



# Commonwealth of Massachusetts

## Department of Early Education and Care

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### Meeting of the Board

*October 13, 2020*



# Agenda

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- Strategic Action Plan Progress
  - Program Pillar: Program Supports and Financing Strategies - Discussion
  - EEOST Grant Restructure and Emergency Regulations – Vote
- FY 21 Budget & Spending Update

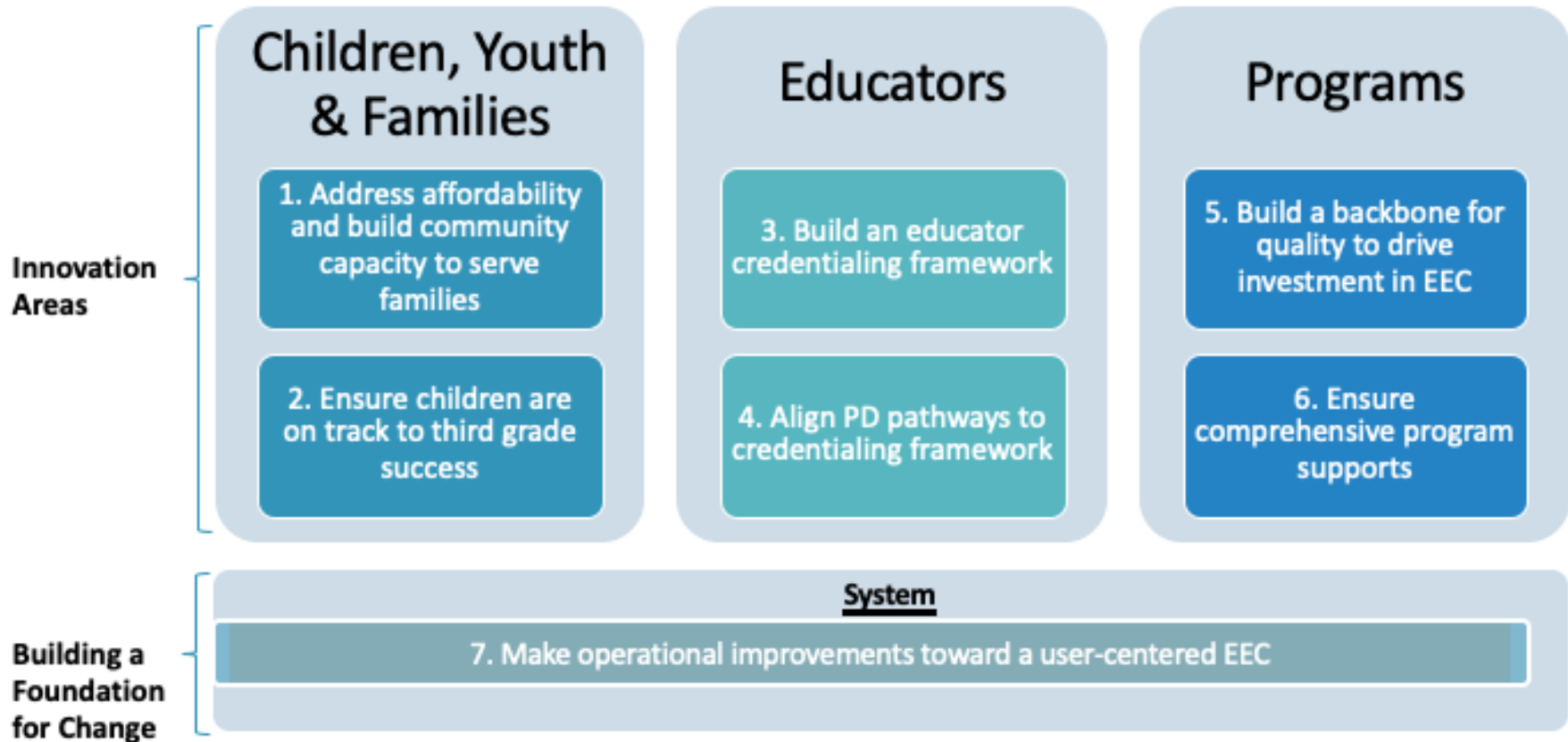
## System



**To efficiently and effectively steward public investments in early education and care with utmost integrity, transparency and accountability to the people of Massachusetts.**

