



# Commonwealth of Massachusetts Department of Early Education and Care

**Board of Early Education & Care**

May 9, 2023

# Agenda

## **Routine Business**

- Approval of Minutes from April 11, 2023 Meeting – VOTE

## **Items for Discussion and Action**

- Residential & Placement Programs
  - Overview
  - Framework for Regulatory Revisions
- Child Care Financial Assistance
  - Reimbursement Rates & Rate Structure Update



1

# Residential & Placement Programs

# Overview of Residential & Placement (R&P)

EEC licenses residential care programs, foster care placement agencies, and adoption agencies operating in Massachusetts. These programs provide services to thousands of children, young adults, and families.

## Residential Programs

- Serve youth up to age 18 (or 22 if there are special needs)
- Youth attending these programs tend to have behavioral health needs or are otherwise in need of additional support
- Provide care and housing for children and youth in a facility setting outside of their family home

**1** Group Care Programs

**2** Temporary Shelters

## Placement Agencies

- Oversee the approval of families to provide foster care in a private residence or to adopt a child
- Work with families of all types across the Commonwealth to place youth into their care
- Often operate under contract with the Department of Children and Families (DCF)

**1** Foster Care Placement Agency

**2** Adoption Agency

# R&P Programs

## Residential Programs:

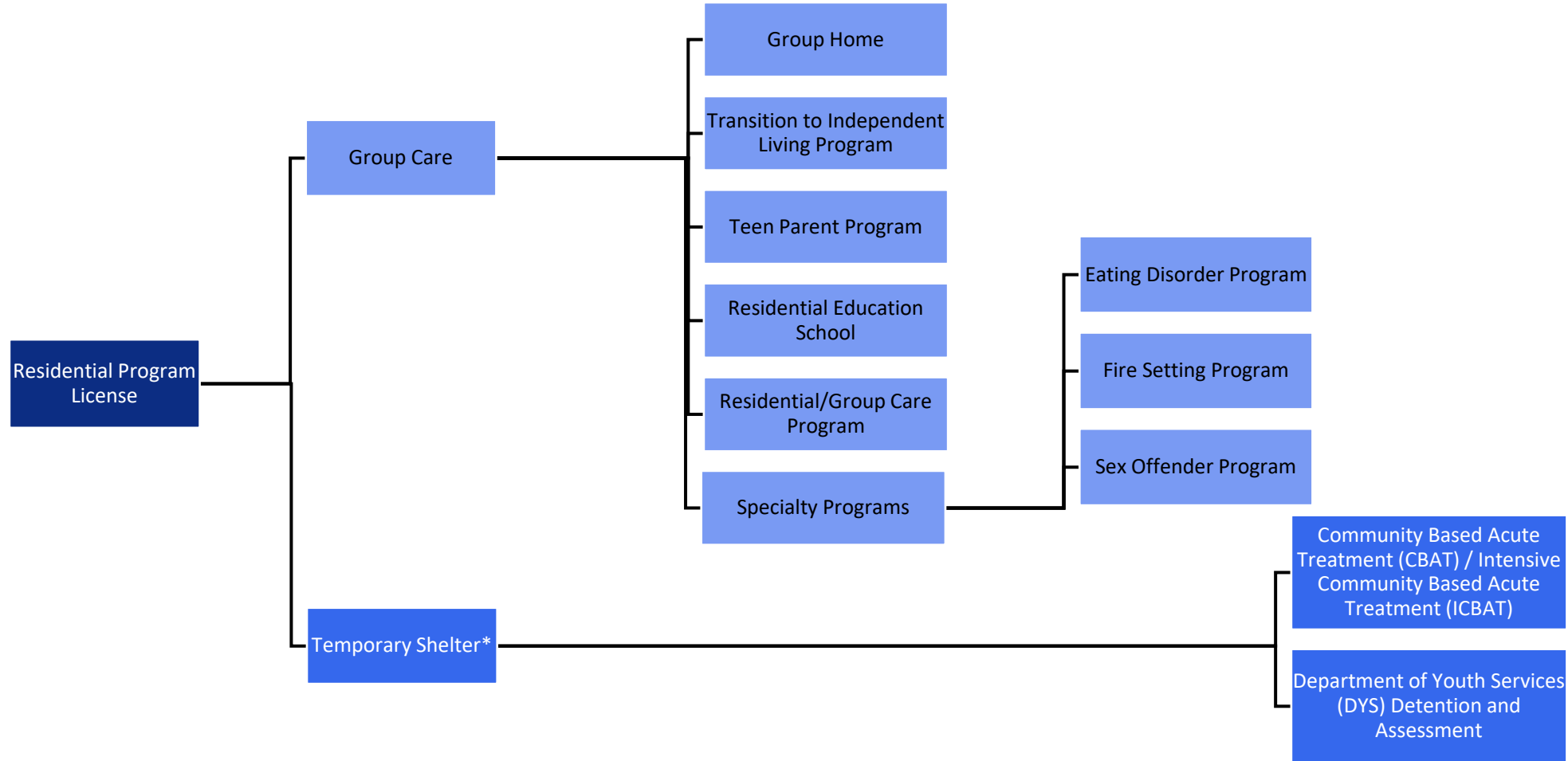
- 1** Group Care Programs
  - Serve children in a residential setting for more than 45 days
  - Includes multiple types of care
  - 311 Currently licensed agencies
  - Licensed Capacity – 5,286
- 2** Temporary Shelter Programs
  - Provide residential care and services to children under 18 for less than 45 days
  - Provide specialized care, including clinical services and community-based acute treatment (CBAT)
  - 25 Currently licensed agencies
  - Licensed Capacity - 345

