**Board of Early Education and Care**

**September 12, 2022**

**1:00PM to 4:00PM**

**Department of Early Education and Care**

**Worcester Regional Office**

**324-R Clark Street**

**Worcester, Massachusetts**

**NOTE: This meeting will be broadcasted over EEC’s YouTube Channel:**

https://youtu.be/YE56bSYTYOg

**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 (via phone)

Paul Belsito

Jamella Lee

Maria Gonzalez Moeller

Mora Segal

Nikki Ruiz

The meeting was called to order at 1:10 PM.

**Welcome and Comments from the Chair**

Chairperson Lesaux welcomed the Board and thanked the Worcester EEC staff for hosting. Chairperson Lesaux commented that today’s agenda is a continuation of the conversation last week at the Board retreat. Chairperson Lesaux noted that Board member Carolyn Kain was participating in the meeting via phone and Secretary Peyser would be joining the meeting shortly.

**Comments from the Commissioner**

Acting Commissioner Kershaw welcomed the Board and thanked Worcester Regional Director Marisol Rosado-Ledoux for hosting the Board meeting. Acting Commissioner Kershaw noted that there were technical issues with the live stream and stated that the meeting would be posted on the EEC YouTube channel.

Acting Commissioner Kershaw provided an overview of budget initiatives and noted that the Governor signed the FY23 budget on July 28 that included significant new resources for the agency, including a 28% increase in budget over FY22 and discussed specific funding included in the budget. Acting Commissioner Kershaw noted that, since the budget was signed, the Governor has submitted a supplemental budget that includes additional funding to continue funding for C3 grants through the end of the fiscal year and highlighted a number of other innovative funding to address the urgent needs of the field.

Acting Commissioner Kershaw provided an update on the background records check process and shared that EEC is on track to hit milestones to remain in compliance with Federal regulations. Acting Commissioner Kershaw recognized the background records check team and the project team for their hard work.

Acting Commissioner Kershaw provided update on DPH and DESE COVID guidance and resources.

Acting Commissioner Kershaw shared that upcoming Board meetings will alternate between Boston and regional offices, with the October Board meeting being held in Boston and in Springfield for November.

**Statements from the Public\***

Leslie Baker, Program Director for The Center for Child Care Careers and Family Services in Central Massachusetts, provided public comment. She discussed Project Flourish, an apprenticeship program funded through the Executive Office of Labor and Workforce Development. Ms. Baker discussed the history and implementation of the apprenticeship program, including changes that were adopted during COVID. She stated that the apprentices participate in 2,000 hours of supervised on the job training with a mentor to implement competencies learned during instruction and, upon completion, are qualified to apply for a CDA through EEC and are eligible to apply for 6-9 credits at community colleges. Ms. Baker stated that an FCC cohort is funded through the United Way and targeted Spanish speaker educators. Ms. Baker discussed the supports and tools that are provided to educators and participants.

**Routine Business:**

* Approval of Minutes from June 21, 2022 Meeting – VOTE
  + Approved unanimously

**Items for Discussion and Action:**

* Board Retreat – Reflections and Takeaways

Chairperson Lesaux provided reflections on the Board Retreat held September 8, 2022 in Boston and shared that the agency is at an inflection point to innovate and address major issues. Chairperson Lesaux discussed how today’s agenda items are reflective of the state strategy for the child care infrastructure and stressed that it is important for the three levers of economic development, working family support, and boosting vulnerable populations to work together. Chairperson Lesaux stressed that strategy needs to differentiate approaches by region and mixed delivery and consider demographics and childcare infrastructure.

Acting Commissioner Kershaw expressed gratitude for the conversations about where the agency is headed and appreciated the discussions on how the agency can take advantage of opportunities and organize EEC to take vision and strategy and turn it into action and operation by building specific capacity at EEC to take on family access and economic mobility issues, support FCC providers and the workforce and a modern childcare financial assistance program to contribute to economic recovery. Acting Commissioner Kershaw stressed that it is vital to pursue key strategies to support workforce recruitment and retention. Acting Commissioner Kershaw acknowledged that there are many challenges but expressed hope coming out of the retreat due to the critical and impactful levers that are available to the Board and EEC.

Board members Belsito, Moeller, and Ruiz provided feedback, reflections, and takeaways from the Board retreat.

