MASSACHUSETTS
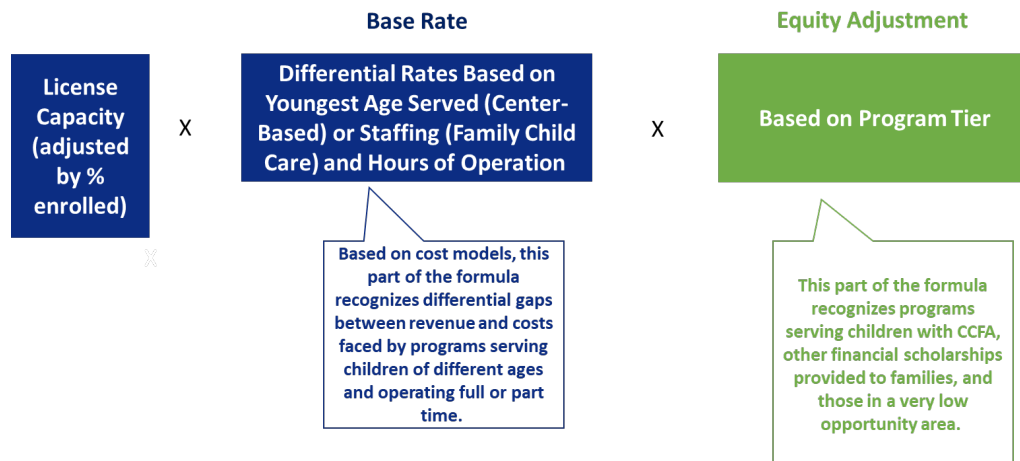**eec** **Department of**
Early Education and Ca

FY25 Formula

In November, 2024, the formula used to calculate C3 funding amounts will change.

1. **What is the C3 Formula, and how is it used to distribute funds?**
   The C3 Formula is a method for calculating the monthly funding that childcare programs receive. Programs enter information when they first apply in LEAD about ages served, program staffing and supports for families that are combined with information EEC has on the program and used to calculate a monthly payment. Each month, programs submit a recertification request through LEAD to receive their monthly payment. During the application process, programs are notified of the information used in the formula and the monthly award the will receive each month as calculated by the formula.

2. **What is the new formula?**
   The FY25 formula consists of three main components: program's licensed capacity (set at 10 for all FCCs) adjusted for enrollment, the base rate which is based on ages served (for centerbased programs) or staffing (for FCCs) and the equity adjustment which takes into account how providers accept vouchers or offer private scholarships, or programs located in communities with limited resources. These components are multiplied together to determine the final amount a program is awarded each month (see graphic below).

	Base Rate		**Equity Adjustment**
License Capacity (adjusted by % enrolled) X	**Differential Rates Based on Youngest Age Served (Center-Based) or Staffing (Family Child Care) and Hours of Operation**	X	**Based on Program Tier**
	Based on cost models, this part of the formula recognizes differential gaps between revenue and costs faced by programs serving children of different ages and operating full or part time.		This part of the formula recognizes programs serving children with CCFA, other financial scholarships provided to families, and those in a very low opportunity area.

3. **How is the base rate calculated for my program?**
   For center-based programs, the base rate is determined by the youngest age group you serve and whether your program operates full-time (25 hours or more per week) or part-time (less than 25 hours per week). For FCCs, the base rate is determined by whether you have an assistant and the assistant's hours and whether your program is open part or full time.

4. **What are the specific base rates for Center-Based Care (CBC) programs?**

For full-time and school-age programs, if your youngest age group is:

    a. Infants (full-time): $100
    b. Toddlers (full-time): $80
    c. Preschoolers (full-time): $70
    d. School-age children: $50

For part-time programs, if your youngest age group is:

    a. Infants (part-time): $80
    b. Toddlers (part-time): $60
    c. Preschoolers (part-time): $50

These rates are set for the full program, not just the age group identified (i.e. if you serve infants and are open full time, you will receive the $100 per seat base rate for all slots, not just infant slots).

