



Massachusetts
Taxpayers Foundation

Strategies for Children

Early Education 101

What You Need to Know

State House Briefing
September 15, 2025

Outline

- **Framing Our Conversation**
- **Overview of the Massachusetts Childcare System**
- **Breaking Down Child Care Financial Assistance**
- **Commonwealth Cares for Children**
- **Putting it All Together**



Framing Our Conversation

Frequently Used Terms

- **Center-based providers** – sometimes referred to as Group & School Age (GSA) providers, typically occupy commercial space, have numerous staff members, and are licensed to serve a larger number of children of various ages.
- **Family child care (FCC) providers** – smaller businesses usually operated by a single educator from their own home, currently licensed to serve between 6-10 children.
- **Child Care Financial Assistance (CCFA)** – the state’s program to provide low or no-cost childcare to families who are eligible by their income, or through their involvement with the Department of Children and Families (**DCF**) or the Department of Transitional Assistance (**DTA**).
- **Reimbursement rates** – the rate at which providers who provide care to children receiving CCFA are reimbursed by the Department of Early Education & Care (EEC) – varies by region and age of children served.
- **Commonwealth Cares for Children (C3)** – state operational grant program for childcare providers, began during the pandemic originally with federal ARPA dollars.
- **Child Care Resource & Referral (CCR&R) Agencies** – regional organizations that support families in applying for CCFA and connecting them to participating childcare providers.
- **Vouchers & contracts** – two ways in which families receiving CCFA can access care. Vouchers can be used by a family at any childcare provider that accepts them. Contracts are reserved slots with a specific provider for CCFA children.

Frequently Asked Questions

How many kids are in formal childcare in the state?

How does the CCFA waitlist work?

What are the funding sources for the Department of Early Education & Care (EEC)?

How has the CCFA caseload increased in recent years?

How much EEC funding in recent years has gone to increasing access?

What are provider reimbursement rates?

How does C3 support the workforce?

Does increasing rates mean increasing access?

A photograph of a child's hands playing with various colorful geometric toys on a light blue surface. The toys include gears, blocks, and shapes in colors like green, blue, pink, yellow, and orange. A semi-transparent dark blue banner is overlaid on the left side of the image, containing the text.

Overview of MA's Childcare System

Topline Numbers

207,000 – number of children age 0-5 enrolled in a formal early education and care program (about 50% of children age 0-5)

66,000 – number of children receiving Child Care Financial Assistance (CCFA)

- **38,000** – number of children receiving Income-Eligible CCFA
- **14,000** – number of children receiving CCFA through involvement with DTA
- **13,000** – number of children receiving CCFA through involvement with DCF

9,000 – number of licensed childcare programs in the state

260,000 – total childcare capacity across licensed programs

30,000 – number of children on the Income-Eligible waitlist for CCFA

Over 20% – percentage of center providers who are unable to serve their full capacity due to staff vacancies