## Placement Agencies:

- 1** Foster Care Placement Agency
  - Provide substitute parental care for up to 6 children in a private residence on a regular, 24 hour per day basis
  - 56 Currently licensed agencies
- 2** Adoption Agency
  - Place children for adoption and offer adoption related services
  - MA only permits adoptions to proceed through licensed adoption placement agencies
  - 27 Currently licensed agencies

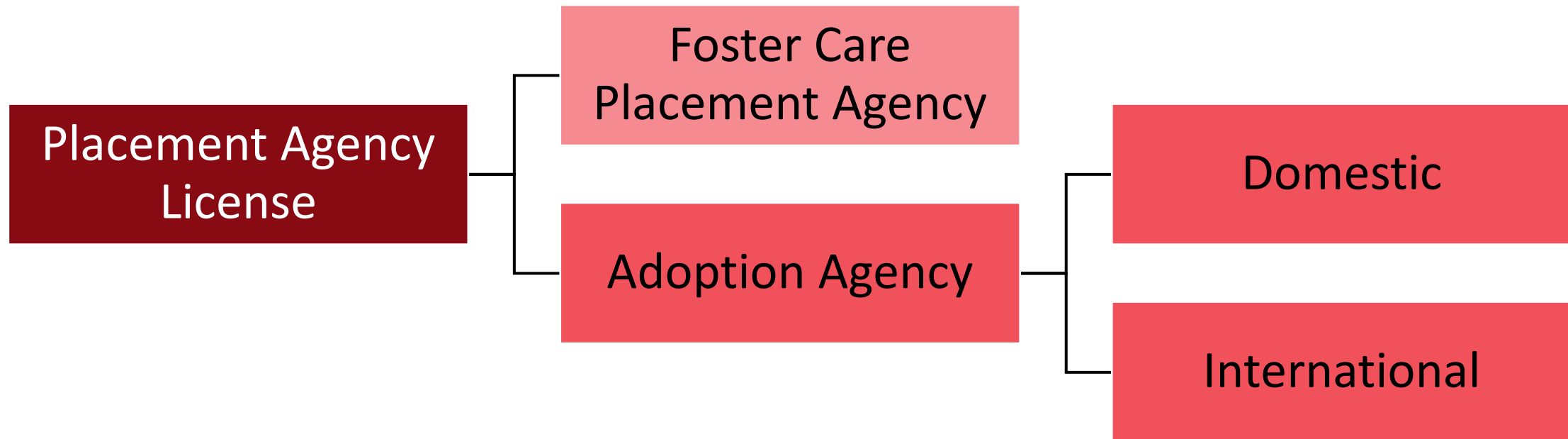
These programs are experiencing the same workforce recruitment and retention problems that child care programs are currently seeing. As a result, actual enrollment in many programs is much lower than their licensed capacity would suggest.

# Types of Residential Programs



*\*Temporary Shelter Licenses are for 45 days or less*

# Types of Placement Programs



# Collaboration with DESE

Children attending nearly half of the licensed residential programs across the state come through their local school district. Meanwhile, other programs are affiliated with a residential school. In these cases, EEC closely coordinates with the Department of Elementary and Secondary Education (DESE) on program oversight.