5. What are the specific base rates for Family Child Care (FCC) programs?

For full-time FCC programs (program is open 25 hours a week or more) with:

    i. A full-time assistant (Working 30 hours or more a week): $80
    ii. 3A part-time assistant (Working less than 30 hours a week): $60
    iii. No assistant: $50

For part-time FCC programs (program is open less than 25 hours a week) with:

    iv. Full-time assistant (30 assistant hours or more a week): $60
    v. P art-time assistant (Working less than 30 hours a week): $40
    vi. No assistant: $30

How is a program's license capacity determined?

Center-based program license capacity will be auto-populated with the program's licensed capacity as documented in LEAD. For the purposes of the formula, all FCC sites will be designated a licensed capacity of 10, regardless of their actual capacity. Programs do not have to serve 10 children at the time of application.

6. **How is a program's enrollment determined?**

A program's enrollment is calculated based on the number of children reported enrolled in each of the C3 recertifications over the past 12 months. The application will calculate an average enrollment across all these recertifications for these programs. For new applicants, the enrollment reported at the time of the first application will be used.

    a. For center-based programs, if the average annual enrollment is less than 75% of licensed capacity, the base rate will be multiplied by an adjusted licensed capacity. For example, a center with 70% of their licensed capacity enrolled (on average over the year) will have their license capacity adjusted by 70% , and a center with 50% of their licensed capacity enrolled (on average over the year) will have their license capacity adjusted by 50% .

b. For FCCs, if the program reports an average enrollment of less than 3 children over the last 12 months, the program's base rate will not be multiplied by a licensed capacity of 10. If average enrollment is 2 or more but less than 3, the base rate will be multiplied by a licensed capacity of 7.5. If average enrollment is 1 or more but less than 2, the base rate will be multiplied by a licensed capacity of 5. If average enrollment is less than 1 but greater than zero, the base rate will be multiplied by the licensed capacity of 2.5.

c. For all programs, if average annual enrollment is zero, the funding award will be zero.

7. **If I am an FCC and I only have 1 child enrolled this month, will my C3 award be reduced?**
The enrollment adjustment is based on the enrollment you have reported each month for the last 12 months. If you have one month with low enrollment it might not affect your grant award if you are fully enrolled for the other 11 months. If you report fewer than 3 children enrolled for all 12 months, than your grant award will be adjusted down and the size of the adjustment will depend on the average number across all 12 months.

8. **If I am a school age program and closed during the summer months, how will my enrollment average be calculated?**
Annual enrollment averages will be calculated based on the enrollment information included in all monthly recertifications submitted during the past 12 months. For programs that are closed during the summer, there are no recertifications submitted during these months and the average will be based on the 10 months for which we have enrollment information.

9. **How is my equity adjustment calculated?**

The equity adjustment is based on a set of program characteristics that determine what tier of payment your program qualifies for based on the following characteristics:

a. *Enrollment of children with child care financial assistance:* Programs that have enrolled 25% or more of their licensed capacity with children receiving child care financial assistance for at least one month will be placed in tier 1.
Programs that have at least 1 slot but less than 25% of licensed capacity enrolled with children with child care financial assistance will be placed in tier 2.

b. *Program location:* Programs located in a census tract identified as a very low opportunity area based on the Child Opportunity Index (see maps [here](#)) will be placed in tier 1.

c. *Other financial assistance:* Programs that utilize other financial assistance opportunities for families and have more than 25% of licensed capacity enrolled with families paying less than 50% of tuition will be placed in tier 2.

d. Tier 1 receives a multiplier of 3. Tier 2 receives a multiplier of 2.5.

e. Tier 3 receives a multiplier of 1. Programs that do not meet Tier 1 or Tier 2 criteria, are included in this tier. Programs for which the ratio of the CEO compensation (or highest paid employee) to lowest paid educator compensation is 30:1 or higher are also included in this tier.