* Proposed Regulation Change: *Continuation of Subsidized Child Care Services Pending Request for Review* – VOTE

General Counsel Janis DiLoreto Smith discussed proposed changes to subsidy regulations to increase the availability of continued care through the subsidy appeal process and to increase access and choice for families. General Counsel Smith stated that no public comment was received and, as such, no changes have been made to the draft changes that were shared with the Board in June. General Counsel Smith requested that the Board formally approve the changes to the regulations.

Chairperson Lesaux called for a vote of the proposed amended regulations. Approved by unanimous vote.

* 2022 Market Rate Survey and Preliminary Cost Analysis: Presentation and Report
  + Dr. Theresa Hawley, Executive Director, Center for Early Learning Funding and Equity (CELFE)
  + Sessy Nyman, Senior Policy Advisor, Center for Early Learning Funding and Equity (CELFE)

Acting Commissioner Kershaw expressed gratitude to the research partners and highlighted that a new methodology was used this year to analyze the data to think through rates and strategic financing.

Amy Checkoway, Senior Associate Commissioner for Policy Research and Data Analytics, stated that EEC contracted with the Center for Early Learning Funding and Equity to carry out the 2022 market rate survey and the preliminary cost analysis and highlighted that they provided research and analysis as well as strategic partnership. Senior Associate Commissioner Checkoway introduced Dr. Theresa Hawley and Sessy Nyman from the Center for Early Learning Funding and Equity.

Dr. Hawley provided an overview of the market rate survey and preliminary cost analysis. She discussed the federal requirements, the purpose of the studies, and differentiated price vs. cost. Dr. Hawley shared that the objective is to set the rates appropriately to provide access to the child care market. Dr. Hawley discussed the different ways to assess if there is equal access to the market. Dr. Hawley highlighted that the data is broken out by ages of children served. Board member Segal inquired if the modeling incorporates assumptions about increased access to public pre-k. Dr. Hawley responded that they are providing a modeling engine to make adjustments and assumptions to test hypotheses. Dr. Hawley discussed the history of market rates in Massachusetts.

Dr. Hawley provided an overview of the methodology and stated the data collected through the C3 grant provided administrative data. Acting Commissioner Kershaw highlighted that this is important because the data is more representative of the whole market and allows for greater confidence in the data. Dr. Hawley highlighted that 55%-75% of providers in all regions are included in the sample. Dr. Hawley discussed the findings of the market rate survey and shared that the subsidy rates are currently below the 75th percentile in all the regions and the rates are 23% below the benchmark rate, which is significant and indicates that providers are losing money by taking on subsidy. Dr. Hawley pointed to slides 15-18 of the presentation for details on the federal reporting requirements. Dr. Hawley highlighted that 60% of providers reported that they accept child care subsidies and she discussed the reasons providers gave for not accepting subsidies. Acting Commissioner Kershaw highlighted that there has been a commitment to increasing rates and costs have been increasing at the same time. Secretary Peyser inquired if the 2018 data has the percentiles and Dr. Hawley responded that that data was not included in the 2018 data.

Dr. Hawley discussed the 2022 methodology for the preliminary cost analysis and provided a summary of the results. She highlighted that estimated costs for providing care did not vary as substantially across geographies as prices charged for care. Board member Ruiz inquired about the driver for the cost difference between FCC and GSA and there was discussion surrounding overhead and administrative costs. Dr. Hawley responded that this question will be investigated further in the next phase of the study.

Dr. Hawley discussed the comprehensive analysis of the preliminary cost analysis, the 75% market rate and the current being paid. Secretary Peyser inquired about the cost estimation methodology and noted that since estimated actual wages are used based on EEC licensing standards, the western Mass programs appear not to be meeting the standards. Dr. Hawley and Secretary Peyser discussed assumptions for best practices that may be in use to ensure that licensing standards are met.

Dr. Hawley discussed ranges in rates and prices across regions and stated that the overall message of the two studies is that the market failure cannot be fixed by just raising subsidy rates. Dr. Hawley outlined the next steps.

Board member Segal inquired how equity is taken into account in the research and Dr. Hawley stated that will be dug into deeper in the next steps of the study and discussed cost models used in Illinois.