\$24.09 – hourly wage for the average teacher at a center-based program

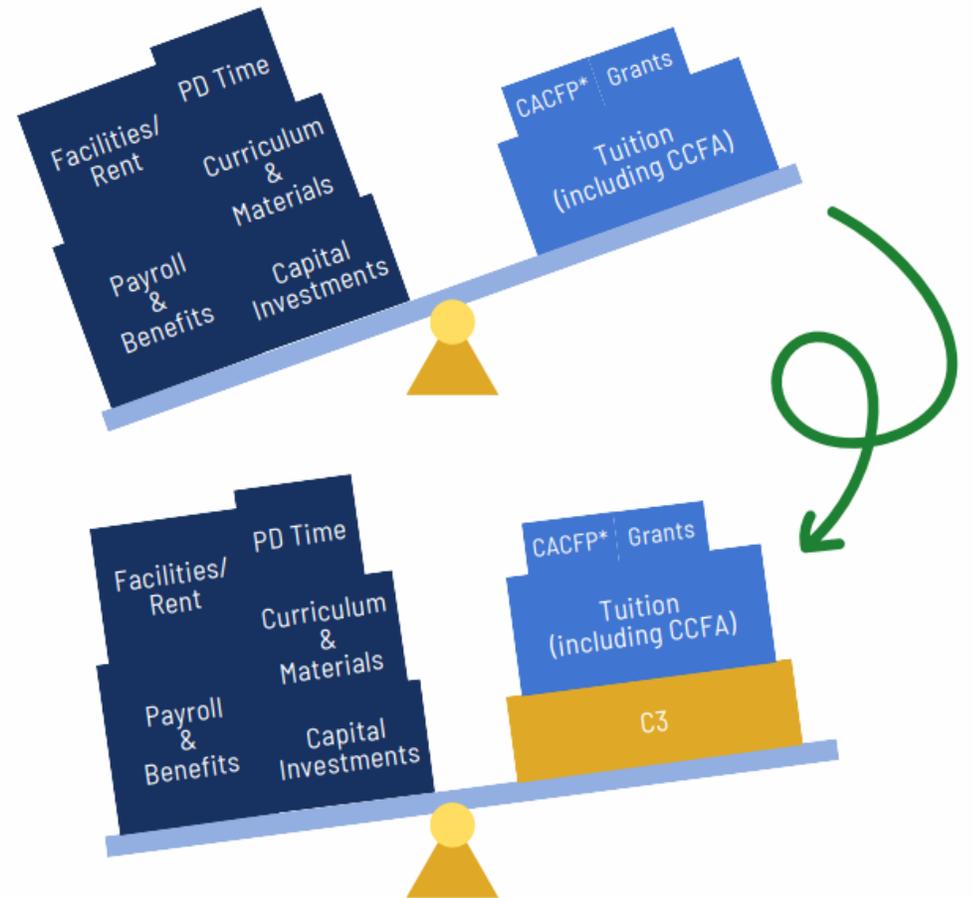
Cost of Childcare

FAQ: How much does it cost to provide early education and care to children and who bears the weight of that cost?

Massachusetts has one of the highest childcare costs in the country.

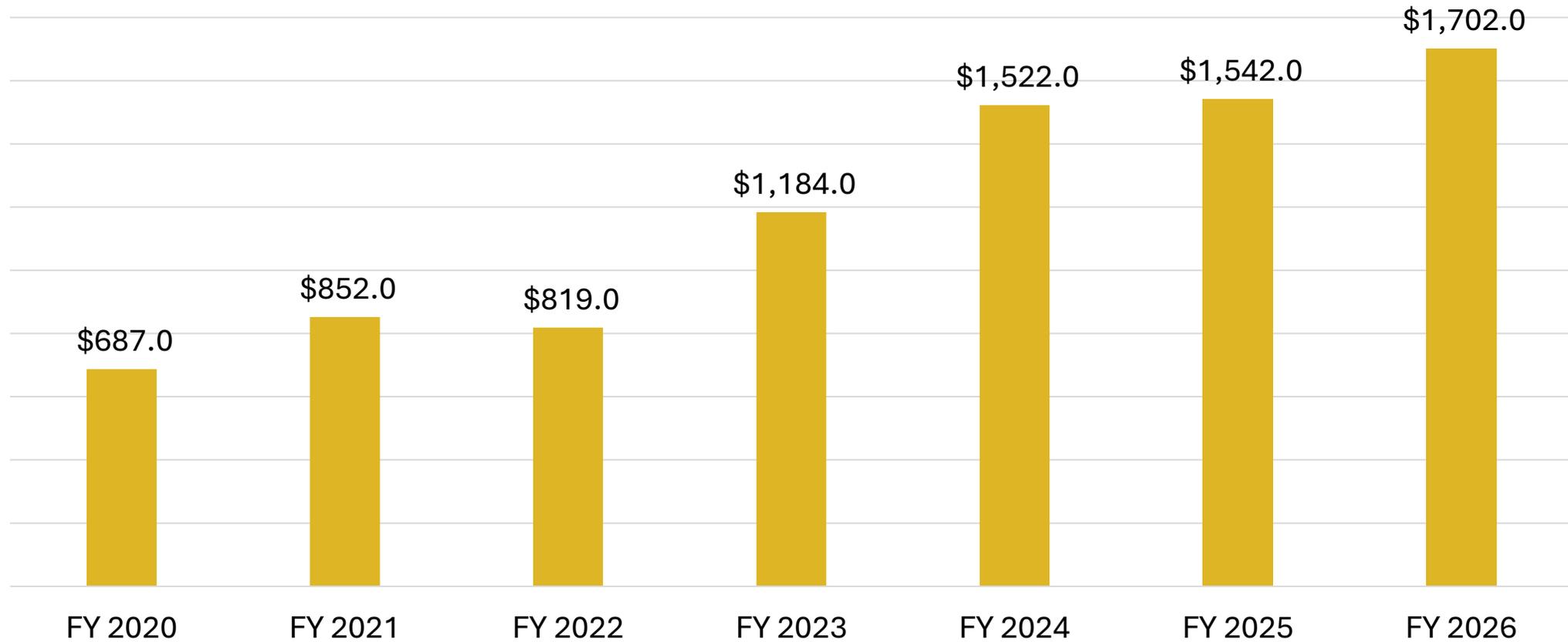
According to economist Jeffrey Liebman's 2024 report on the economics of childcare:

- The average cost of providing full-time center-based care to a typical child in Massachusetts at current educator salary levels is about **\$20,000 a year**.
- Major cost factors: higher **staffing ratios** than K-12 education, programs typically operate for more than 8 hours per day to account for parent work schedules.
- For centers **employee compensation** makes up 66% of costs, rent & utilities are 16%, food 9%.



EEC Funding Over Time

Historic EEC Spending
(in millions)



EEC Inter-Agency Task Force

In January 2024, Governor Healey signed Executive Order 625, which directs the administration to take a whole-of-government approach to ensure the state “leads the nation in early education and child care **access, affordability, equity, and quality**,” and established the [Inter-Agency Early Education and Child Care Task Force](#).

