**Board of Early Education and Care**

**October 11, 2022**

**1:00 PM – 4:00 PM**

**Department of Early Education and Care, Central Office**

**50 Milk Street, 5th Floor**

**Boston, MA 02109**

[https://www.youtube.com/c/EECMass](https://urldefense.com/v3/__https%3A/nam04.safelinks.protection.outlook.com/?url=https*3A*2F*2Furldefense.com*2Fv3*2F__https*3A*2Fwww.youtube.com*2Fc*2FEECMass__*3B!!CUhgQOZqV7M!mtJGkDA0V8yVgg2uKSG9uy90hzVOfMC6kxew8RLmPytYEKM5G63U2wNQX5lmit0oRma9LJJQvSy2Xg9khjIXdBkRMbjsJqM*24&data=05*7C01*7Cmike*40renvisioning.com*7Cfc2fcdfea44a4844760708da926316e2*7C804f5616b15149f0831435a91562ab97*7C0*7C0*7C637983251547746626*7CUnknown*7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0*3D*7C3000*7C*7C*7C&sdata=GfmZaBZpVTD29gjgCI6wqLvtPwwz9k3Ct84ytJS62uk*3D&reserved=0__;JSUlJSUlJSUlJSUlJSUlJSUlJSUlJSUlJSUl!!CUhgQOZqV7M!nAONvpYnuUFeIIGmPyWAYzixbXXP4opicM2oKiaL2PxTSq3vmDXa1fDb49UwAzr-myowXZhp4oTO75KqUO9_ZCMBwQ$)

**Members of the Board of Early Education and Care Present**

Nonie Lesaux, Chairperson

Jim Peyser, Secretary of Education

Amy Kershaw, Acting Commissioner

Carolyn Kain, J.D., Designee for HHS Secretary Marylou Sudders

Paul Belsito

Jamella Lee

Maria Gonzalez Moeller

Mora Segal

Nikki Ruiz de Luzriaga

Allison Schonwald (via phone)

The meeting was called to order at 1:05 PM.

**AGENDA:**

**Welcome and Comments from the Chair**

Chairperson Lesaux welcomed the Board and provided an overview of the agenda. Chairperson Lesaux discussed the process for voting in terms of the rate increases.

**Comments from the Secretary**

Secretary Peyser noted that the Legislature is expected to adopt the supplemental budget for FY22, despite not being in formal session. Secretary Peyser reiterated that $55M additional funding for EEC, specifically $45M for down payment assistance program for FCC and $10M for innovation fund are still being discussed. Secretary Peyser noted that next week is STEM week.

**Comments from the Commissioner**

Acting Commissioner Kershaw noted that the Governor’s supplemental budget also includes an additional $10M for safety and security initiatives. Acting Commissioner Kershaw thanked the Board for the vote pertaining to the subsidy regulations and noted that the approval of the regulations will have an immediate impact on families who are in the appeal process by maintaining stability and care.

Acting Commissioner Kershaw noted that EEC is in Federal compliance with respect to conducting required background record checks and discussed steps being taken to modernization the BRC system.

Acting Commissioner Kershaw discussed a new competitive preschool development grant offered by the Administration for Children and Families, U.S. Department of Health and Human Services, and the Federal Department of Education that provides $12M for three years.

Acting Commissioner Kershaw noted that the November Board meeting will be held in Springfield.

**Statements from the Public\***

William Eddy, Executive Director of Mass Early Education and Care, provided an overview of his organization and thanked the Board for their efforts. Mr. Eddy provided comment regarding three parts of the rate reserve, starting with the $40M quality add-on and expressed concern about how raising rates could negatively affect private pay parents. Mr. Eddy stated that it is not possible to fix the salary structure of workforce salaries by raising rates and expressed concern about long term viability of C3 grants. He urged the Board to review the last line of the line item pertaining to C3 grants. Mr. Eddy thanked the Board for looking for way to fund a supportive increase.

Mr. Eddy stated that he remains concerned that market rate survey is a fundamentally flawed concept and should be challenged. Mr. Eddy provided specific examples of costs to families in different regions and encouraged the Board to look at cost based rates and consider a different approach.

Dawn DeStefano, President and CEO of Square One thanked the Board for the opportunity to speak for her community. Ms. DeStefano highlighted potential issues of the market rate survey and encouraged the Board to consider potential unintended consequences of prioritizing regions by percentile of market rate amounts. She stated that Hampden County has the highest SVI rate in the Commonwealth and sustains the lowest subsidy rate. Ms. DeStefano stated that if the Board continues to prioritize regions based on the market survey, it is sending a message that the most vulnerable children will continue to receive less while acknowledging that they need more. Ms. DeStefano stated that with the proposed rate changes, Hampden County will continue to receive the lowest rate in the Commonwealth and only 88% of true cost, while other regions will exceed the estimated cost of care by over 130%. Ms. DeStefano implored the Board to provide a higher investment in vulnerable areas when they are considering the maximum obligation for standard rate increases and suggested that the regions where children who have the highest needs should receive a rate that at a minimum, reflects the estimated cost of care and went further to suggest that these regions should have combined rates at the highest level.