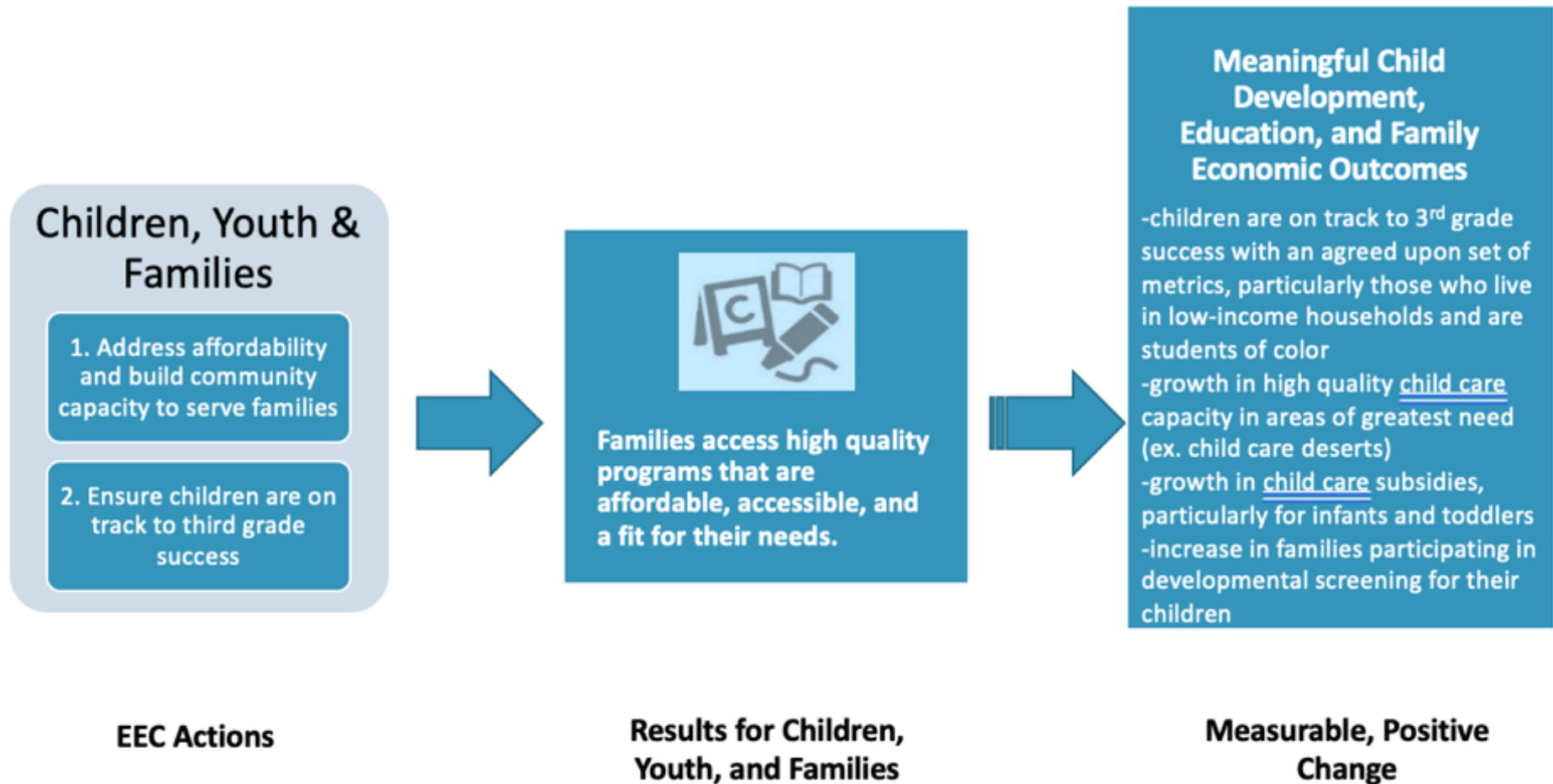
## Reminder: Strategic Plan Actions

In September we looked at these initiatives in detail...



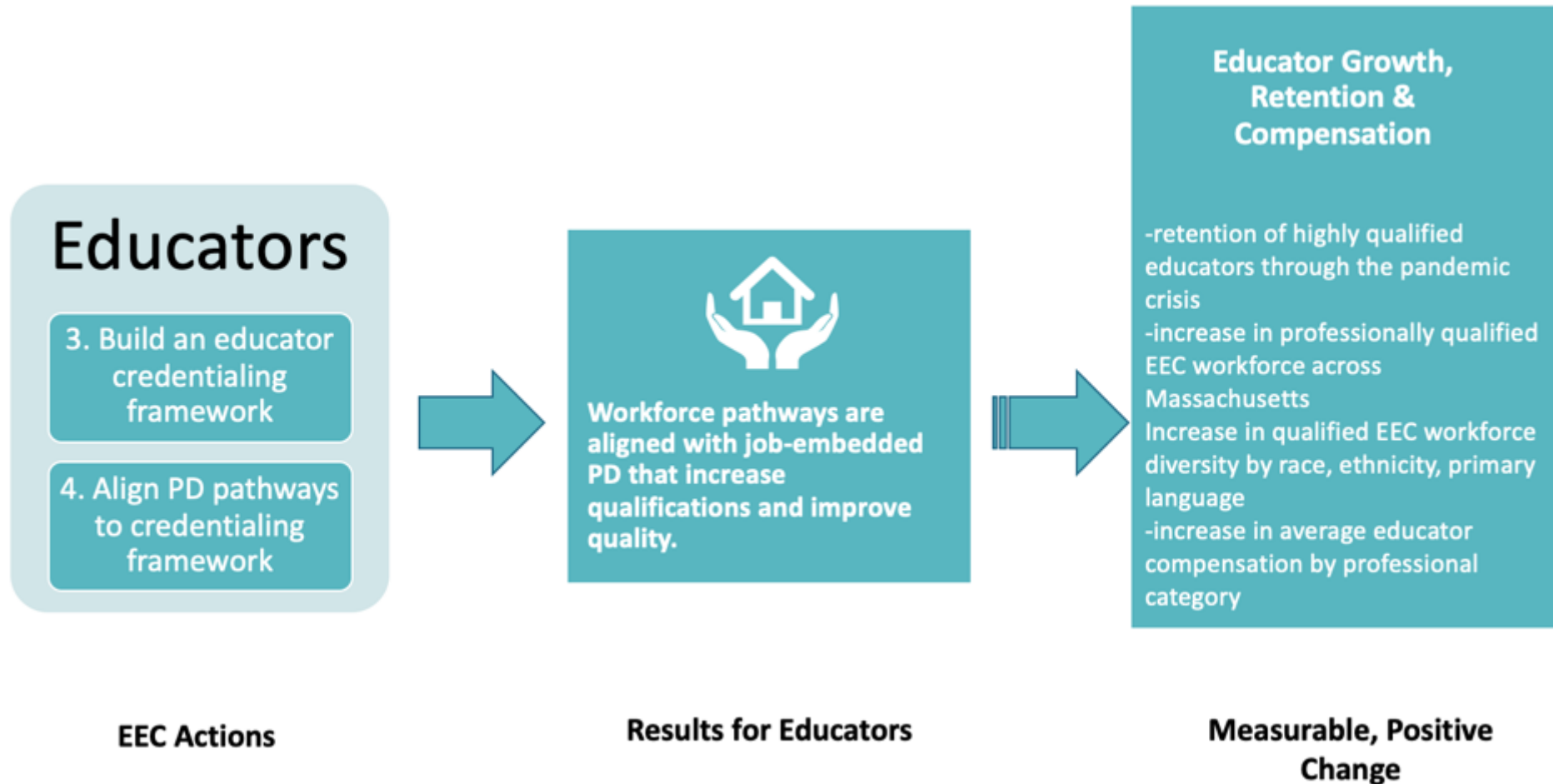
# Actions Drive Results, with Progress Monitoring

