cost of care**.
- Acknowledge **increased costs** for all programs. Use proportion of funds for cost-of-living adjustments (COLA).
- **Distribute resources proportionally** to where CCFA children are receiving care by program type.
- Recognize **difference between** the compensation assumptions in the **center-based** (based on current salaries) **and FCC cost model** (based on more aspirational salaries).

### 2. What is a cost model and why was a cost-based methodology used to inform Fiscal Year 2025 rates?

Cost models estimate the per-child cost to operate a child care program. Cost models look at different program types, regions, and ages of the children served. The cost models help inform state-level funding and policy decisions. The models help inform changes to the child care financial assistance rates. EEC works with researchers to continue to improve the cost model.

EEC received approval from the Office of Child Care to use the cost work to inform child care financial assistance rates. Before, reimbursement rates changed based on the prices

programs charge for care (tuition). Now, changes to child care financial assistance rates will be based on the cost of care.

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

EEC will put in place the center-based rate increases in March 2025. Increases will be retroactive to July 1, 2024. Programs will receive the increase for July 2024 through February 2025 services with the March payment.

**Please note:** The billing process, including generating ledgers and approving pending invoices, may be slower than usual due to the retroactive payment calculations. Please provide extra time before you submit HelpDesk tickets. We appreciate patience and understanding as EEC implements these rate increases.

### **4. What happened to add-on rates?**

Through the implementation of the Priority Populations contracts on October 1, 2024, Contract Providers and FCC Systems who were awarded DCF, Families Experiencing Homelessness, and Parent Under 24 contract slots were issued a Support Services cost reimbursement contract. This support services contract replaces the former “add-on” support services daily reimbursement rate. The new Priority Populations contracts allow Contract Providers and FCC Systems to plan their budgets for family services, staffing models, and administrative expectations to fulfill the contract needs.

In addition to the Support Services Cost Reimbursement contract, EEC also implemented the Family Child Care System Administrative Management Cost Reimbursement contract, thus removing the FCC System Admin rate from the daily reimbursement rate. The FCC System Administrative Management Cost Reimbursement contract allows FCC Systems to budget for the required services, staffing models, and administrative expectations of the contract.

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

As required by the Fiscal Year 2025 state budget line-item language (line-item 1596-2434) and the Fiscal Year 2024 close-out supplemental budget line-item language (3000-1142),

providers/educators must use the funds to increase salaries, benefits, and stipends for the professional development of early educators.

#### **6. What documentation do I need to show how I spent the funding?**

Programs will maintain documentation showing that the funds received through the Fiscal Year 2025 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.

#### **7. Do programs need to make retroactive salary increases?**

The effective date of these rate increases is July 1, 2024. Programs should make their own decisions on how they execute salary, benefit, or stipend increases using this funding.

#### **8. Are programs that accept child care financial assistance allowed to charge private pay families a tuition rate that is lower than the comparable EEC child care financial assistance reimbursement rate?**

Yes. Governor Healey's Fiscal Year 2023 budget included a rule that permanently exempts early education and care programs from the state's price limitation law. This law had prevented child care programs from offering lower tuition, discounts, or scholarships than the state's child care financial assistance rates to families, teachers, and staff who paid privately. Now, child care programs do not have to follow the state's price limitation law and are exempt.

If you or your staff have questions about this policy or need additional support, please contact [eeccsubsidymanagement@mass.gov](mailto:eeccsubsidymanagement@mass.gov).