**EEC Licenses/Oversees the  
Residential Program**



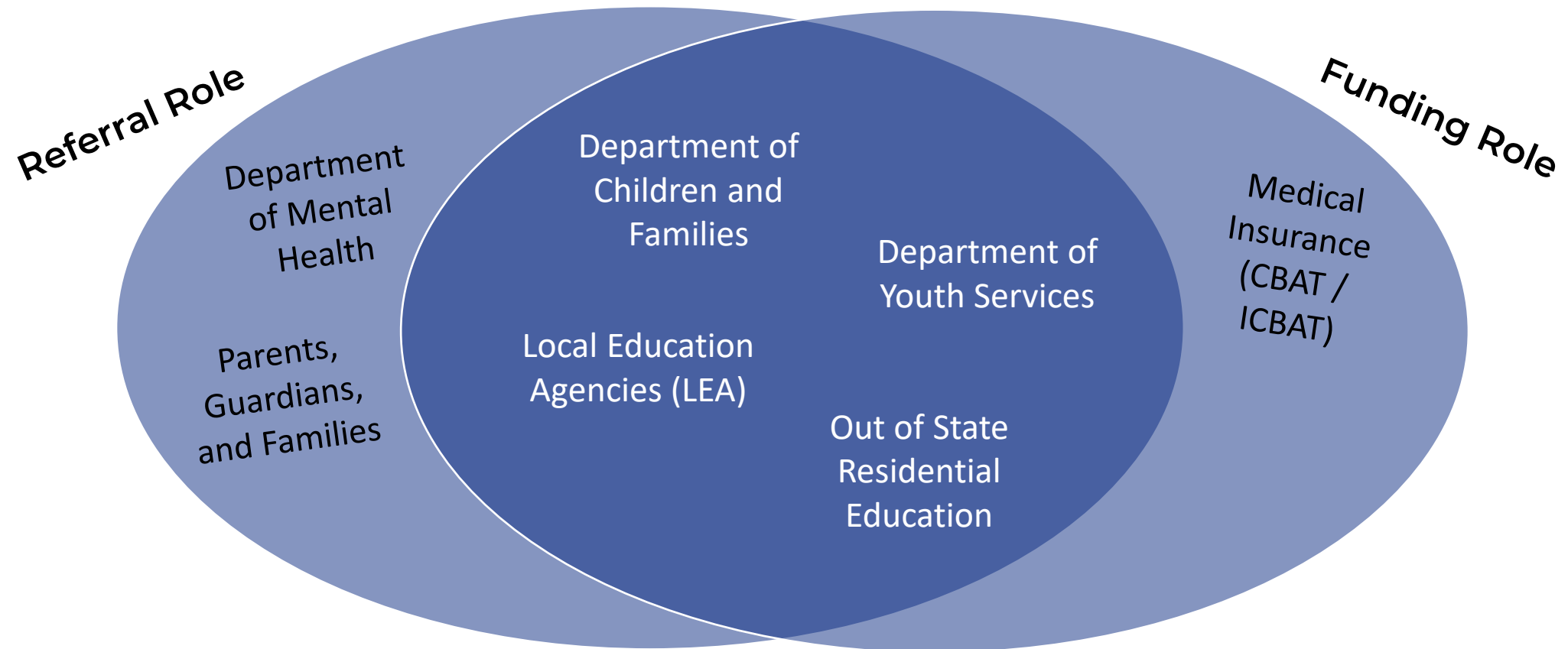
**DESE Licenses/Oversees the  
Educational Program**

Leadership at EEC and DESE, as well as the Department of Children and Families (DCF), meet on a regular basis to ensure open communication on the operations of both the residential and educational settings and to ensure the best possible outcomes for the children they serve.