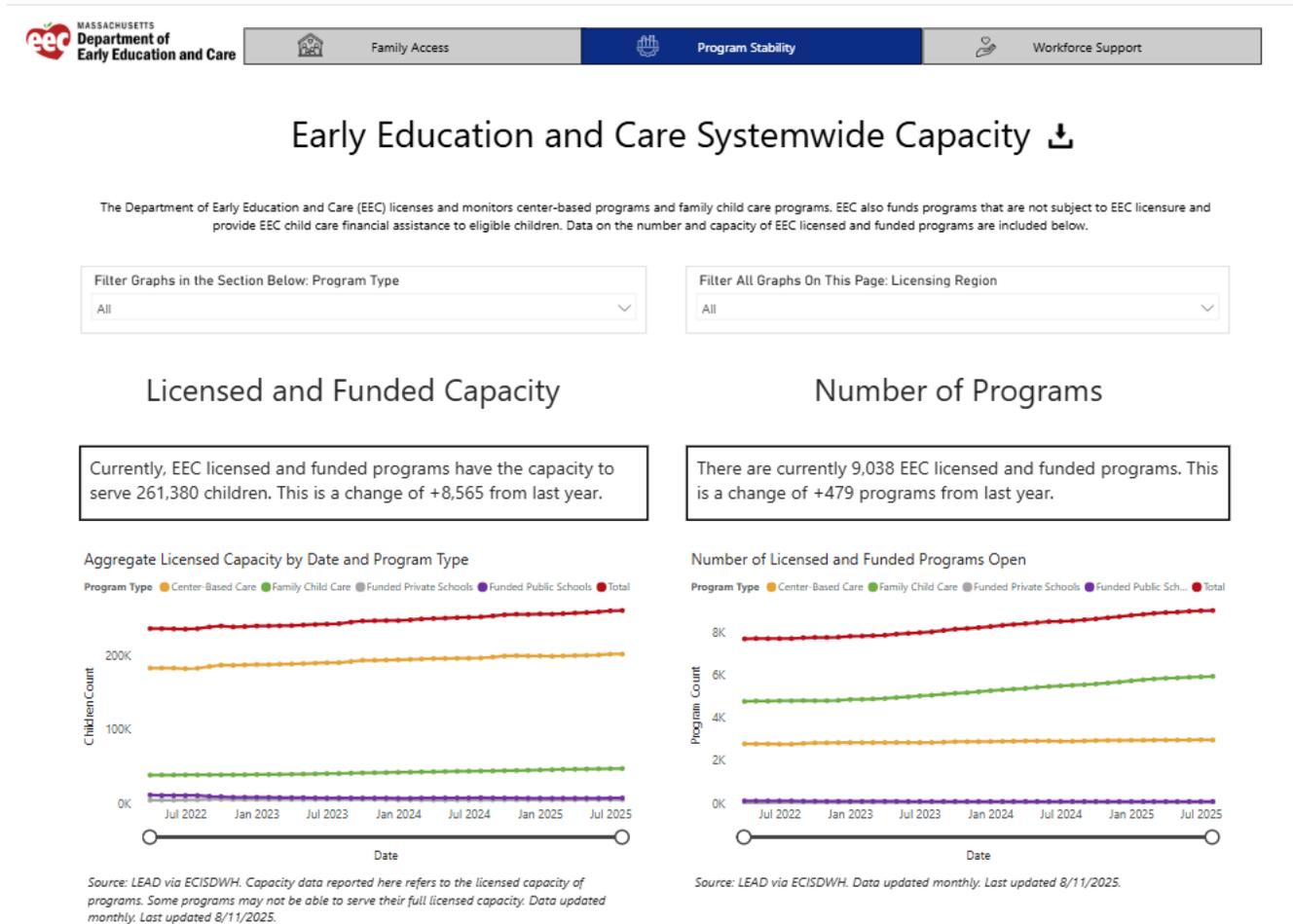
The [Task Force Year 1 Report](#) made 29 recommendations under 5 areas:

- Recommendations to ensure broad access and availability of early education and child care for families with young children
- Recommendations to support high quality early education and child care programming
- Recommendations to make early education and child care affordable for all families, prioritizing those with the highest needs
- Recommendations to foster sustainable business conditions for all types of programs with fewer barriers to entry
- Recommendations to build a robust workforce ecosystem that supports the growth and wellbeing of educators and providers

At the [EEC Board meeting](#) on 9/10/25, the Task Force’s project management team gave an overview of recent progress that has been made towards a number of recommendations from the report.

EEC Resources

- [EEC Website](#)
- [EEC Board FY 2026 Meeting Schedule](#)
- [EEC Board Archived Meetings](#)
- [EEC Data Dashboard](#)
- [Child Care Resource & Referral Agency Search](#)
- [EEC Data Briefs - CCFA, CPPI, C3](#)
- [More EEC Data Resources – Including C3 Survey Data](#)
- **Cost of Care Studies:**
 - [2024](#)
 - [2022](#)
- [Early Childhood 2025 Needs Assessment Survey & Data Tables](#)



A child is playing with various colorful geometric toys on a light blue table. The toys include gears in blue, purple, green, and yellow, as well as blocks in pink, orange, and blue. The child's hands are visible, holding a green gear. A semi-transparent blue banner is overlaid on the image, containing the text "Breaking Down CCFA".

Breaking Down CCFA

CCFA = 3 Different Programs

FAQ: What are the different eligibility requirements for CCFA?