Children, Youth, Families



# Actions Drive Results, with Progress Monitoring

## Educators and Professionals



# Actions Drive Results, with Progress Monitoring

## Programs

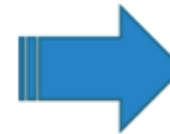
### Programs

5. Build a backbone for quality to drive investment in EEC

6. Ensure comprehensive program supports



Program quality measures are aligned with integrated systems of support, including capacity building and funding to incentivize progress



### Higher Quality Classrooms, Teaching and Learning

#### STABILITY MEASURES:

-sustained licensed capacity by region and program type, particularly in areas like child care deserts

#### QUALITY MEASURES:

-increase in programs using continuous quality improvement resources  
-growth in programs advancing quality from QRIS 2.0 baseline year

EEC Actions

Results for Programs

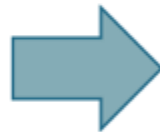
Measurable, Positive Change

# Actions Drive Results, with Progress Monitoring

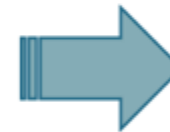
## EEC System

### System

7. Make operational improvements toward a user-centered EEC



System streamlining, coordination, technology improvement, communication, and user orientation across people and systems.



### Greater Field Stability & Strength

- growth in licensed agencies by region and program type
- decrease in program closings
- decrease in agency resource burden to navigate EEC processes
- increased feedback loops and engagement with the field
- increased EEC employee engagement

EEC Actions

Results System-Wide

Measurable, Positive Change



## Closer Look: Programs

**A unified definition of quality with program support and tiered financial incentives**



EEC role is to:

- Define and operationalize QRIS 2.0
- Align program supports to advance quality
- Integrate program support and licensing monitoring functions to build a data-driven, holistic program support picture
- Coordination with other agencies to engage with residential and placement programs through review and revision of regulatory guidance



**Economic model for greater program stability, tied to quality expectations**



EEC role is to:

- Ensure available state and federal dollars are maximized towards operational strength
- Effectively communicate field reopening status and needs to shape statewide strategies towards stability
- Innovate to drive new thinking and modeling for investments

# Current Data Shapes EEC Strategies for Programs



 **A unified definition of quality with program support and tiered financial incentives**



**Economic model for greater program stability, tied to quality expectations**

- In the COVID-19 operating environment, the most immediate program support needs identified by providers through surveying:
  - balancing health and safety with child development and social emotional growth
  - sustaining business or operating models through fluctuations in family demand and enrollment
  - staffing and scheduling patterns to meet business and family needs
  - support to communicate with families regarding COVID risk management.
- 3% of programs have closed permanently; ~20% of programs have not yet decided to reopen
- Concerns about ongoing program viability due to:
  - increased costs tied to COVID – with PPE, cleaning costs, and educational materials and technology leading cost drivers
  - decreased revenue from child enrollment – with attendance at 41% and enrollment at 62% of licensed capacity

# Program Quality Backbone is QRIS 2.0

QRIS Domains	What Is It?	Initial Quality	Advancing Quality	Sustaining Quality
Curriculum & Assessment	developmentally appropriate, evidence-based, standards-aligned curriculum and assessment data to set individual learning goals	Licensing is the foundation for quality	Program supports and targeted grants Ex. PDCs	Targeted quality supports ex. ECSOs
Screening	developmental screener (ASQ) for family engagement and referrals to resources/supports			
Learning Environment	a <u>high quality</u> learning environment and interactions that foster learning, exploration, and play			
Family Engagement	Family engagement, family leadership in program development, home visit			
Leadership and Professional Learning	infrastructure that supports educator professional development  Create, execute, monitor a Continuous Quality Improvement Plan			

- Every program is incorporated into the QRIS 2.0 through EEC licensing and regulation revision
- Each program has a Continuous Quality Improvement Plan, which is a living document that aligns across program supports and licensing monitoring, and is foundational to a program's interactions across all EEC functions
- Across quality levels, supports are targeted to program type and demonstrated need
- Programs that reach a threshold of quality may access sustainable funding
- Family Child Care and Out of School Time programs will have custom QRIS 2.0 developed in partnership with the field

# How Licensing Lays the Foundation for Quality



**Unit of Change:** Licensing interactions. Continuous Quality Improvement Plans unified planning for EEC across all functions.



**Value Proposition:** offers a continuous quality touchpoint for programs that is integrated with regulations and compliance functions



**The How:** Routines of collaboration tie program support and licensing monitoring together into a single system of support and build Licensor knowledge across quality domains.

Licensors are the first and primary point of contact with programs

Program Continuous Quality Improvement Plans will be verified as part of the licensing process, and used in partnership with Licensors to identify strengths, areas for growth, and action steps

Licensor monitoring will include action steps from CQIP and connections to needed supports; Licensor toolkit will include interventions from PDCs, MBHCs, ECSOs, and other EEC funded support providers

Improved connections with investigations unit

## **STATUS: emerging readiness**

Licensor interactions through program reopening pivoted from compliance to support

CQIPs not yet integrated into program interactions

# How PDCs Advance Quality

PDCs have supported programs through reopening - offerings have included trauma 101, program administration during COVID, strategies to promote physical distancing, communicating with families, putting EEC Health and Safety requirements into practice, tools for SEL growth, and deciding to reopen

## **STATUS: nearing readiness**

PDC offerings have been integrated into Licensor toolkits as an alternative to non-compliance when appropriate

Increasing connectivity between licensing and PDC program supports

Connections with CQIP advancement will come with QRIS 2.0 in spring



**Unit of Change:** CQIP progression. Programs target specific improvement areas to advance quality; EEC teams match programs with TA and interventions to support their efforts.