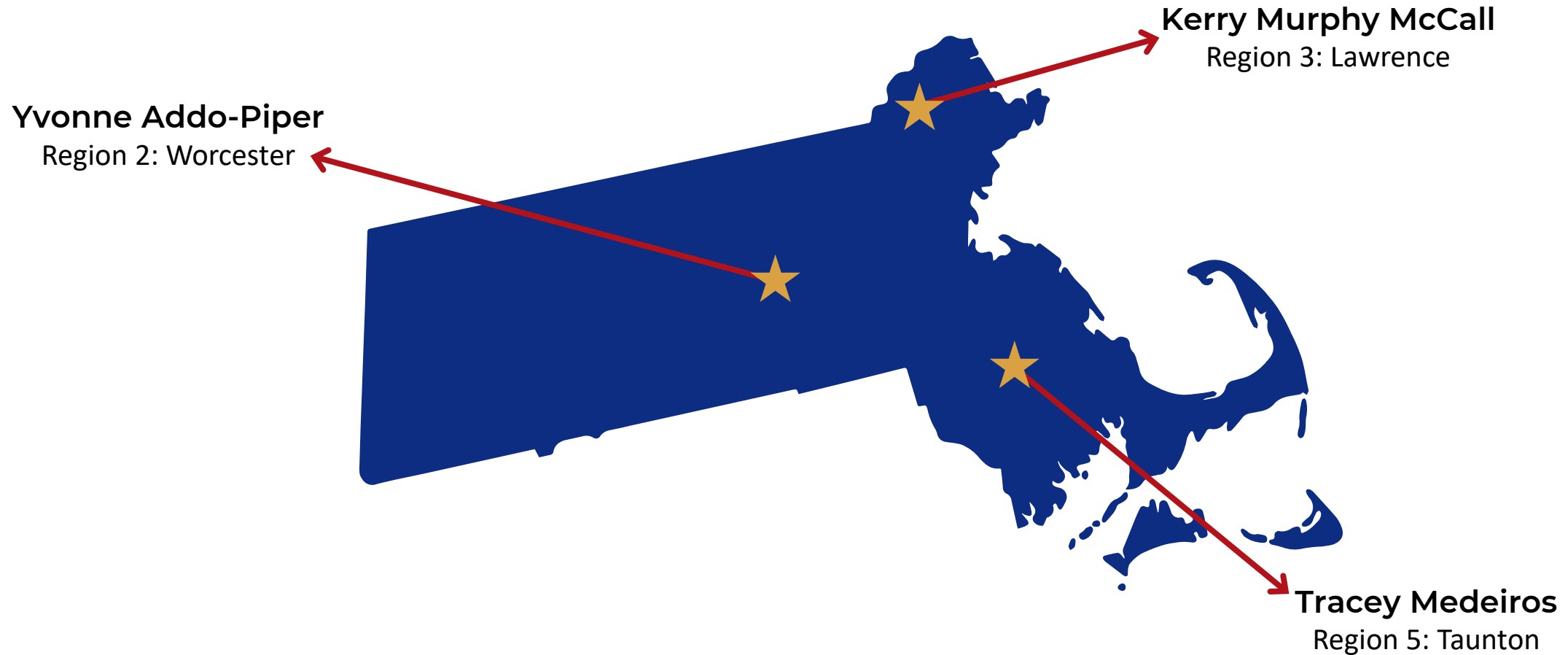


# Other Partners

EEC provides regulatory oversight and has licensing responsibility for residential programs and placement agencies. Other state agencies and external partners have different roles in these systems.



# Panel Presentation: R&P Licensing





# FRAMEWORK FOR REGULATORY REVISIONS



# Current State: R&P Care and Services

R&P programs provide 24-hour care and services to the most vulnerable and at-risk children, youth, and families across the Commonwealth. EEC is committed to continuing to safeguard the health and safety of children in treatment while enhancing the quality of life and care for youth in care across the Commonwealth.

## Current Residential Regulations: 606 CMR 3.00

The current regulations set out the standards and practices necessary to:

- 1 Ensure a program is administratively and fiscally sound with clearly conceived policies and practices for the services provided to residents;
- 2 Provide residents with services, which meet their immediate and emergency needs, and allow for resolution of immediate problems or the development of long-term plans;
- 3 Meet each resident's needs for health, nutrition, individuality and interaction with peers and adults, before it can begin to satisfy the resident's more complex needs;
- 4 Meet each resident's need for space, comfort, privacy and community while protecting residents from fire, health, and accident hazards;
- 5 Provide each resident with the least intrusive intervention sufficient to ensure their safety, the safety of others, and promote healthy growth and development;
- 6 Provide residents with services and an environment which, on a long-term basis, meet the special needs their families are unable to fulfill.