10. **What types of scholarships qualify my program for the tier 2 equity adjustment?**

In the C3 monthly recertification form, programs will report on any types of scholarships (other than CCFA) they provide to families enrolled in their program. In addition, programs will be able to report the number of children utilizing these scholarships and paying less than 50 percent of their respective tuition, *not including those receiving CCFA*. Any scholarship mechanism that supports families in paying reduced tuition will be considered. These might include scholarships financed directly by the program, as well as scholarships accepted by the program but provided by other entities, such as towns, tribes or philanthropic organizations. Programs that report 25% or more of licensed capacity filled with children in families paying less than 50% of tuition will be placed in the tier 2 equity adjustment.

11. **What documentation do I need to support my scholarship reporting?**
Every program reporting children receiving a non-CCFA scholarship of greater than 50% of tuition must report how much a family pays for each child and provide documentation of these payments.

12. **Do my own children or children in my family count towards the scholarship reporting since they do not pay tuition?**
While family members may be counted in enrollment if at least two non-related children are also enrolled, you may *not* count family members as children receiving a scholarship, regardless of whether they pay tuition or not.

13. **If I have children that receive *both* child care financial assistance and an additional scholarship how should I report them?**
Please do *not* include any children receiving state child care financial assistance (child care subsidies) in your count of children receiving other scholarships, even if you use other funds to cover the cost of parent fees.

14. **Does my funding award continue to change month to month if my licensed capacity changes?**
No, grant awards no longer change month to month. Your funding amount will be set based on the information provided in your first application under the new formula (in November 2024 for most programs). This payment amount will be provided for every month in which you recertify, through June 2025.

15. **How can my program start to accept EEC child care financial assistance?**
Programs interested in starting the process to accept EEC child care financial assistance should reach out to their local Child Care Resource and Referral Agency (CCR&R). You can find your local CCR&R online: Child Care Resource & Referral Search

16. **What is considered a very low COI community for these changes, and where can I find out if my program is considered a very low COI community?**
A "very low COI community" refers to areas with a very low Child Opportunity Index (COI), specifically those with a COI level of 20 or lower. The COI score is determined based on census tract data. You can find out if your program is in a very low COI community by referring to the maps here , which uses state-normed COI 3.0 data.

17. **My program is a Head Start program, what does this mean for me?**
All Head Start programs will be placed in tier 1 and receive an equity adjustment multiplying the base rate by 3.

18. **If my program has not participated in C3 before but wants to start receiving funding, what should I do?**

All newly licensed programs will be notified when you are eligible to begin applying for C3. EEC plans to open C3 applications for new programs each quarter, although the agency reserves the right to change this schedule if state appropriations require adjustments. If your program has been open for at least one quarter and has never applied for C3 funding before, you should find an application link in the grants tab in your LEAD portal and you will be able to begin applying for the current month. If you are uncertain about whether you are eligible, please contact the C3 helpdesk.

    a. Call 1-833-600-2074
    b. Email eecgrantsupport@mtxb2b.com

C3 Eligibility

19. **If a program closes temporarily during the 12-month grant period due to *inactive status*, will the program still be eligible for the grant during that month?**

    a. Programs in *inactive status* are not able to apply or recertify their C3 grant while they are in inactive status. If a program is in inactive status for a full month, they are not eligible for grant funding during that month.

    b. Programs that close temporarily during the 12-month grant period due to inactive status (including inactive status pending an investigation) will have their payment frozen as of the date that the program became inactive in LEAD. Providers closed due to an inactive status pending the outcome of an investigation may not recertify until the investigation has been closed and corrective action has been approved by EEC.

20. **If I am closed temporarily during the 12-month grant period (e.g., vacation, illness/injury) will the program still be eligible for the grant during that month?**
Providers will not be penalized for temporary closures that occur during the grant period, provided they are open and serving children for at least part of that month. If you are closed for a full month or more, for example, if your program is not open in the summer during July and August, please skip the recertification for those months and resume requesting funds in September. Programs are not eligible for funding in months during which they are not open at all.