**Value Proposition:** PDCs support programs at scale through broad offerings; they also support struggling programs across specific quality domains through consultation.



**The How:** Program support data is regularly 'matched' with regional licensing data to understand patterns of program needs and opportunities across the state.

# How ECSOs Sustain Quality through Leadership and Professional Learning Domain



**Value Proposition:** ECSOs accelerate quality improvement for programs that have already shown CQIP progress through leadership coaching and support



**Unit of Change:** Job Embedded Professional Development.

By cultivating program leaders, program continuous quality improvement grows and is sustained.



**The How:** ECSOs provide targeted support services for select programs identified for their readiness to participate fully in leadership to sustain quality.

Offered to sustain quality through leadership support, ECSOs will support programs to:

- Engage in continuous quality improvement program-wide
- Facilitate job embedded professional development, including classroom coaching, using structured tools (i.e. protocols to implement communities of practice)
- Support educators to successfully integrate curriculum and child assessment strategies in service of high-quality instructional practices

## **STATUS: preparing to launch**

Pilot recruitment about to begin. Participating program leaders will engage in targeted coaching and peer learning up to 4 yrs, with financial incentive of \$1K per program each year to support improvement goals.

## **ECSOs**

Children's Literacy Initiative  
The Lastinger Center (University of Florida)

UMASS Boston in partnership with The Ounce of Prevention

# Program Quality Relies on System Coordination



Program quality measures tie to capacity building support and funding to incentivize progress



System streamlining, coordination, technology improvement, and user orientation across people and systems.

- All elements of the strategic plan require a strong foundation of system change – they require EEC to work differently
- Operational improvements already underway within the EEC regional and central office structures are being felt by programs on the ground, for example:
  - establishing central office points of contact for each region to assist with BRCs, legal, and investigation inquiries
  - coordinated public Town Halls in each region collaboratively offered by cross-unit teams, with RDs as hosts
  - frequent all-region Licensors and Supervisor touchpoints to ensure clarity through guidance changes and establish consistency across the state in program monitoring and support
- The next phase of development for this coordination will establish monthly meetings as part of the **routines of collaboration**
  - Participation from program support liaisons, licensors and regional teams, teacher qualifications and workforce units
  - Objective: build licensor capabilities to identify opportunities for program quality improvement and pair with appropriate resources; inform program support offerings with licensor expertise regarding program operational challenges and strengths.

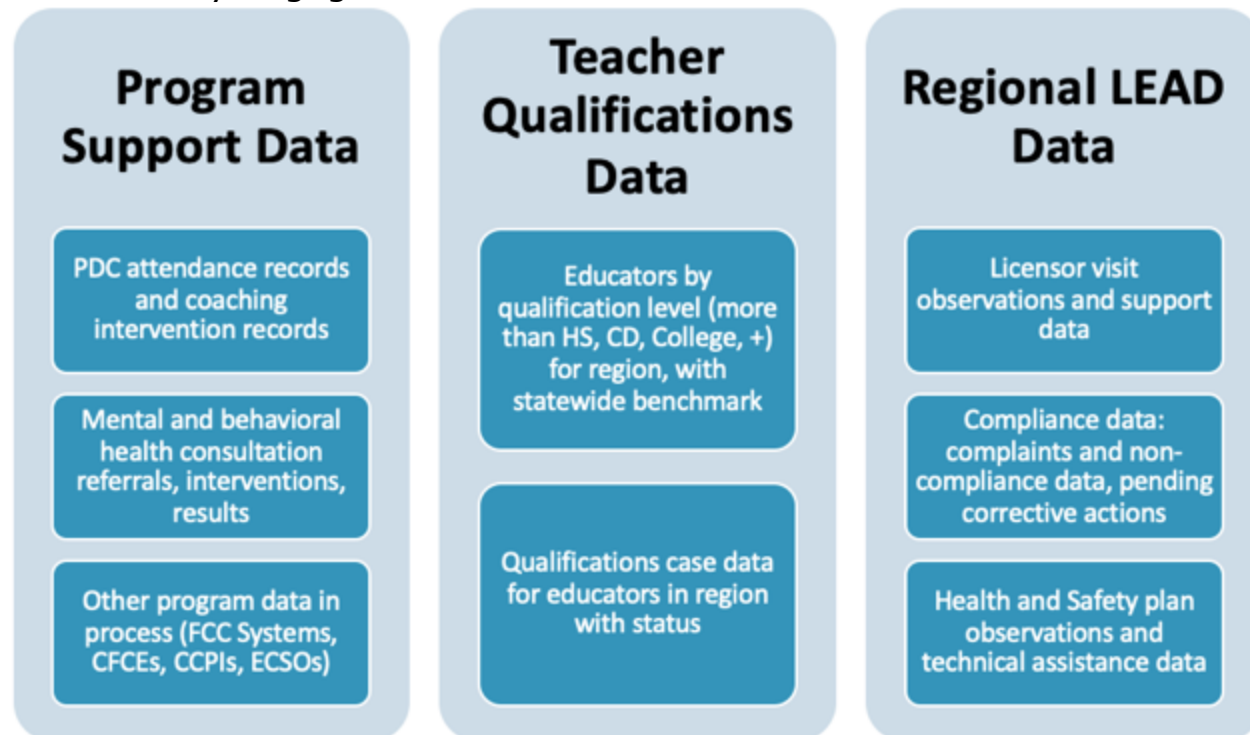
# System Coordination Relies on Data & Inquiry

## **Routines of Collaboration**

Monthly program support meeting protocol will cover program strengths and challenges at regional level and address individual cases in need of support.