Steve Huntly, Executive Director of Valley Opportunity Council, discussed the inequities in rates for Hampden County. Mr. Huntly asked the Board to delay the vote and reconsider ways to resolve inequities while complying with Federal regulations. Mr. Huntly inquired if there could be more research and highlighted that the waitlist is substantially higher in Western MA, which illustrates the need for programs. Mr. Huntly stressed that the business model list flawed. Mr. Huntly thanked the Board for their work.

Chairperson Lesaux stated that the public comments will be incorporated into the discussion today.

**Routine Business:**

* Approval of Minutes from September 7, 2022 Retreat – **VOTE**
	+ Approved unanimously (Allison Schonwald abstained)
* Approval of Minutes from September 13, 2022 Meeting – **VOTE**
	+ Approved unanimously (Allison Schonwald abstained)
* Nomination and Election of Vice-Chairperson – **VOTE**

Board member Paul Belsito accepted the nomination to serve as Vice Chair of Board.Chairperson Lesaux noted that, after seven years of serving as Chair, she will be stepping down following the December meeting. Board member Belsito will move into the Acting Chairperson role until the new administration appoints a Chair.

* + Approved unanimously
* Board Working Group: Workforce Recruitment & Retention – **UPDATE**

Board member Moeller provided an update on the Workforce Working Group and informed the Board regarding the discussions at the high level first meeting that was held on October 5, 2022. Board member Moeller stated that the group identified three key strategies; targeted recruitment and support for new family childcare educators, early education pathway support models, and public relations and information campaign. Board member Moeller stated that notes from the meeting will be approved and provided. Board member Moeller stated that the next meeting will focus on identifying long-term actions and quick wins to address urgent needs facing the field.

**Items for Discussion and Action:**

* 2022 Market Rate Survey and Preliminary Cost Analysis

Chairperson Lesaux stated that there is a final step to take for the market rate survey for the Board to accept the report, which then triggers the agency to submit the report to the Federal government. Chairperson Lesaux clarified that this step is not connected to the rate increase discussion.

* + Reflections and Takeaways from September Presentation and Panel

Acting Commissioner Kershaw welcomed Amy Checkoway, Senior Associate Commissioner, who provided a brief overview of the market rate survey. Acting Commissioner Kershaw highlighted the methodology used for this year’s market rate survey. Acting Commissioner Kershaw noted that the survey and report were due to the Federal government by July and expressed that the hope is to submit the report for review and comments.

Ms. Checkoway stated that the Board materials contain a revised report and discussed the changes that were made in the report based on feedback from last month’s Board meeting. Ms. Checkoway discussed the next phase of the work which will refine the cost model and noted the next phase is currently being worked on. Acting Commissioner Kershaw commented that the next phase will ensure that family access and stability is strengthened and recognized the opportunity for a new methodology and a new structure. Chairperson Lesaux commented that the Federal context is shifting to focus on costs and added that it is important to look at the economic aspects of the different regions.

Board member Belsito inquired if federal requirements prohibit changes within existing structures going forward. Ms. Checkoway confirmed nothing prevents additional discussions at any point. Acting Commissioner Kershaw stated that there is an opportunity to propose an alternative methodology next time and confirmed that EEC is not precluded from making changes to the structure next year.

Board member Segal inquired about setting objective targets based on the data and inquired about a timeline. Acting Commissioner Kershaw stated that the timeline for the data and next model of cost will be the foundation. Ms. Checkoway stated that this work will be taking place this fiscal year with significant progress by early 2023 and will be brought back to the Board for discussion.

Board member Segal inquired about the late filing of the report and Acting Commissioner Kershaw highlighted that Covid continues to complicate timelines.

* + Report Acceptance and Approval – **VOTE**

Chairperson Lesaux moved to accept the 2022 Market Rate Survey and Cost Analysis report and authorize EEC to submit the report to the Administration for Children and Families. Approved unanimously.

* Child Care Financial Assistance (Subsidy) Rate Increase Proposal – **VOTE (action deferred)**

Acting Commissioner Kershaw provided background and summary of the rate increase proposal. Acting Commissioner Kershaw introduced Greg Norfleet, Chief Operating Officer of EEC, and Carole Meehan Oyama, Associate Commissioner for Federal Compliance and Subsidy Administration, to discuss the impacts of the rate increase.

Acting Commissioner Kershaw discussed the federal and state constraints of increasing rates. Acting Commissioner highlighted the three components of the rate increase proposal.

* + Implementing targeted rate increases for all program types and age groups to meet or exceed the 30th percentile and provide a .68% “across the board” increase.​
	+ Implementing increases for all age groups, program types, and FCC systems equivalent to an 8.5% “across the board“ rate increase above the new base rate.
	+ Increasing daily add-on rate for supportive, teen, and homeless contracts by $1, from $22 to $23.

Acting Commissioner Kershaw highlighted that the proposal recommends that there is a fully annualized rate reserve in next year’s budget and included in the base rates.

Mr. Norfleet discussed implications of the implementation of the market rate increase recommendations.