21. **If a program closes permanently, will the program need to return the grant funds?**
Any program that has closed permanently is not eligible to receive continued grant funding. Programs that permanently close are expected to notify EEC prior to their date of closure. EEC can then help the provider determine whether any funds need to be returned. Funds received prior to the date of closure may be used for approved expenses. Any funds received after the date of permanent closure will need to be returned to EEC.

Allowable Expenditures

22. **What can programs use the C3 grant funds for?**

Providers should spend the funding on one or more of the following categories:

   a. Personnel costs, benefits, bonuses, and other supports for recruitment and retention

   b. Professional development and other investments to support staff in building educator qualifications

   c. Increasing the affordability and accessibility for families by reducing tuition and fees and/or offering tuition scholarships or extending operating hours.

   d. Other investments to improve program quality such as supplies, curriculum, screening tools, etc.

   e. Rent or mortgage payments, utilities, facilities maintenance and minor improvements, or insurance

   f. Contracted services to support families and children, such as mental health services, case management, supports for special needs, etc.

23. **What documentation is required to support the monthly grant attestations a provider completes each month?**

   a. Within the grant attestation, a provider attests to using the funds for only items in the allowable expenditure categories. Supporting documentation should demonstrate that the purchase in question falls within at least one of the allowable use categories. If necessary, you may need to include an explanation of how the items or staff time in question fall within the allowable categories.

   b. Examples of documentation include receipts (electronic or paper), paid invoices, payroll records, and employee timecards.

24. **What is the difference between a major renovation and minor building updates or maintenance?**

Major renovations are not allowable. This includes:

   a. Structural changes to the foundation, roof, floor exterior, or load-bearing walls of a facility;

   b. Extension of a facility to increase its floor area; and

   c. Extensive alteration of a facility such as to significantly change its function and purpose, even if such renovation does not include structural change.

   d. Minor building updates or maintenance to the facility and/or grounds that do not change the fundamental structure of the building or alter the function or purpose of the facility are allowable. Some examples include:

      i. Repairs to HVAC systems;

      ii. Snow removal snow or other weather-related services;

      iii. Updates to playground areas;

      iv. Installing new interior, carpeting, or flooring; and

      v. Replacing outdated building fixtures and general repairs.

25. **What are the requirements and restrictions for how the grant funds can be used for payroll?**

   a. Wages for child care personnel, pay increases, bonuses, stipends, and benefits are all allowable uses for the grant funds.

   b. Child care programs may not decrease an hourly employee's pay rate but are allowed to decrease the employee's hours in a given week. Child care programs may not furlough any employees while receiving the C3 grant funds.

26. **Can the grant funds be used to pay the director/provider?**

The C3 grant funds may be used for wages and benefits for child care program personnel, including compensation for any staff supporting a child care center or family child care providers and their employees.

27. **Can I use funds to pay for previous program expenses?**

Providers may use the funds to pay for program expenses within the fiscal year outlined in the allowable expenditures.

28. **What supplies can I use the funds for?**

Funds may be used to purchase supplies that support regular program operation and help promote the health and safety of staff and participants.

Timeline

29. **Is there a deadline for spending this funding?**

At this time, there is not a spending deadline for programs receiving the C3 funding. However, the monthly design of grant funding is to ensure that programs have the stable cash flow for ongoing operational costs.

30. **When can programs start a recertification?**

Programs will be prompted (via email and in LEAD) to begin recertification on the first day of the month they are recertifying. The recertification process can be done at any time after the first of the month through the end of the quarter.

31. **When do programs need to recertify by?**

   a. Funding request deadlines occur 4 times a year. That means all requested funds within a particular quarter must be submitted by the last date of the month inthat quarter. For example, to receive funds for the months of January, February, and March, programs need to recertify for those months by the last day in March.. Also, at the end of a quarter, providers who have two or more uncashed checks may have payments placed on hold.

   b. Please note: Programs must submit monthly recertification requests. Programs who wait to submit recertifications beyond a single quarter will not be able to submit those recertifications.