# Purpose of Regulatory Revisions

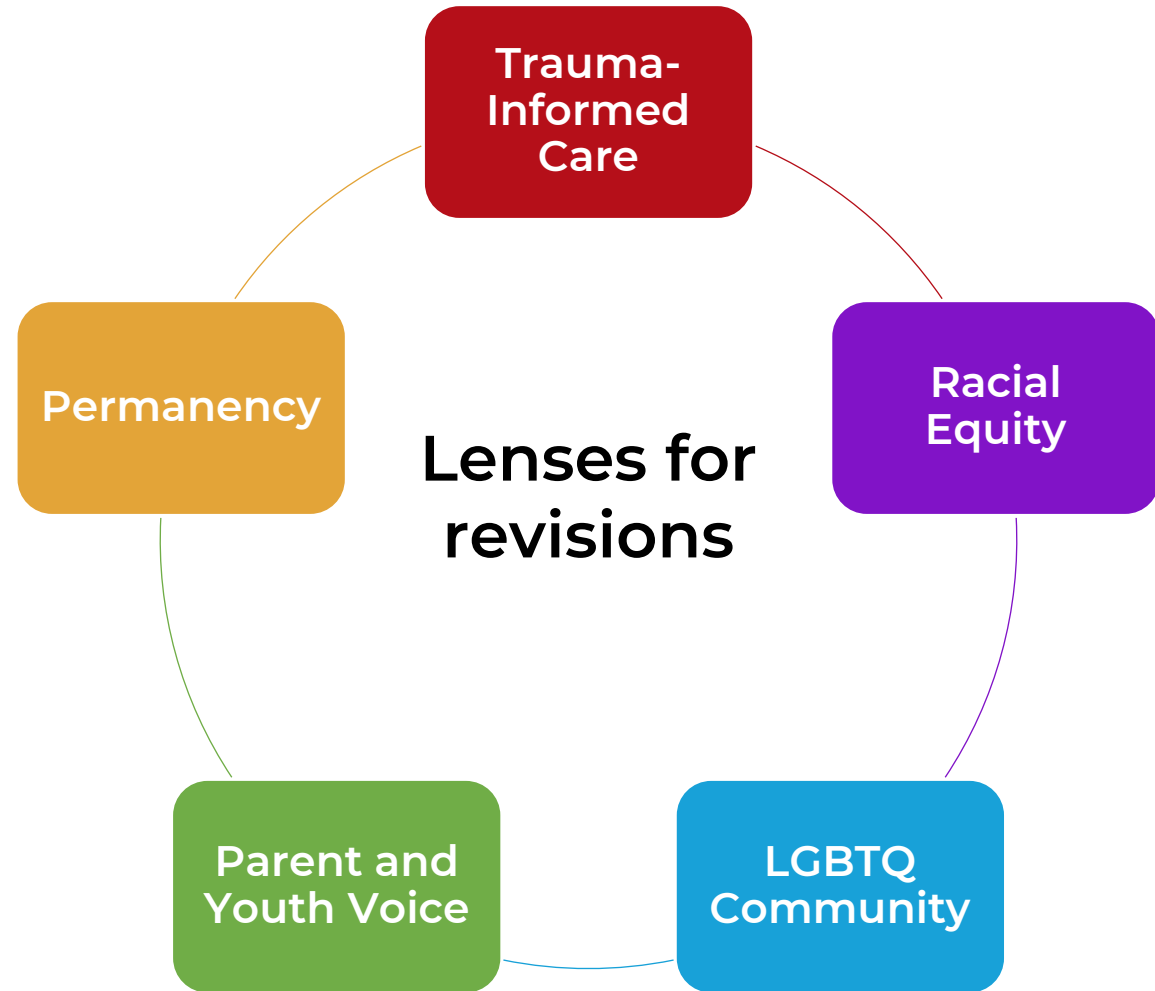
[606 CMR 3.00](#) govern EEC's oversight and licensing of residential programs. These regulations have not seen a comprehensive revision since **1995**.

- There have been targeted revisions since that time, most recently in **2015** to eliminate prone, mechanical, and chemical restraints on children

## Goal

Through this revision process, EEC intends to:

1. Bring regulations into alignment with our strategic plan
2. Increase coordination with partner state agencies
3. Promote permanency
4. Better align with current practices
5. Continue to support the health, safety, and needs of the residents, staff, and programs



# Areas of Reform: Residential Programs

EEC has already identified many challenges facing residential programs as a result of the current regulations. These, in addition to additional feedback received through stakeholder engagement, will serve as the foundation for the revisions.



**Center the experience** of the **youth and families** that are served by these programs.



**Eliminate** provisions that are **outdated** or no longer applicable to current state.



**Streamline** to ensure better **efficiency** and less duplication.



**Update** to reflect **best practice** and recommended policies.



**Minimize financial impact** and added costs on programs.





# Areas of Reform: Placement Agencies

EEC most recently made significant revisions to our placement regulations, [606 CMR 5.00](#) in 2018. Some considerations for reform:

- 1 Clarify which regulations apply to adoption agencies, foster care placement agencies, or both.
- 2 Update to reflect current best practice.
- 3 Simplify to allow for ease of understanding.



# Planned Stakeholder Engagement



## Work With the Licensing Team

The Residential and Placement (R&P) Licensors start the process to review regulations.



## Engage Other State Agencies

Bring in partner agencies who work with R&P programs across the Commonwealth.



## Open for Public Comment

Publicly share proposed regulations and open up for public comment.



## Engage With Partners in the Field

Host sessions with R&P programs and partners in the field to get feedback from the field.



# Next Steps



**Spring 2023**

Engage with R&P  
licensors, DESE, and DCF  
to build foundations for  
revisions.



**Summer 2023**

Convene feedback  
sessions and  
conversations with  
programs and agencies,  
youth, families, and  
advocates.



**Fall 2023**

Finalize proposed revised  
regulations for initial  
recommendation to the  
Board.



**Winter 2023**

Following Board approval,  
gather public comment on  
proposed revisions.



**Spring 2024**

Following the review of  
public comment,  
recommend regulations to  
the Board for  
promulgation.