DTA CCFA – Entitlement

- Families are eligible while are receiving assistance from DTA, and for 2 years after.
- Children do not go on a waitlist and receive care at no cost.

DCF CCFA – Entitlement

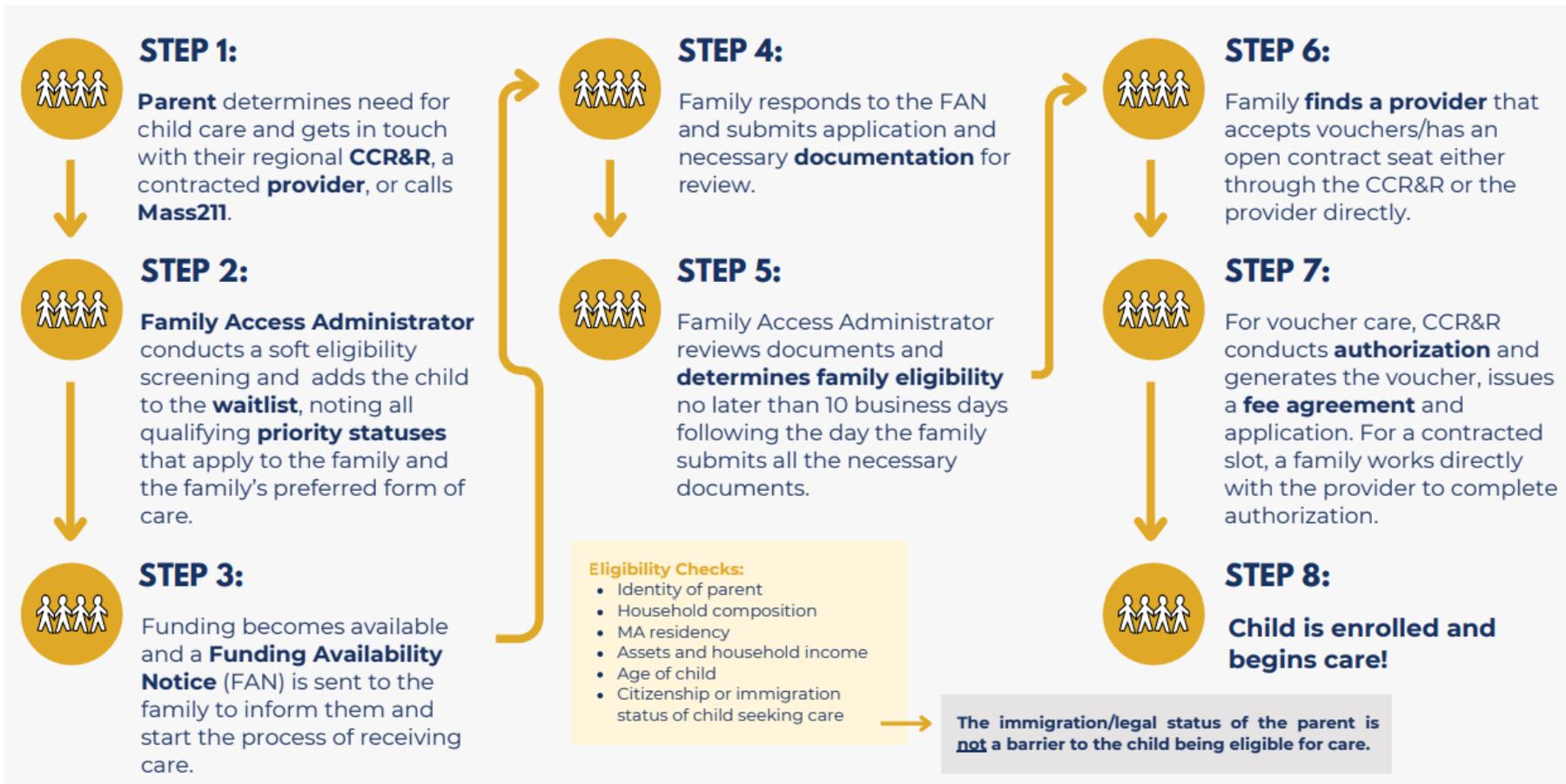
- Families are eligible who have an active case with DCF and for 1 year after.
- Children do not go on a waitlist and receive care at no cost.

Income-Eligible CCFA – NOT Entitlement

- Families with household income up to 85% of the State Median Income (SMI) are eligible (was recently increased from 50%)
- Assistance is dependent on available funding and childcare placement.
- **Families are typically placed on a waitlist before a child receives assistance.**
- Depending on income level, families may also pay parent fees for care.
- Families already receiving CCFA are eligible for continuity of care for siblings.

CCFA Family Journey

FAQ: What is the system for an income-eligible* family seeking CCFA for their child?



*Families who are eligible for CCFA through their involvement with DTA or DCF are not placed on a waitlist, their assistance is considered an entitlement and receive CCFA and a slot automatically, pending slot availability.

CCFA Providers

FAQ: How are providers connected to CCFA?