Program liaisons connect back to program support providers to inform their training and consultation content.

Potential to also include educator data as a key quality indicator and review family needs through CFCE data and broader family engagement.





## EEC Strategies for Programs: Economic Model

**A unified definition of quality with program support and tiered financial incentives**



**Economic model for greater program stability, tied to quality expectations**

**With the support of the Commonwealth Children's Fund, EEC has engaged with Third Sector to explore theoretical economic models for the field that might yield greater program stability.**

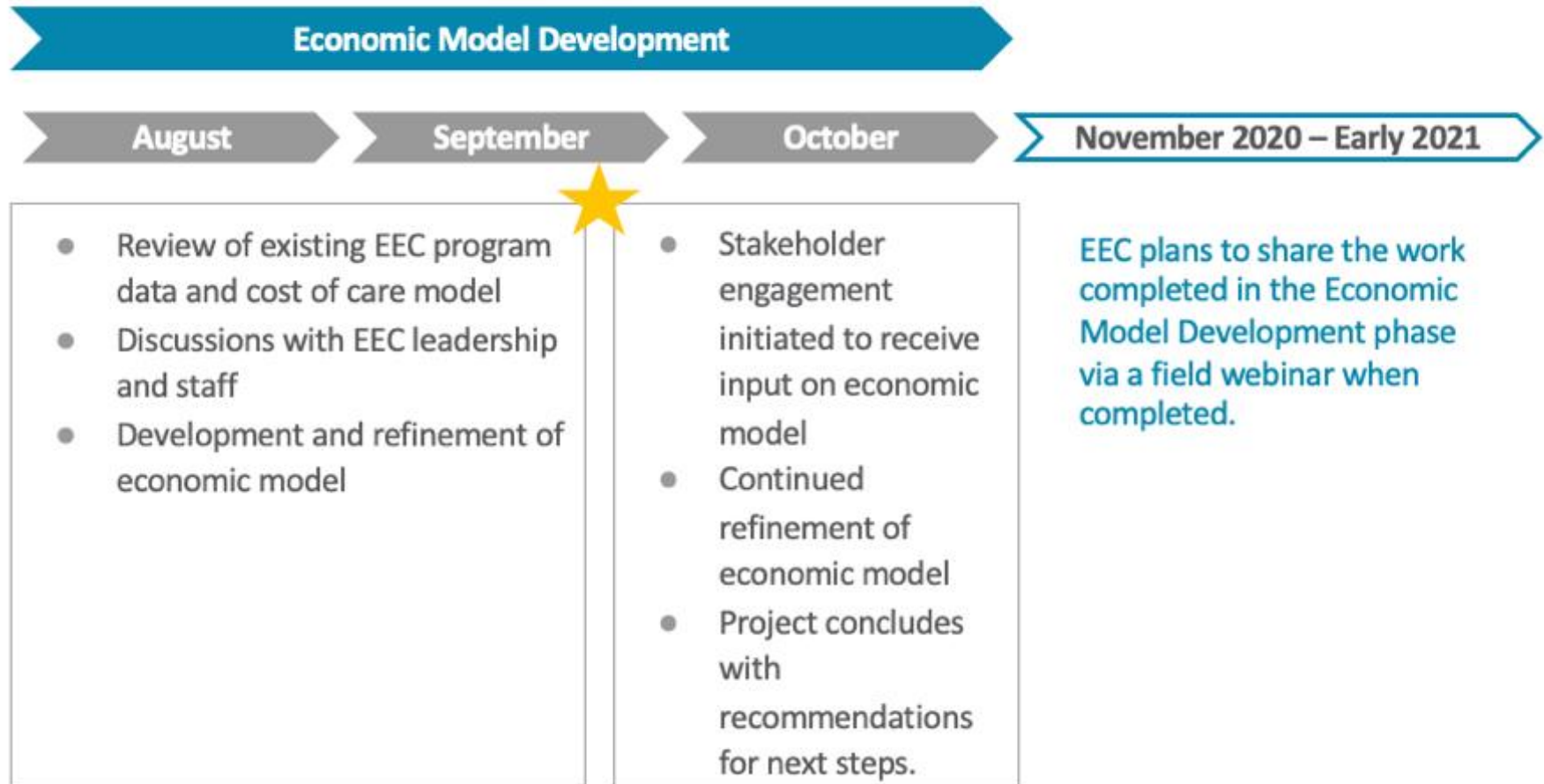
# Economic Model for Greater Program Stability

## EEC Action Plan Goal 3A – Build a Backbone for Quality to Drive Investment:

*The starting point for quality is sustainability. Unless programs are able to support their day to day operations in a way that enables their focus on the structural and human factors that build effective early care and education, it will be challenging to engage in continuous quality improvement towards positive child and youth outcomes.*

- There is a need for funding approaches that can better stabilize the day to day operations of early education and care programs.
- COVID has reinforced the necessity for improving program financial stability.
- More stable funding for day to day operations will ensure programs are able to focus on building quality.
- **Project Overview:**
  - Build an economic model to understand 1) scenarios for how funding approaches would be structured and 2) implications and key considerations of funding scenarios.
  - The economic model draws on existing work completed by EEC, including cost of care and the recent EEC action plan.
  - Use the economic model to initiate conversations with stakeholders to further refine structures and approaches.
  - Advance dialogue for how best to implement new funding approaches for the field.