Secretary Peyser inquired if the data presented includes C3 grants and Acting Commissioner Kershaw confirmed that the data does not included C3 funding and is only inclusive of what is included in the rate reserve, plus additional funding for FCC. She noted that the federal government will not consider $40M quality add-on towards compliance. Secretary Peyser noted there is $250M in funding for C3 and the legislature is considering an additional $150M in funding and highlighted that these funds are federal, not state.

Mr. Norfleet provided an overview of center based and family child care rates by region, age group, and fiscal year. Acting Commissioner Kershaw noted that EEC is not recommending using the quality add-on structure for family child care, as the funds are outside of the rate reserve language.

Acting Commissioner Kershaw highlighted the current strategy, which is to use the methodology of record and provided an overview of the multi-year planning effort. Acting Commissioner Kershaw asked the Board for questions and comments.

Chairperson Lesaux inquired about opportunities for innovation and Acting Commissioner Kershaw discussed the various options and scenarios considered by the agency and provided insight into the implications of the options.

Board member Segal inquired about an equitable approach based on region. Acting Commissioner Kershaw shared that the agency is in the process of gathering good information which will allow for change in the methodology beyond the market rate survey. Acting Commissioner Kershaw acknowledged that the market rates do not reflect true costs. Mr. Norfleet noted that an explanation would need to be provided if we used a different methodology. Board member Segal inquired what the implications of non-compliance would be and Acting Commissioner Kershaw explained that a non-compliance finding could result in unfunded liability. Ms. Oyama clarified that the non-compliance would compound every fiscal year. Acting Commissioner Kershaw stated that there will be a path towards a better rate structure within the fiscal year, for implementation in the following fiscal year.

Chairperson Lesaux and Ms. Oyama discussed the options of utilizing the market rate survey or an alternative methodology and the federal requirements. Acting Commissioner Kershaw clarified the timeline for implementation.

Secretary Peyser acknowledged that the market rate survey is flawed and noted that adjusting the rate has a positive effect on consumers and is relevant, although it may be inadequate from the provider view.

Board member Belsito acknowledged the work done by the team. He noted that the most vulnerable need to be prioritized and asked for more clarifying information to better understand how this approach was decided upon.

Board member Moeller, Board member Belsito, and Chairperson Lesaux discussed concerns about possible repercussions of a 25% or 30% market rate. Ms. Oyama provided insight into feedback received from OCC and indicated that they were ambiguous but the indication was that they likely wouldn’t use the same benchmark as three years ago and that the percentile would be above 25%.

Secretary Peyser highlighted that these are the largest rate increases that have ever been proposed.

Board member Moeller commented that minimum adherence to the market rates would show commitment by the agency to the field. Board member Segal commented that having information about the various scenarios considered would be helpful. She asked for a follow-up to gain more visibility into the other considered scenarios. Acting Commissioner Kershaw further clarified the timeline on the rate increase with a different methodology for next year. Secretary Peyser proposed including language in next year’s budget recommendation on how to handle rate increases. Board member Kain and Chairperson Lesaux discussed the optics of remaining at the 25% rate. Board member Kain inquired about the process of changing the methodology and Ms. Oyama provided insight into the requirements and stated that the alternative methodology would need to be approved, completed, and responded to by the next plan submission in July 2024. Acting Commissioner Kershaw stated the agency is not precluded from making changes to the existing market rate survey for next year, even while working on the alternative methodology.

Board member Belsito asked for information pertaining to waitlist data by region and there was discussion on messaging to the field.

Board member Segal asked if C3 could be used as a short term tool and Secretary Peyser clarified that C3 is currently acting as a counterweight. Board member Ruiz inquired if, historically, a rate increase has driven up market rates for private pay families and discussed the possible implications if it does. Acting Commissioner Kershaw discussed considerations for the structure of the rates going forward and the impacts on family access. Secretary Peyser clarified that the $40M is not included in the published rates.

**Following this discussion, Board action on the motion was deferred.**

Next, Chairperson Lesaux provided an overview of the EEOST program and introduced Deputy Counsel Neil J. Flynn.

* EEOST Proposed Regulation Revisions – **VOTE**

Deputy General Counsel Neil J. Flynn provided background and overview of proposed changes to the EEOST regulations. Deputy General Counsel Flynn discussed changes to the grant program during the COVID pandemic for FY21 and FY22. Deputy General Counsel Flynn highlighted that the amendments to the regulations are a continuation to changes done in prior years, 2021 and 2022.

Board member Kain inquired if the changes to the regulations pertaining to the grant program can be amended long term, rather than year by year. Secretary Peyser noted that we would need to seek public comment and amend the regulations after public comment. Board member Ruiz inquired why FCC where not included and Acting Commissioner Kershaw noted that there are separate funding model streams for FCC, including C3 grants and the supplemental budget, and indicated the Board may consider it in budget recommendations for next year. There was discussion about the need to provide capital funding for family child care to provide support and increase access.

Chairperson Lesaux moved to approve the draft regulations. Approved unanimously

Secretary Peyser acknowledged Chairperson Lesaux for her leadership to the Board and the department over the past seven years.

Meeting concluded at 3:00PM