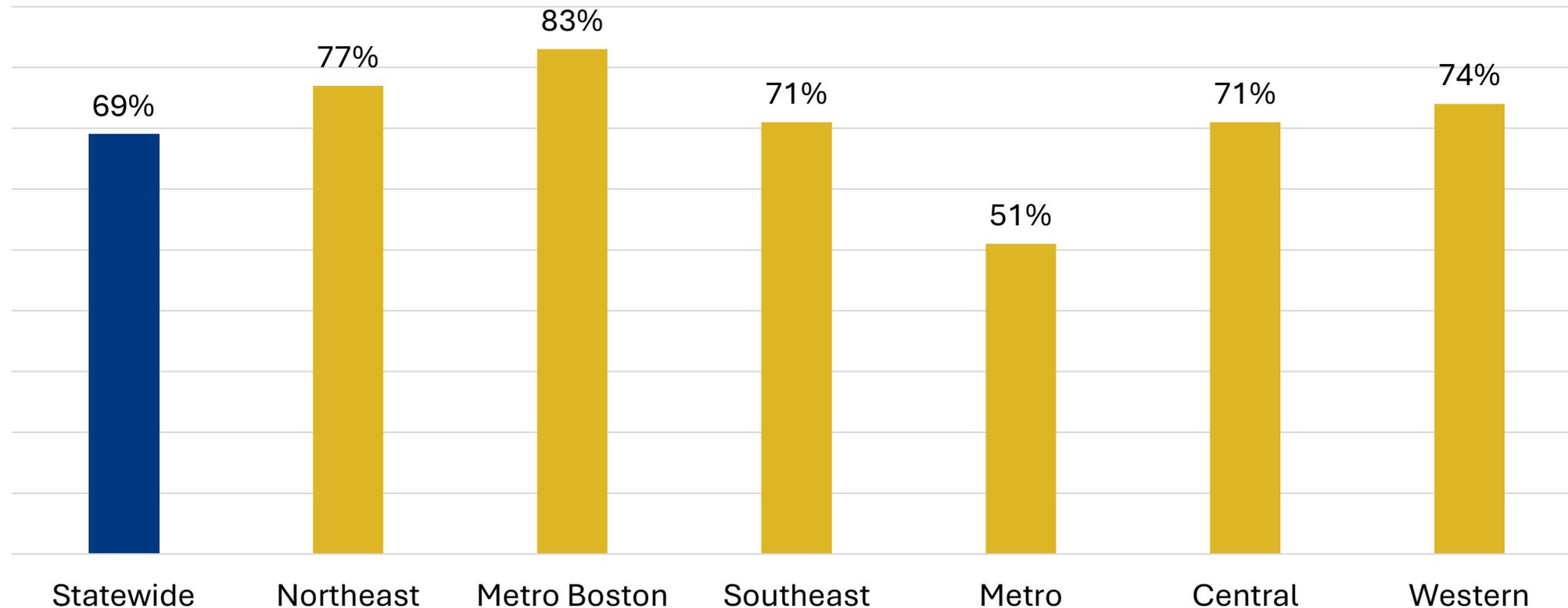
Licensed childcare providers are not automatically enrolled in the CCFA system, they must opt-in through a voucher agreement and/or a contract with EEC. **Many providers serve children through both vouchers and contracted slots.**

- A provider with a voucher agreement means that the provider can accept children who come to them with a CCFA voucher from a CCR&R. Vouchers provide more flexibility for families because the voucher is attached to the child, not the slot at a specific provider.
- A provider with contract slots means that the provider has a certain number of childcare slots set aside for children who receive CCFA. Contract slots are allocated through an EEC procurement process. The first re-procurement of contracts in 15 years was just completed last year. Contracts outline the number of slots by age group that are awarded to a provider. Contracts provide less flexibility, but more stability for providers.

CCFA Capacity

FAQ: To what extent do providers participate in CCFA?