32. **Do programs need to spend all the grant funding each month?**

Recipients of the C3 grants are not required to spend funds within the same month they are received.

Application Process

33. **Is a budget required to apply?**

     No, a budget is not required as part of the application.

34. **What happens after a program submits an application?**

     a. After an application is submitted, a confirmation email will be sent to the email address listed in the program's LEAD account profile.

     b. During the review process, if additional information is required or revisions are needed, the program will receive an email through LEAD asking for specific revisions.

     c. Once an application is reviewed and approved, an email notification of the approval will be sent to the applicant. The date of the application approval will determine the date of the first payment based on the payment schedule. Refer to the disbursement schedule linked within the grant dashboard in the LEAD portal.

     d. Regular email notifications will be sent when payments are released.

35. **How will the program receive the funds?**

     The provider can indicate the preferred method in LEAD. There are two payment options:

     a. Direct deposit or electronic funds transfer

     b. Paper check by mail

36. **If an organization has more than one Massachusetts location, am I eligible to receive more than one grant?**

     Yes. Every licensed child care program site is eligible for a grant. This includes multi-site programs. Umbrella organizations may submit individual applications for each individual site they manage, but they may not submit a single application that covers all managed sites. Eligibility and award amounts will be determined at the site level based on each site's characteristics.

37. **Will a W-9 be required as part of the application?**

     a. Yes. The required W-9 information is included in the application, so providers do not need to download or upload a separate form. Check out this **video to learn how to complete a Form W 9**.

     b. *Programs should contact an accountant or tax professional to understand more about their particular tax situation and how this guidance applies to their specific business.*

Fiscal Monitoring

38. **Are the C3 grants taxable?**

     a. The IRS has published information indicating that "receipt of a government grant by a business is generally not excluded from the business's gross income under the Federal Tax Code and therefore is taxable."

     b. *Consult an accountant or tax professional to understand more about the program's particular tax situation and how this guidance applies.*

39. **How should a program manage/account for having multiple streams of funding from EEC and other state agencies?**

a. Programs should spend all funding in accordance with the specific requirements of each program. When receiving multiple streams of funding from EEC and other agencies, it is recommended that child care programs:
  i. Document the amount(s) of funds received from each source separately,
  ii. Review the terms of each grant program to clearly understand the allowable (and nonallowable) uses for each award, and
  iii. Segregate funds from each of the different grant funding sources. This could include physically separating checks or depositing the funds in different bank accounts.

40. **How can a sole proprietor of an FCC account for and document payments to themselves?**
Self-employed FCC providers should keep separate accounts and records for business and personal finances. To show payments from the business to the person, documentation may include:
  a. Checks payable from the business bank account to the sole proprietor/individual, and
  b. Electronic statements that document funds transferred from the business bank account to the personal bank account.
  c. Records of self-payments of grant funds from the business should be consistent with personal records for tax purposes.

41. **Can a sole proprietor of an FCC use the grant funds to pay expenses that are associated with the program but are also inclusive of normal household bills?**
Allowable categories for the grant include rent, or mortgage payments, utilities, and insurance. Costs claimed toward the grant must align with your business expenses reported in your federal taxes.

42. **What is fiscal monitoring as it relates to this grant program?**
Fiscal monitoring refers to the process EEC will follow to assess if grant award recipients are both using and documenting their use of grant funds correctly. The review might include, but is not limited to, requests for:
  a. Documentation evidencing expenditures made with grant funds, and
  b. Responses to questions about general provider information, provider accounting systems/processes, and the internal controls in place.
  c. Programs will be notified by EEC if they have been chosen to participate in the fiscal monitoring process. **Providers who are chosen to participate and do not respond to inquiries will have a hold placed on all future distributions.**

43. **During the fiscal monitoring review process, will other sources of funding be reviewed outside of the C3 Grant?**
The C3 Grant is the sole focus of these fiscal monitoring reviews. Other funds are not within the scope of this review.

