



MASSACHUSETTS
**Department of
Early Education and Care**



Fiscal Drop-in Session

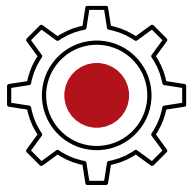
Fiscal Year Updates
July 11, 2025

Welcome!

While waiting for others to join, check your Zoom settings and drop your full name, role and organization in the chat.

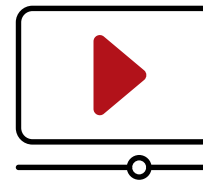


Update Your Name to display your name.



- In meeting controls, click "Participants"
- Hover over your name, click "..."
- Click "rename" to update your name.

Technical Trouble?



- Send a message to the EEC Host

Housekeeping



Please feel welcome to place questions in the chat.



Questions will be answered as possible, and EEC will gather questions and respond to questions after the conclusion of this training.



When asked for feedback or comments by facilitators throughout the session, please “raise your hand” to be called on.



Please keep your microphone on mute to reduce feedback until you are looking to make a statement or ask a question.

Today's Agenda



- 1 Uniform Financial Report (UFR) Reporting
- 2 FY25 Reconciliation Workbook Technical Assistance Questions
- 3 FY2026 Updates



Uniform Financial Report (UFR) Updates

UFR FY25 Reporting Updates

What's Changed

- **Definition of EEC Programs:**

- A program is defined in 808 CMR 1.02 as the *“delivery of one or more discrete services in an organized and coordinated fashion in order to achieve contract objectives.”*
 - The Income Eligible (IE) Child Care Financial Assistance Program including Child Care for Families Experiencing Homelessness (FEH) and Parents Under 24 (PU24); and
 - The Department of Children and Families (DCF) Related Child Care Program

- **Contract Types**

- Center-based programs and schools Unit Rate Contracts
- Center-based programs and schools Cost Reimbursement Contract
- Family Childcare Systems Unit Rate Contract
- Family Child Care System Cost Reimbursement Contract

- **Other Funds**

- Contracted Funds (Federal Funds)
- Voucher Revenue
- Client Revenue

UFR Reporting Instructions

Special Instruction for FY25 filing for EEC Direct Contract Providers

- **Threshold for filing**
 - Any income eligible contractor and/or priority populations contractor of EEC that receives \$100,000 or more from either or both of these contracts combined must file a UFR with OSD.
- **Reporting by Program**
 - Each provider/System that has a responsibility to file a UFR must complete a Schedule B for each of its programs (IE and DCF).

UFR Reporting Instructions

Reporting by Program

Center-based programs and schools Unit Rate Contracts

- Prepare and file one Schedule B for the center/school serving through either a contract or a voucher agreement for the Income Eligible program.
 - Include Parents Under 24, and Families Experiencing Homelessness programs (if applicable).
 - *Separate Schedule Bs do not have to be filed for each age group.*
- Prepare and file one Schedule B for the center/school serving through either a contract or a voucher agreement for the Department of Children and Families (DCF) program.
 - *Separate Schedule Bs do not have to be filed for each age group.*

UFR Reporting Instructions

Reporting by Program

Center-based programs and schools Cost Reimbursement Contract

- Prepare and file one Schedule B for that the center/school serves through the Income Eligible Administrative Cost Reimbursement Contract
 - Include the Parents Under 24 and Families Experiencing Homelessness Administrative and Support Services Contracts. (if applicable).
- Prepare and file one Schedule B for that the center/school serves through the Department of Children and Families program Administrative Cost Reimbursement Contract Administrative and Support Services Contracts.

UFR Reporting Instructions

Reporting by Program

Family Childcare Systems Unit Rate Contract

- A Family Child Care System must prepare and file one Schedule B for the Family Child Care System that serves through either a contract or a voucher agreement for the Income Eligible program.
 - Include the Parents Under 24 and Families Experiencing Homelessness programs. (if applicable)
 - *All age groups served will be combined for the family childcare program.*
- A Family Child Care System must prepare and file one Schedule B for the Family Child Care System through either a contract or a voucher agreement for the Department of Children and Families program. (if applicable)
 - *All age groups served will be combined for the family childcare program.*

UFR Reporting Instructions

Reporting by Program

Family Child Care System Cost Reimbursement Contract

- Family Child Care System must prepare and file one Schedule B for the Family Child Care System that serves the Income Eligible Administrative Cost Reimbursement Contract,
 - Include the Parents Under 24 and Families Experiencing Homelessness Administrative and Support Services Contracts, if applicable.
- Family Child Care System must prepare and file one Schedule B for the Family Child Care System that serves through the Department of Children and Families program Administrative Cost Reimbursement Contract Administrative and Support Services Contracts, if applicable.