Percent of Providers Participating in CCFA by Region

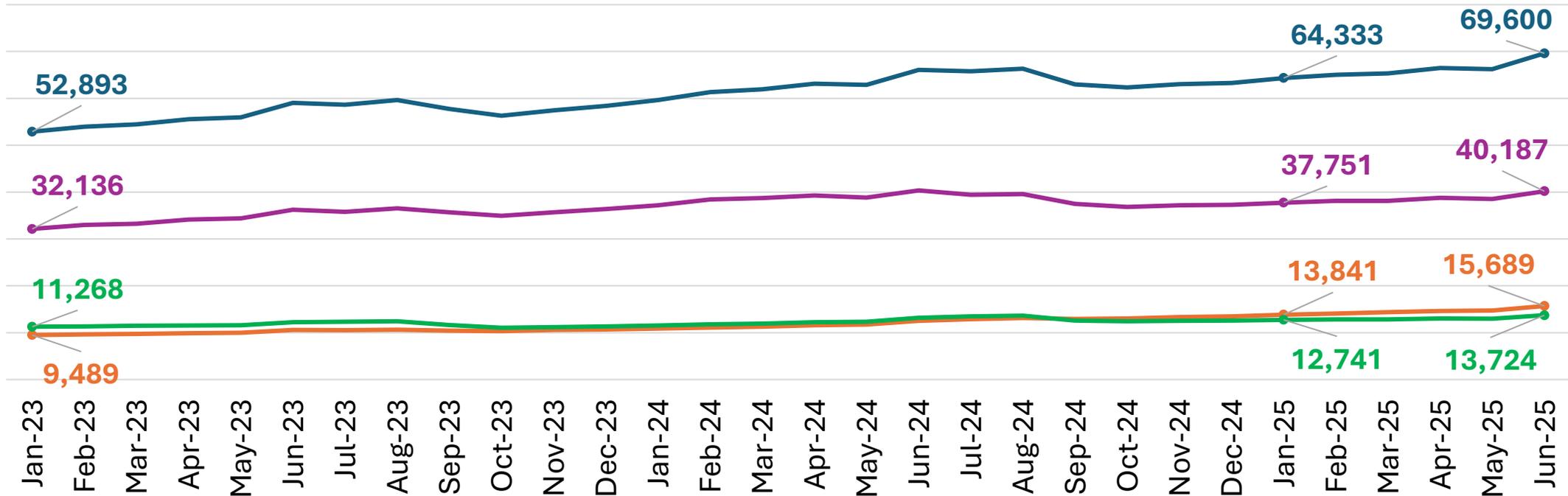


CCFA Caseload

FAQ: How has the CCFA caseload changed in the past 2 years?

CCFA Caseload January 2023-June 2025

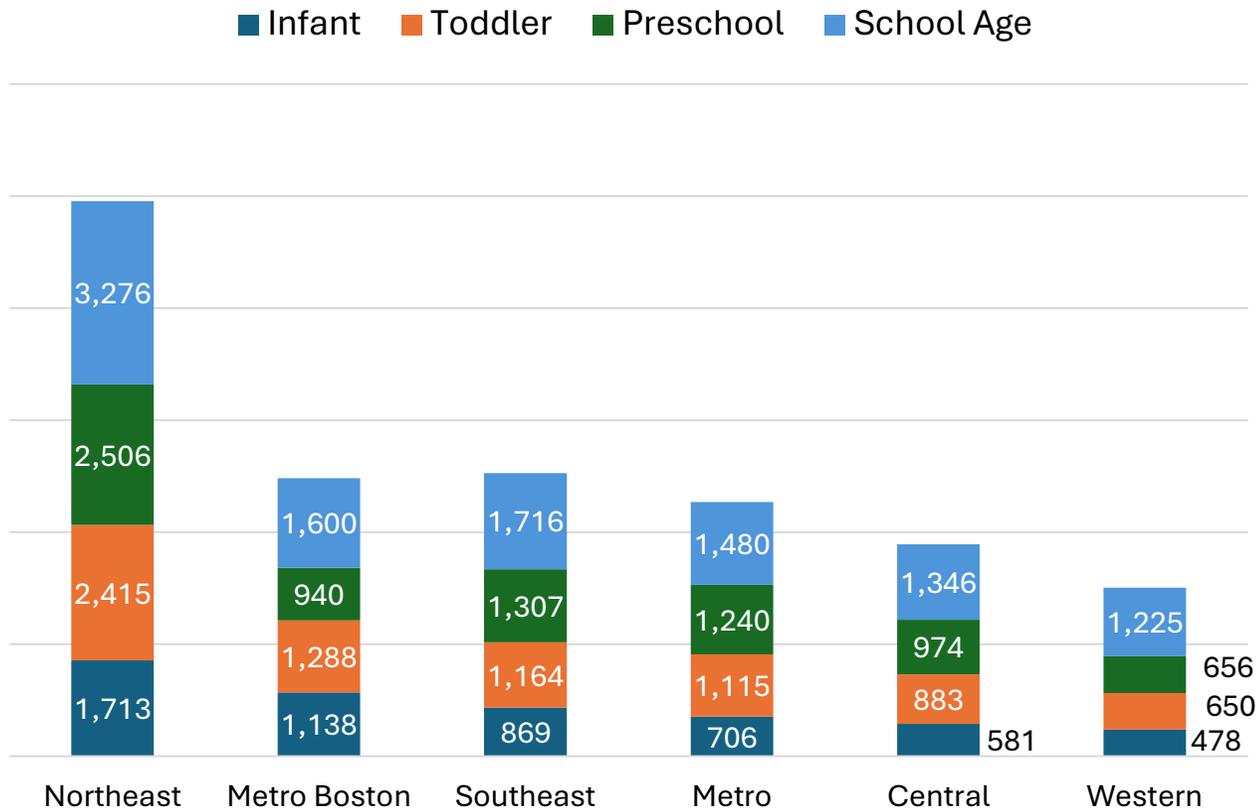
— Total CCFA — Income-Eligible — DTA — DCF



CCFA Waitlist

FAQ: What is the CCFA waitlist and how does it work?

CCFA Waitlist by Region and Age, July 2025



- **Only for income-eligible families**, families receiving CCFA through DTA/DCF do not get placed on a waitlist.
- **Child Care Resource & Referral (CCR&R)** agencies and **Family Access Coordinators** at CCFA participating providers can add children to the waitlist and take them off when CCFA and care become available.
- The waitlist is not an accurate list of all eligible families in the state, but it does give **some indication of demand** for assistance.
- Much depends on **family involvement and the supply of open childcare slots** that fit within a family's preferences.