# Timeline for Economic Model Development



# Principles for Economic Model Development

## Stability

- Move away from relying solely on per child funding models
- Mitigate impacts of temporary closures and fluctuations in enrollment on program quality and sustainability

## Adequacy

- Support healthy finances without impacting affordability for families
- Promote programs' capacity to invest in adequate compensation for staff
- Mechanism to match funding to incentivize higher quality and thus impact on child outcomes (based on QRIS 2.0)

## Equity

- Inclusive of all early education and care providers
- Mechanism to target funding to need to maintain infrastructure

## Simplicity

- Should not create a heavy burden for EEC or programs

# Agenda

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- Strategic Action Plan Progress
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- FY 21 Budget & Sending Update

# Early Education & Out-of-School Time Capital Fund (EEOST) Background

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The Early Education and Out of School Time (EEOST) Capital Fund was created by *An Act Financing the Production and Preservation of Housing for Low and Moderate Income Residents* in November 2013 and reauthorized in May 2018.

- The statute authorizes EEC to administer up to \$45 million in general obligation bond funds for grants to develop eligible facilities for use as licensed Large Group and School Age Child Care Programs as defined in 606 CMR 7.00.
- The EEOST Capital Fund provides grants to tax-exempt non-profit organizations, to develop and/or rehabilitate eligible facilities in which at least 50% of the facility shall serve low income families who are eligible for public subsidy.
- For FY21: The Executive Office of Administration and Finance has allocated \$3.7M in grant funding for the EEOST Capital Fund Program.

# **Early Education and Out of School Time Capital Fund: Proposed Grant Program Changes to Promote Health and Safety During COVID-19**

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Context: Programs across the Commonwealth need more urgent funding for capital projects for facility modifications related to health and safety improvements related to COVID-19 requirements.

## **Proposed Changes to the Grant Program:**

- Reduce size of grant awards from \$400,000-\$1,000,000 to \$100,000-\$250,000, accommodating more programs for projects directly related to health and safety.
- Simplify application and eliminate preapplication for FY21 for reduced award amounts.
- Shorten length of grant obligation timeframe from 25 years (15 years for leased property) to 5 years to coordinate with the smaller grant amounts.

# Early Education and Out of School Time Capital Fund: **Proposed Emergency Regulatory Changes**

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Emergency Regulations will be limited to flexibility specifically needed to address the smaller grants for FY21. By utilizing the Emergency Regulation process, EEC can move forward with the application process while finalizing flexibility in the regulations.

## Proposed Emergency Regulation Changes for Approval:

- Allow the Commissioner to change the length of the grant period. 606 CMR 15.04(2)(c)
- Allow the Commissioner to change the timetable for grant recapture in case of default to reflect the shorter grant periods. 606 CMR 15.04(2)(d)



# EEOST Capital Fund Regulations Timetable



*EEOST applications will be released when finalized using the emergency regulations to expedite the process for programs. Regulations will be finalized prior to funding distribution, per the process below.*

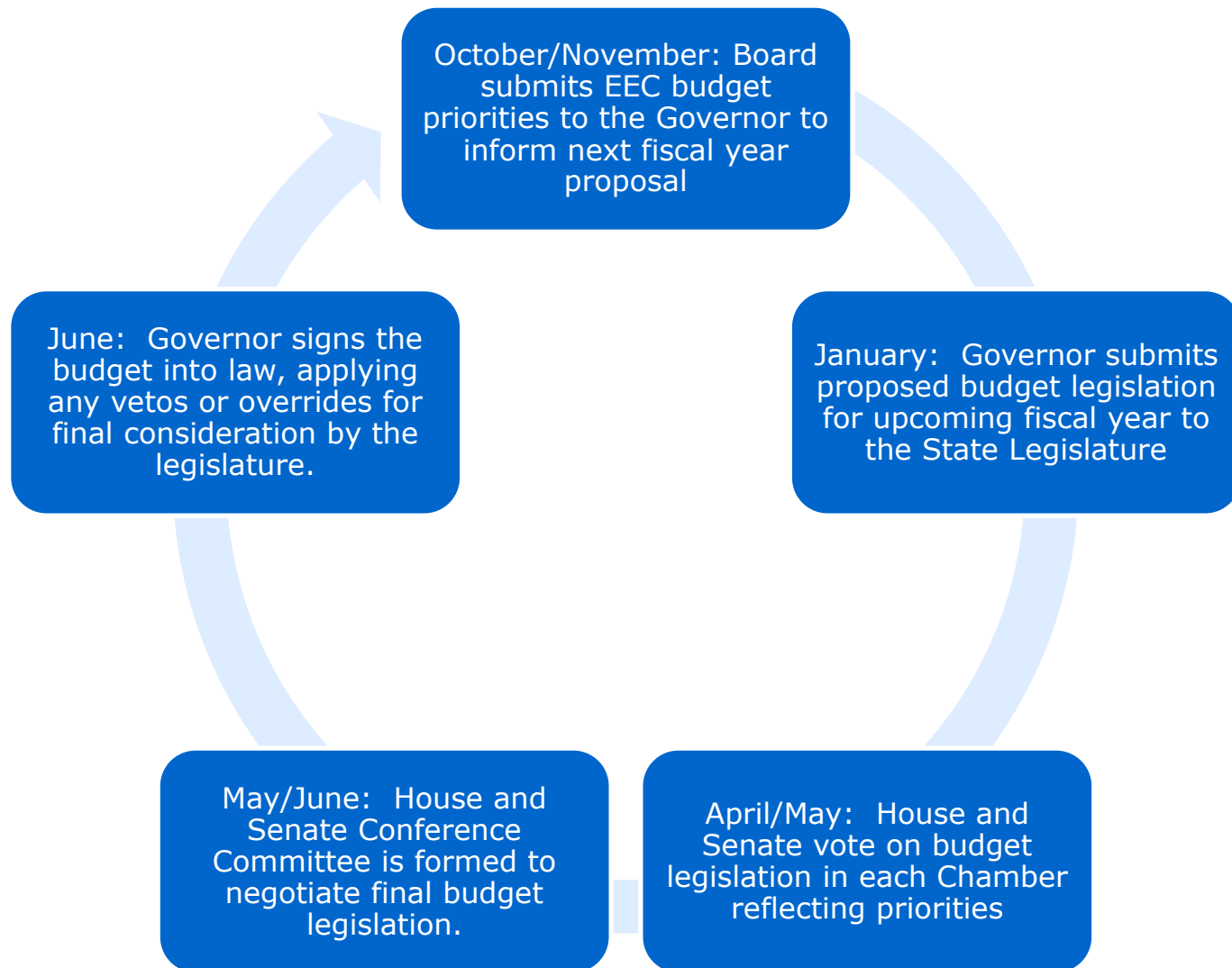
Tasks	Timeline
Presentation to the EEC Board for vote on promulgation of emergency regs and public comment period	October 13, 2020
Promulgation and regs become effective	October 16, 2020
Public comment period	October 16 - November 6, 2020
EEC reviews public comment	November 9 - November 16, 2020
Present public comment to EEC Board; vote on adoption of changes if any	December 8, 2020
Send any changes to Secretary of State's Office for final promulgation or send Notice of Compliance if no changes	December 10, 2020
Regulations published in Mass. Register for final promulgation	December 11, 2020