2

## Child Care Financial Assistance – Reimbursement Rates & Rate Structure Update



# Child Care Financial Assistance Reimbursement Rates

EEC receives federal funding through the Child Care Development Block Grant (CCDBG) to finance our child care financial assistance system. Federal regulations require that states conduct a Market Rate Survey (MRS) or alternative methodology every 3 years to gather data on family access to care. MRS or cost study findings should inform rate setting to ensure families have equitable access to the market.

## 2022 Market Rate and Cost Study Scope

1. Examine the extent to which child care financial assistance rates are set at a level that provides families with affordable care and supports sufficient revenue for stable program operations
2. Understand how best to support programs to stabilize finances against normal fluctuations in enrollment and support consistent workforce and quality investments
3. Gain insight into each of these aspects of the early education and care system by understanding current market rates and program costs

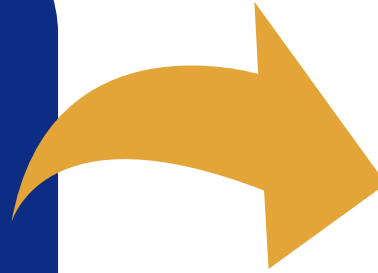
# 2022 Market Rate Survey Findings & Board Response

1

The subsidy rates were found to be below the 50<sup>th</sup> percentile for most regions, age groups, and provider types in the Commonwealth.

2

The subsidy rates ranged from the 14<sup>th</sup> to the 60<sup>th</sup> percentile of market rate for center-based programs and from the 7<sup>th</sup> to 61<sup>st</sup> percentiles for family child care providers



The Board used these findings to support both broad based (“across the board”) and targeted rate increases in November 2022, ensuring that all rates met or exceeded the 30<sup>th</sup> percentile of the market rate.

# 2022 Market Rate Survey Findings

Regions	Center-Based Providers				FCC Providers			
	Infant	Toddler	Preschool	School Age	Infant	Toddler	Preschool	School Age
Region 1-Western	43	50	46	60	32	55	27	29
Region 2-Central	21	26	28	51	25	48	19	28
Region 3-Northeast	23	18	25	59	42	57	39	31
Region 4-Metro	18	17	19	65	49	61	16	17
Region 5-Southeast and Cape	24	30	34	58	22	36	7	11
Region 6-Metro Boston	13	22	16	50	28	49	17	17

The **bold** percentiles represent the EEC subsidy rate falling *below* the 50th percentile of the market

The **highlights** represent the EEC subsidy rates falling *below* the 25<sup>th</sup> percentile of the market

# FY23 Market Rate Percentile (After rate increase)

Regions	Center-Based Providers				FCC Providers	
	Infant	Toddler	Preschool	School Age	Under 2	Over 2
Region 1- Western	65.1	76.8	73.2	80.0	60.0	58.4
Region 2- Central	<b>41.8</b>	<b>46.3</b>	<b>42.1</b>	55.6	57.3	<b>37.4</b>
Region 3- Northeast	<b>43.3</b>	<b>45.1</b>	<b>41.2</b>	73.8	65.0	54.5
Region 4- Metro	<b>47.3</b>	<b>42.9</b>	<b>37.4</b>	69.4	73.1	<b>31.8</b>
Region 5- Southeast and Cape	54.0	61.6	<b>48.9</b>	72.5	<b>44.6</b>	<b>34.2</b>
Region 6- Metro Boston	<b>36.6</b>	<b>47.6</b>	64	54.6	<b>48.4</b>	<b>33.9</b>

The **bold** percentiles represent the EEC subsidy rate falling *below* the 50th percentile of the market

# Further Context

EEC has been notified by the federal Office of Child Care (OCC) that the **50<sup>th</sup> percentile** of the market rate is now a required threshold to help families that receive child care financial assistance have more choice in finding child care that meets their needs. All states (including Massachusetts) will need to reach this threshold in each region and for each age group.



The historic rate increase that the Board approved in November positioned the Commonwealth well to comply with this requirement.

- With the FY23 rate increases, **some age groups and regions in the state reach or exceed the 50th percentile** of the market rate.

## Budget Updates – Potential Funding for FY24 Rate Increases

1. Governor Healey proposed annualizing the FY23 increases in FY24, with an additional rate reserve at \$20 million for a further increase.
2. The House included two rate reserves in their budget proposal - \$20 million mirroring the Governor's recommendation, and an additional reserve at \$80 million with a \$10 million earmark to continue the ECE pilot program.
3. The Senate Ways & Means Committee is expected to release their initial budget recommendations soon.

# FY24 Rate Setting Strategy – Proposed

EEC is assessing the fiscal impact of this new requirement and is developing a strategy, in coordination with legislative partners and stakeholders, to ensure federal compliance while also taking into account learnings from the agency's cost research and modeling. Subject to the final FY24 budget, funding levels and legislative language, EEC is proposing to develop and implement a more equitable rate setting structure.