CCFA Caseload Factors

FAQ: What factors can affect caseload?

- Availability of CCFA access funding
- The number of families involved in DCF and DTA
- The number of providers with voucher agreements and contracts
- The number of CCFA providers with slots available
- Continuity of care for families with multiple children
- Natural cycles like school year vs. summer months

FAQ: What doesn't **directly*** affect caseload?

- Provider reimbursement rates
- C3 funding

***Everything is connected!**

Reimbursement Rates

FAQ: What are reimbursement rates and how do they work?

Reimbursement rates are the rates at which providers are reimbursed by EEC for serving children receiving CCFA. Rates are meant to offset some of the cost of providing care to children and typically go to increasing salaries for educators at staff at programs.

- Rates are paid on a per-child basis and vary based on region and the age-group of the child served. Providers track attendance of children receiving CCFA and enter monthly attendance and billing into the CCFA system to be approved by EEC.
- CCR&Rs then administer reimbursement payments to providers.
- EEC has been undergoing a reform of their rate structure in recent years to bring the system more in-line with the true cost of care, and several rate increases in recent years have led to a more equitable implementation of rates.
- However, in most instances, the daily cost per child still exceeds the daily reimbursement rate providers receive.

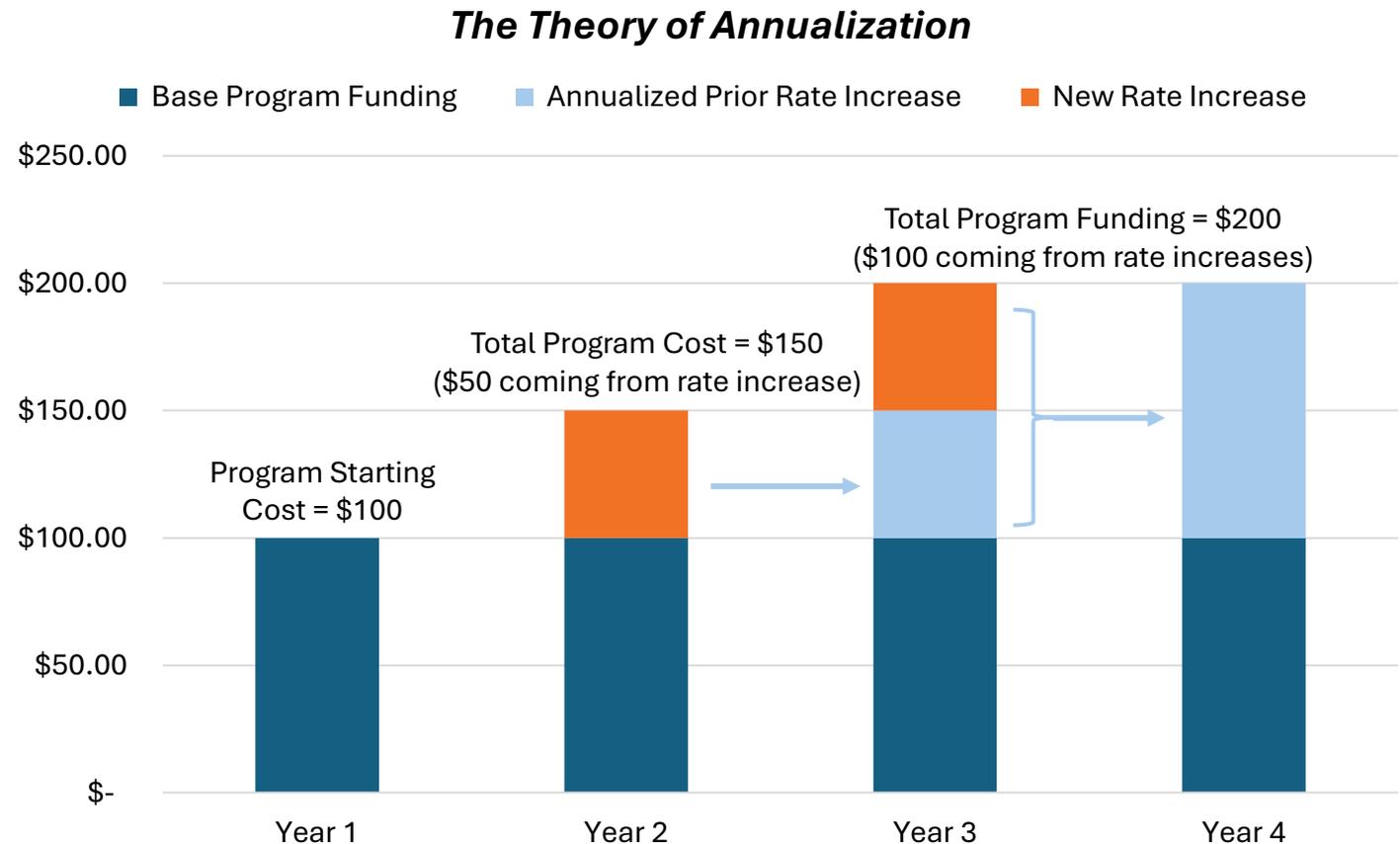
Because rates are paid per-child, increasing rates does not directly increase the number of children receiving CCFA. Increasing rates raises the amount a provider receives for providing care to the children they serve. This can indirectly impact access to CCFA through improving conditions at programs and increasing the incentive for providers to participate in CCFA.