Surplus Revenue Retention (Non-profits)

Unit Rate Contracts

- Not-For-Profit Contracted Providers/Systems that receive \$100,000 or more in contracted funds
 - Surplus Revenue Retention are only applicable to the Unit Rate Contracts.
- In conjunction with filing a UFR, each Provider/System may determine whether or not they have exceeded the 20% Surplus Revenue Retention (SRR) cap related to their contracts and/or voucher agreements.
- Providers/Systems that exceed the surplus revenue retention cap are responsible for repaying the Commonwealth the excess funds.

Commercial Fees (For-profits)

Unit Rate Contracts

- For-Profit Contracted Providers/Systems that receive \$100,000 or more in contracted funds
 - Commercial Fees are only applicable to the Unit Rate Contracts.
- In conjunction with filing a UFR, each Provider/System must record a liability for surpluses that exceed the negotiated 20% earnings cap related to their contracts and/or voucher agreements, as applicable.
- Providers/Systems that exceed the earnings cap are responsible for repaying the Commonwealth the excess funds.

UFR Reporting Key Reminders

- If a System has a center-based program and a family childcare program:
 - File separate Schedule B's for their center-based program and a separate Schedule B for the children served by their affiliated family childcare providers.
- Organizations who need to report their FY24 UFR Filing
 - Report in accordance with the FY24 UFR Special Instructions (by age group) for the Unit Rate Contract
 - File separate Schedule B's for the cost reimbursements contracts.
- Pay attention to all required due dates.
 - Extensions are filed through the UFR System.
- External auditors/CPAs can refer to sections within the [UFR Auditors Compliance Supplement](#) on how to audit Cost Reimbursement contracts.
- Questions on UFR Reporting can be sent to EECAuditIP@mass.gov or
 - UFR Website: [File my Uniform Financial Report \(UFR\) | Mass.gov](#)



FY25 Reconciliation Workbook Questions



FY2026 Fiscal Year Updates

FY2026 Contract Renewals

- Renewal Contracts will begin on July 1, 2025 through June 30, 2026.
- EEC is working on updating and finalizing FY26 Unit Rate Contract Forms, including updated contract conditions, budget forms and instructions *as soon as possible*.
- Key contract changes will be implemented in FY26:
 - Administrative Payments - Cost Reimbursement Contract Changes
 - Supportive Services - Cost Reimbursement Changes
 - Seat Flexibility within CBC Income Eligible funded contracts
 - Flex Pool Changes

Administrative Payments - Contract Changes

- EEC will transition administrative payments from a cost reimbursement model to a unit-rate structure to provide greater flexibility for providers in managing the administrative needs of their operations.
- This change will apply to Section 4.5.1 (Administrative Payments) of the RFR, which outlines the administrative fee meant to cover part of the costs for program staffing, services, and related activities provided under all contracts.

Next:

Providers can expect two advance payments for support services contracts

- July for July/August payments
- September for September/October payments

Nov. 2025:

- Providers will request a flat monthly payment equal to 1/12th of their annual administrative award through EEC Finance or invoicing; no additional documentation or verification will be required for payment.
- As with all CCFA payments, post-payment audits are always a possibility (state or federal)

Supportive Services – Cost Reimbursement Changes

Programs will shift to a cost reimbursement model in FY26 (Anticipated November 2025) for supportive services contracts

Next:

Providers can expect two advance payments for support services contracts

- July for July/August payments
- September for September/October payments

Nov 2025:

- EEC will introduce a centralized, streamlined system to manage these contracts.
- Programs will use an online platform (EEC Finance) to manage budgets and submit reimbursement requests.
- The number of required budget form submissions will be reduced.
- Training and support will be provided to help programs navigate the new system.

Seat Flexibility - Exploration

- EEC is currently exploring options for seat flexibility for Income Eligible funded contracts (including Families Experiencing Homelessness and Parents Under 24) to address concerns as children age-up and allowing providers to maintain children in their contract while with their programs.
 - **Option 1: Flexibility Across Total Contracted Seats - Providers may enroll up to the full awarded seat count regardless of age group as long as total funding is not exceeded.**
 - **Option 2: Seat Flexibility Within Age Group Categories – Providers may enroll up to the awarded number of seats within each broad age group category**
- As part of the CCFA Workgroup, EEC will engage with partners to discuss options, concerns and potential impact before any decision is made.
- These changes will have fiscal and system impact and will not happen without additional communication to providers.

Flex Pool Updates

Effective for FY2026 Contracts,

- Income-eligible flex pool will move to 0%
- DCF flex pool seats will be limited to 10%, based on awarded seats
- EEC will communicate more details soon and work with providers to provide support around flex pool utilization
- *Note: This change will be effective moving forward. Children who are currently in the Income Eligible and/or DCF Flex pool will be able to remain in their contracted seat.*
- *No children will lose access to CCFA, children would age-up and transition into a voucher*



**Thank you for your ongoing
participation and partnership!**