# Agenda

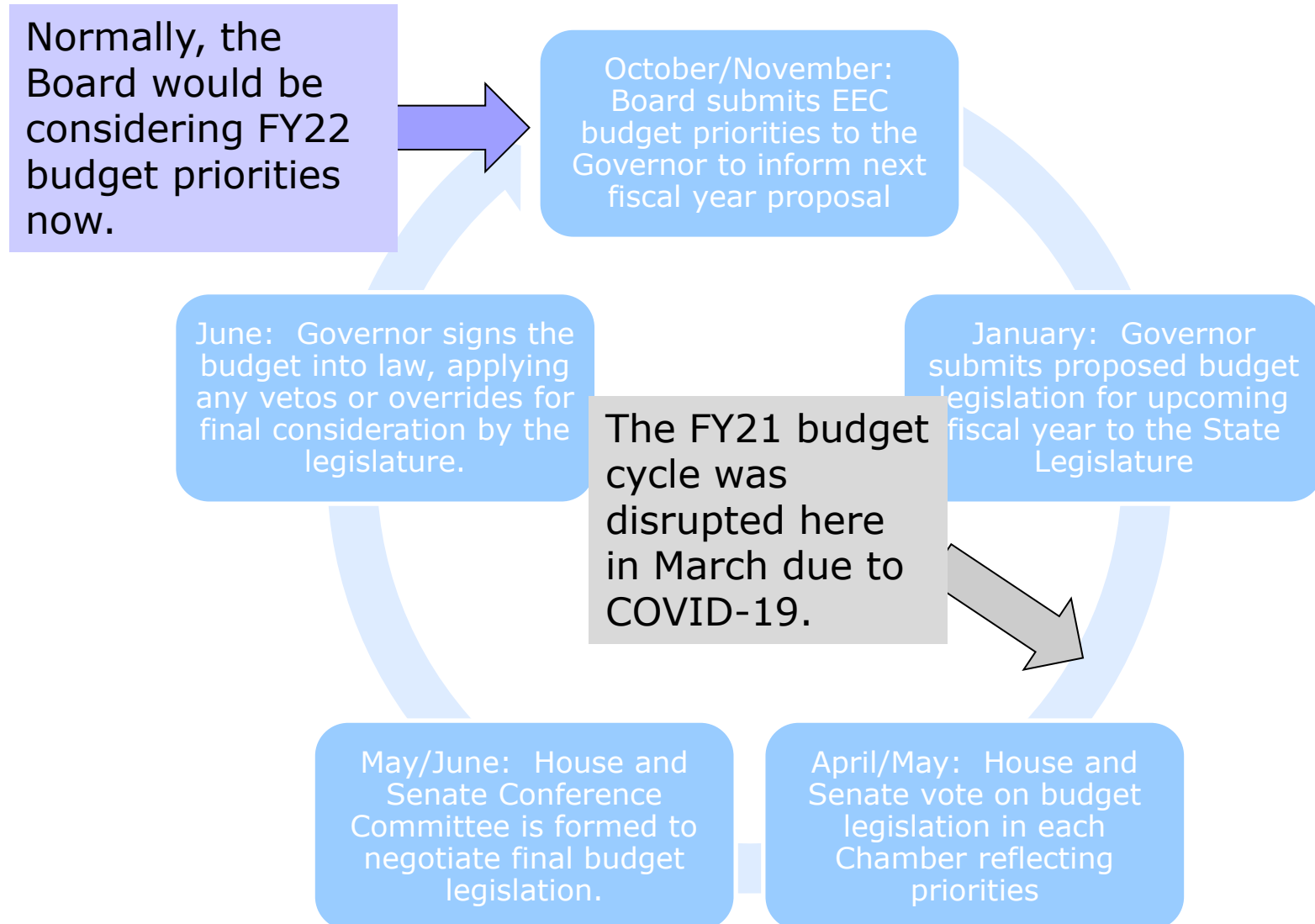
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- Strategic Action Plan Progress
    - Program Pillar: Program Supports and Financing Strategies - Discussion
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## Typical Budget Cycle Timing



## FY21 Budget Cycle



## Board FY21 Priorities

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- Last fall, EEC Board Recommended the Following Priorities that were Reflected in the Governor's Proposed Budget submitted on January 22, 2020:
  - Parent fees: \$10M investment in reducing parent copays based on federal guidance
  - Restructuring Child Care Financing: \$10M investment in moving towards classroom/program-based funding models
  - Build Infrastructure for Field Support: \$13.5M towards staff and technology to create streamlined operations and reduce backlogs
  - Additional Programmatic Investments to Implement Quality Supports: Needed Investment TBD with Strategic Planning

*While the needs of the field have increased with the COVID-19 crisis, these priorities are still relevant.*

# FY21 Budget Uncertainty– Statewide Context

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## **Governor's Proposed Budget Included:**

- All of EEC Board Priorities: \$761.8M, an increase of \$55M increased over the FY20 budget

## **FY21 Budget Process has been delayed by COVID-19:**

- In July, the Legislature has passed an interim budget through the end of October.
- Last week, the Governor and legislative budget leaders convened an economic roundtable to get a consensus on the budget approach in FY21 and beyond.