Board member Belsito expressed support for the next steps of the study and discussed with Chairperson Lesaux how philanthropy should be utilized for innovation, rather than administrative costs.

Board member Segal asked how the 60% of providers accepting subsidies compares to other states and Ms. Nyman stated that it depends on geography and the population served and shared that Illinois is similar to Massachusetts. Acting Commissioner Kershaw stated the goal is for families who utilize subsidies to have a placement.

Board member Belsito commented that it is important to have an SVI lens when analyzing the data.

**Panel Discussion: Reflections from the Field**

Chairperson Lesaux stated that the C3 and budget discussions will be deferred and imbedded in the panel discussion and noted that the information is contained in the written materials provided. Acting Commissioner Kershaw noted that the FY23 may include $60M in reserve that can be used to adjust rates and discussion about overall financing strategies will take place at the October Board meeting, which will include a vote. Chairperson Lesaux welcomed the panel.

Kathleen Farrell, owner of three small early education programs in Medford, introduced herself and provided an overview of her business and staffing model.

Jessica Jesus Acevedo, owner of Little Stars of Ours, in Cambridge introduced herself and discussed her interactions with EEC and provided an overview of her program.

Dawn Destefano, CEO of Square One in Springfield, introduced herself and provided an overview of her program and discussed the population she serves. Ms. Destefano discussed her fundraising efforts and business model and community partnerships. She discussed enrollment numbers and teacher and staffing ratios in her program.

Sharon MacDonald, Executive Director of Guild of St. Agnes, introduced herself and provided a history and overview of her program. Ms. MacDonald discussed staffing ratios and the population her program serves and discussed how those numbers have changed during COVID and post-COVID. Ms. MacDonald shared how her program supports their staff and economies of scale that are utilized. Ms. MacDonald stated she does not fundraise operational costs.

Ms. Farrell discussed her financing model and stated that she will forfeit a paycheck to support her staff. She stated that her focus is on supporting children, families, and teachers. Ms. Farrell discussed recruitment and retention strategies, including adding benefits, giving bonuses, and frequent staff appreciation. She stated that one benefit for staff is their children attend the program for free. Ms. Farrell stated that stress levels for staff are at an all-time high.

Ms. Acevedo discussed her funding model and she shared that she has utilized C3 funding to increase staff salaries and remain operational throughout the COVID pandemic.

Board member Belsito thanked the panel for sharing their perspective and asked the panel what opportunities and solutions they want the Board to takeaway from the conversation. Ms. Destefano stressed that there is opportunity for creativity and shared an example of creating an employer partnership for a backup care arrangement with a local business. She also discussed utilizing a private partnership with the Lego Foundation to create a therapeutic center to serve the community with mental health support.

Ms. Farrell discussed how the COVID pandemic brought awareness of the important role of early educators for parents and the workforce and that momentum needs to continue. She also stressed the need for teachers to receive a living wage.

Ms. MacDonald suggested that there needs to a statewide marketing campaign to recruit a workforce and reinforce the importance of the field on the economy. She shared concern about a cliff effect of current funding and stressed the need for sustained funding. She expressed concern about children who utilize subsidy being able to find placement.

Ms. Acevedo implored the Board to remember why they are there and stressed that the time to make a change is now. She shared that rental costs are the greatest stressor to her business and advocated for funding streams that promote entrepreneurship, family stability and generational wealth.

Board member Ruiz asked Ms. Acevedo to provide more insight into her business model, working hours salary and costs. Ms. Acevedo shared that the hours she dedicates to the work cannot be calculated into dollars because her work is focused on improving her community.

Secretary Peyser inquired about community partnerships with public schools and asked if the panel had any insight into making child care a community responsibility. Ms. Destefano stated that PEG and CPPI federal funding provided bridges to the community and those relationships remain. She expressed that public schools need to collaborate with early education in order to smooth out any power dynamics. Ms. MacDonald added that public schools constrict when they feel threatened and it would be beneficial to coordinate and collaborate to care for children as a community. Ms. Acevedo added that teachers also need childcare to return to work and it’s important to make the field work for everyone.

Chairperson Lesaux thanked the panel for the input which was inspiring.

The Board meeting adjourned to executive session and the Chair announced that the Board would not reconvene in open session thereafter.

Meeting ended 3:30

**Executive Session – Personnel Matters**