## Key Reforms

- 1 As included in the Governor's FY24 budget proposal, fully annualize the FY23 \$80M rate increase into FY24 base rates across all program types, regions and age groups
- 2 Meet or move towards compliance with the federal benchmark of 50th percentile of market rate for age groups, regions and programs types that remain below this new benchmark
- 3 Based on findings from cost study, move towards addressing disparities in differences between market rates and costs, with a specific focus on the program types, regions, and age groups with the lowest current rates relative to costs.
- 4 Develop strategies to simplify and streamline the rate structure by aligning with EEC licensing regions and key economic indicators
- 5 Continue data collection and analysis of impact of C3 on family affordability and program stability
- 6 Submit proposal for approval to Federal Office of Child Care for alternative methodology to Market Rate Survey to inform future rate setting





# Appendix

# Center-Based Daily Rate Comparison

Effective rates following the FY23 increase.

GSA Infant		1.5% + Targeted Rate Increase					\$40M Quality Add-On	Total Impact on FY23 Rates		
		Select Highest of 2								
Region	FY22 Base Rate	1.5% Increase	Value After 1.5% Increase	30th Percentile	New FY23 Base Rate	YOY Change	8.5% Quality Add-on Value	Total Difference from FY23	YOY Change	FY23 Rate With Quality Add-on
Region 1- Western	\$65.71	\$0.99	\$66.70	\$65.00	\$66.70	1.5%	\$5.67	\$6.65	10.1%	\$72.37
Region 2- Central	\$67.51	\$1.01	\$68.52	\$70.00	\$70.00	3.7%	\$5.95	\$8.44	12.5%	\$75.95
Region 3- Northeast	\$79.40	\$1.19	\$80.59	\$82.50	\$82.50	3.9%	\$7.01	\$10.11	12.7%	\$89.51
Region 4- Metro	\$90.41	\$1.36	\$91.77	\$101.60	\$101.60	12.4%	\$8.64	\$19.83	21.9%	\$110.24
Region 5- Southeast	\$65.71	\$0.99	\$66.70	\$66.00	\$66.70	1.5%	\$5.67	\$6.65	10.1%	\$72.37
Region 6- Metro Boston	\$85.68	\$1.29	\$86.97	\$97.00	\$97.00	13.2%	\$8.25	\$19.57	22.8%	\$105.25

GSA Toddler		1.5% + Targeted Rate Increase					\$40M Quality Add-On	Total Impact on FY23 Rates		
		Select Highest of 2								
Region	FY22 Base Rate	1.5% Increase	Value After 1.5% Increase	30th Percentile	New FY23 Base Rate	YOY Change	8.5% Quality Add-on Value	Total Difference from FY23	YOY Change	FY23 Rate With Quality Add-on
Region 1- Western	\$60.26	\$0.90	\$61.16	\$58.00	\$61.16	1.5%	\$5.20	\$6.10	10.1%	\$66.36
Region 2- Central	\$61.65	\$0.92	\$62.57	\$63.00	\$63.00	2.2%	\$5.36	\$6.71	10.9%	\$68.36
Region 3- Northeast	\$69.05	\$1.04	\$70.09	\$72.00	\$72.00	4.3%	\$6.12	\$9.07	13.1%	\$78.12
Region 4- Metro	\$82.08	\$1.23	\$83.31	\$92.20	\$92.20	12.3%	\$7.84	\$17.96	21.9%	\$100.04
Region 5- Southeast	\$61.65	\$0.92	\$62.57	\$61.80	\$62.57	1.5%	\$5.32	\$6.24	10.1%	\$67.89
Region 6- Metro Boston	\$79.86	\$1.20	\$81.06	\$85.90	\$85.90	7.6%	\$7.30	\$13.34	16.7%	\$93.20

# Center-Based Daily Rate Comparison

Effective rates following the FY23 increase.

GSA Preschool		1.5% + Targeted Rate Increase					\$40M Quality Add-On	Total Impact on FY23 Rates		
		Select Highest of 2								
Region	FY22 Base Rate	1.5% Increase	Value After 1.5% Increase	30th Percentile	New FY23 Base Rate	YOY Change	8.5% Quality Add-on Value	Total Difference from FY23	YOY Change	FY23 Rate With Quality Add-on
Region 1- Western	\$45.82	\$0.69	\$46.51	\$44.06	\$46.51	1.5%	\$3.95	\$4.64	10.1%	\$50.46
Region 2- Central	\$48.81	\$0.73	\$49.54	\$50.00	\$50.00	2.4%	\$4.25	\$5.44	11.1%	\$54.25
Region 3- Northeast	\$49.91	\$0.75	\$50.66	\$49.91	\$50.66	1.5%	\$4.31	\$5.05	10.1%	\$54.97
Region 4- Metro	\$63.22	\$0.95	\$64.17	\$70.00	\$70.00	10.7%	\$5.95	\$12.73	20.1%	\$75.95
Region 5- Southeast	\$47.03	\$0.71	\$47.74	\$46.60	\$47.74	1.5%	\$4.06	\$4.76	10.1%	\$51.80
Region 6- Metro Boston	\$50.37	\$0.76	\$51.13	\$68.00	\$68.00	35.0%	\$5.78	\$23.41	46.5%	\$73.78