## FY21 Uncertainty– EEC Response

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- In response to the uncertainty of FY21, EEC has been cautious in our fiscal approach. The following strategies have been employed to mitigate the impact of any future cuts:
  - Shorter contracts when possible, providing more flexibility when needed on scope
  - Delay any competitive grants and earmarked initiatives until the FY21 budget becomes clearer to mitigate new commitments
- EEC has prioritized FY21 financial commitment to activities that are targeted to help families maintain access to childcare and ensure supports for program operations:
  - Flexibility in subsidy enrollment and attendance policies, including full-day enrollment for school age children during remote instruction
  - Support continued coverage of parent fees for subsidized families through the fall
  - Investments in program operations through PPE, Professional Development Centers to support reopening, Mental and Behavioral Health Consultation, and business supports
  - Maintain staffing investments in EEC to ensure responsive engagement with the field



## FY21 Interim Budget – Status Update

The following strategies are being used by EEC to navigate the FY21 uncertainty

Line Description	Strategies for Mitigating Budget Uncertainty
Administration	Limiting administrative expenses while protecting staff capacity
Quality Improvements	UPK recompetition delayed until confirmed budget commitment
Center Based Rate Reserve	Reduction in any caseload related account has a general impact on EEC's ability to provide child
Sliding Fee Scale Reserve	
Access Management	Engaged in shorter contracts (2 month).
Supportive Care	Full FY20 expenditures not reflected in the interim budget. All services to families being prioritized.
Income Eligible Child Care	
Grants to Head Start	Engaged in 12 month contracts
Commonwealth Preschool Partnership Initiative	Engaged in 6 month contracts to await budget direction
Mental Health	Engaged in 12 month contracts
EEC Contingency Contract Retained Revenue	N/A
Family and Community Engagement Services	Engaged in 12 month contracts
EEC Provider Higher Education Opportunities	Engaged in 6 month contracts, awaiting budget direction



# FY21 Caseload Update

## Number of Billed Children

	Updated June Actuals	Updated July Actuals	August Actuals	Sept Forecast
DCF Voucher	4,617	4,077	3,694	4,158
DCF Contract	7,446	7,381	6,690	7,438
DTA Voucher	11,562	10,276	9,265	10,421
IE Voucher	20,275	17,238	16,118	18,144
IE Contract	11,239	10,804	9,916	11,038
<b>Total:</b>	<b>55,139</b>	<b>49,776</b>	<b>45,683</b>	<b>51,199</b>

## Comparison to Last Year's Actual Costs

	Updated June Actuals	Updated July Actuals	August Actuals	Sept Forecast
3000-3060 Base Caseload	\$ 26,107,593	\$ 27,974,748	\$ 21,545,387	\$ 24,615,568
3000-4060 Base Caseload	\$ 24,000,435	\$ 24,118,394	\$ 19,300,218	\$ 22,111,495
Parent Fees	\$ 6,345,307	\$ 6,568,342	\$ 5,441,290	\$ 7,419,095
<b>Total:</b>	<b>\$ 56,453,335</b>	<b>\$ 58,661,484</b>	<b>\$ 46,286,894</b>	<b>\$ 54,146,158</b>
<b>FY2020 Actuals</b>		\$ 55,153,275	\$ 51,721,776	\$ 43,452,937
<b>Difference</b>		\$ 3,508,209	\$ (5,434,882)	\$ 10,693,221

- As expected, September enrollment appears to be climbing back up. More analysis will be done as reporting is finalized.
- Caseload costs are increased due to full-day services needed by school age children and parent fees.

# **Appendix: EEOST Supplementary Info**

# Early Education & Out of School Time Capital Fund (EEOST): Current Key Provisions



- Funding shall be used for:
  - Acquisition
  - Design
  - Construction
  - Repair
  - Renovation
- Grant term is currently a minimum of 25 years for grantee-owned facilities or a minimum of 15 years for leased facilities.
- Grant shall be secured by a mortgage lien in favor of EEC and/or the Community Economic Development Assistance Corporation (CEDAC).
- Land use restrictions, limiting use to child care programs, shall apply.
- Grant funds are subject to recapture for failure to comply with the grant terms.
- Grantees must be in good legal/financial standing (no pending investigations or past EEC actions that question a program's ability to ensure children's safety.)





## Administration of EEOST Capital Fund

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- EEC designated CEDAC to administer the EEOST Grant Program.
- Children's Investment Fund (CIF), which is affiliated with CEDAC, provides technical assistance and financing to ECE & OST facilities across MA.
- CEDAC/CIF has worked with EEC in development of Grant Review Standards and will continue to administer the grants that EEC awards. \$3,700,000 is available for awards in FY 21.
- In combined rounds for FY14 and FY15, EEC awarded a total of \$7,450,000 to 10 programs.
- In FY16, EEC awarded a total of \$3,600,000 to 6 programs.
- In FY17, EEC awarded a total of \$4,143,740 to 5 programs.
- In FY18, EEC awarded a total of \$4,000,000 to 4 programs.
- In FY19, EEC awarded a total of \$6,000,000 to 6 programs.
- In FY20, EEC awarded a total of \$6,475,000 to 7 programs.