44. **Will EEC make an unscheduled visit to conduct fiscal monitoring activities? How will I know if I'm required to participate in the fiscal monitoring process?**
EEC will **not** make an unscheduled visit to conduct fiscal monitoring activities. EEC will notify programs in advance if a review at the program location will occur and whether the review will be conducted on-site or remotely.

45. **How can I best prepare for an EEC fiscal monitoring review? What if I am not selected for a fiscal monitoring review?**
    a. To prepare for an EEC fiscal monitoring review, you should consider:
    b. Documenting all expenditures made with grant funds by using the recommended **Expenditure Tracker** or a similar tool, that includes at a minimum:
        i. the date of each expenditure
        ii. the amount (in dollars) of the expenditure
        iii. the category of allowable uses under which the expenditure fall
        iv. the type of supporting documentation for the expenditure
    c. Retaining documentation to support each expenditure (i.e. receipts, checks) and confirms proof of payment.
        i. Bank or credit card statements, canceled checks, or vendor receipts are considered acceptable proof of payment.
            1. Bank and credit card statements, and canceled checks must show the provider's name.
        ii. Proof of payment documents should list the same information as the expense listed. For example, vendor name, date of invoice, purchase or service, amount of invoice, purchase or service, and description of the invoice, purchase, or service.
    d. Reviewing C3 training materials provided by EEC
        i. The responsibilities for document retention are the same regardless of whether you are selected for review. If you are not selected for a review, you should still observe sound documentation practices and prepare as you may be selected for review or asked for supporting documentation by EEC in the future.
    e. EEC will send a request for supporting documentation for specific expenditures to be reviewed. Providers only need to submit documentation that is being requested at the time of the review.
46. **What are the consequences if a program is selected for fiscal monitoring, and the program is unable to produce all the documentation to support its grant expenditures?**
    EEC will work with programs in determining what would be acceptable documentation to support the expending of grant funds. If EEC isn't able to identify acceptable documentation to justify grant expenditures, the appropriate corrective actions will be put in place.
47. **What type of private information should *not* be submitted during the fiscal monitoring review process?**
    Private information such as social security information, home addresses of employees, fingerprint records, driver's license numbers, medical information, credit card information, bank account numbers of employees, etc. are examples of personal information that should not be sent to EEC or its designee during the fiscal monitoring review.
48. **How can a program find out the total it received in grant funds?**
    Review the grant payments received using LEAD. If there are payments not reflected in LEAD or the program has other questions, contact the C3 **Help Desk at 1-833-600-2074 or eecgrantsupport@mtxb2b.com.**
    a. Below are the steps you will need to take to obtain a listing of your paid amounts.

i. Go to https://eeclead.force.com/EEC_Login.
ii. Enter your LEAD username, enter your LEAD password, and click Login.
iii. On the homepage, click on the grant Management tile to open the grants Management system and Dashboard.
iv. Click Log in on the desired Program to go to that Program's EEC ARPA grants page.
v. If there are multiple Programs registered, "Search Provider" to quickly locate the Provider.
vi. Now you are on the Dashboard page, scroll down to the Recertification Section.
vii. The Recertification section will contain the list of all applications including - Funding Month, Fund Distribution Status, Projected Amount, and Due Date.

b. Carefully tracking payments is an important and helpful way to help minimize compliance risks. For example, when each payment is received:
i. If the payment is a physical check, retain a copy of the bank receipts of the deposit/cashing of the check.
ii. If the payment occurs via direct deposit, record the amount and date of the received payment, as well as the destination account for the funds received.

49. **What is the Expenditure Tracker tool and how can it be used?**
The **Expenditure Tracker** is a template to help track the purchases/payments made using grant award funding. It is a tool to assist child care providers in tracking expenditures made with C3 grant funds. This tracker should not reflect expenditures made with funds other than the C3 Grant funds.

Getting Help

50. **Who do I contact for help?**
For questions or to get assistance, please contact EEC's C3 Grant Help Desk:
o Call 1-833-600-2074
o Email eecgrantsupport@mtxb2b.com