GSA School Age		1.5% + Targeted Rate Increase					\$40M Quality Add-On	Total Impact on FY23 Rates		
		Select Highest of 2								
Region	FY22 Base Rate	1.5% Increase	Value After 1.5% Increase	30th Percentile	New FY23 Base Rate	YOY Change	8.5% Quality Add-on Value	Total Difference from FY23	YOY Change	FY23 Rate With Quality Add-on
Region 1- Western	\$42.13	\$0.63	\$42.76	\$30.89	\$42.76	1.5%	\$3.63	\$4.27	10.1%	\$46.39
Region 2- Central	\$42.14	\$0.63	\$42.77	\$39.60	\$42.77	1.5%	\$3.64	\$4.27	10.1%	\$46.41
Region 3- Northeast	\$43.57	\$0.65	\$44.22	\$42.00	\$44.22	1.5%	\$3.76	\$4.41	10.1%	\$47.98
Region 4- Metro	\$44.79	\$0.67	\$45.46	\$29.10	\$45.46	1.5%	\$3.86	\$4.54	10.1%	\$49.32
Region 5- Southeast	\$42.14	\$0.63	\$42.77	\$40.52	\$42.77	1.5%	\$3.64	\$4.27	10.1%	\$46.41
Region 6- Metro Boston	\$44.79	\$0.67	\$45.46	\$43.07	\$45.46	1.5%	\$3.86	\$4.54	10.1%	\$49.32

# FCC Daily Rate Comparison

Effective rates following the FY23 increase.

FCC Under 2		10% Rate Increase				
Region	FY22 Base Rate	10% Increase	Select Highest of 2		New FY23 Base Rate	YOY Change
			Value After 1.5% Increase	30th Percentile		
Region 1- Western	\$42.79	\$4.28	\$47.07	\$42.79	\$47.07	10.0%
Region 2- Central	\$48.90	\$4.89	\$53.79	\$49.38	\$53.79	10.0%
Region 3- Northeast	\$48.90	\$4.89	\$53.79	\$47.94	\$53.79	10.0%
Region 4- Metro	\$73.34	\$7.33	\$80.67	\$65.00	\$80.67	10.0%
Region 5- Southeast	\$48.90	\$4.89	\$53.79	\$50.00	\$53.79	10.0%
Region 6- Metro Boston	\$55.00	\$5.50	\$60.50	\$56.00	\$60.50	10.0%

FCC Over 2		10% Rate Increase				
Region	FY22 Base Rate	10% Increase	Select Highest of 2		New FY23 Base Rate	YOY Change
			Value After 1.5% Increase	30th Percentile		
Region 1- Western	\$36.89	\$3.69	\$40.58	\$37.00	\$40.58	10.0%
Region 2- Central	\$38.83	\$3.88	\$42.71	\$40.00	\$42.71	10.0%
Region 3- Northeast	\$38.90	\$3.89	\$42.79	\$38.00	\$42.79	10.0%
Region 4- Metro	\$44.38	\$4.44	\$48.82	\$50.00	\$50.00	12.7%
Region 5- Southeast	\$38.83	\$3.88	\$42.71	\$45.00	\$45.00	15.9%
Region 6- Metro Boston	\$39.94	\$3.99	\$43.93	\$40.00	\$43.93	10.0%

# CELFE Recommendations for a “Cost-Informed” Reimbursement Rate Structure

1

## Simplify

Simplify rate structure to better align with economic indicators

2

## Consistency

Set rates across ages in a consistent way across regions

3


## Analysis

Use both the Market Rate Study and Cost Research to inform rates

4

## Approach

Consider how child care financial assistance rates integrate with other funding sources



***Recommended Goal:*** Over time, move towards meeting (at the program level) the cost of care with increased staff compensation through a combination of funding sources





# Considerations for Rate Structure

## *Potential Approaches*

### Geographic Coherence



Align rate regions with licensing regions

### Economic Differentiation



Based on key economic indicators (e.g., HUD data on rent, median household income, Social Vulnerability Index), simplifying to either two or three regions makes sense

### Simplicity & Equity



Use cost research to inform more equitable rates by age, region and type of care, and simplify rate structure