Annualization

FAQ: How do rate increases impact ongoing program funding?

Rate increases in one year must be annualized, or built-into, the budget of a program for the future. This concept is not unique to EEC, an example being higher education where raises secured through collective bargaining agreements in one year are built-into salaries and funding the following year and so on.

The same happens in CCFA. When reimbursement rates are increased, they must be **annualized and built into the base budget** for CCFA next year. **This impacts other funding decisions in the budget for CCFA, like funding to expand access.**



A child is playing with colorful geometric toys on a light blue table. The toys include various shapes like gears, triangles, squares, and circles in colors such as green, yellow, blue, pink, and purple. The child's hands are visible, holding a green gear. A semi-transparent blue banner is overlaid on the image, containing the text "Commonwealth Cares for Children (C3)".

Commonwealth Cares for Children (C3)

History & Goal of C3

FAQ: Why and how did this program start?

- Launched in July 2021, originally created to distribute **federal childcare stabilization funds** from the American Rescue Plan Act (ARPA) to address financial burdens faced by providers during the pandemic and to prevent a further reduction in the supply of childcare during the recovery.
- State took over funding for C3 when federal funding expired in FY 2023.
- Massachusetts is the **only state in the country** to continue their full stabilization program after federal funding expired.
- Continued goals of enabling providers to better **recruit and retain staff, increase compensation, and invest in high-quality** initiatives so that costs aren't passed on to families and providers are able to cover their operational costs.

The Coronavirus Will Make Child Care Deserts Worse and Exacerbate Inequality

Child care dilemma: What if day cares don't reopen when parents return to work?

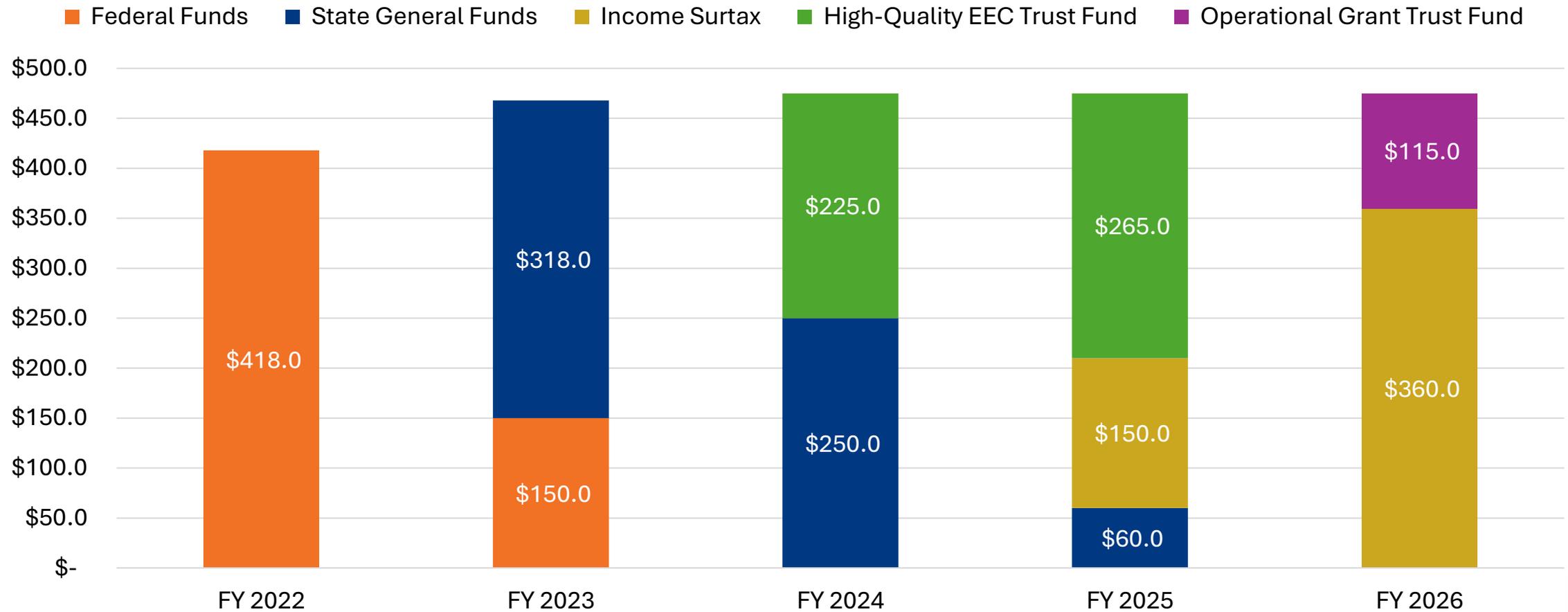
Without enough teachers, Head Start programs in Mass. 'resize' and close classrooms

As 'childcare cliff' looms, thousands of Mass. children could lose access

Funding Breakdown of C3

FAQ: How has C3 been funded over time?

C3 Funding Over Time



C3 in Practice

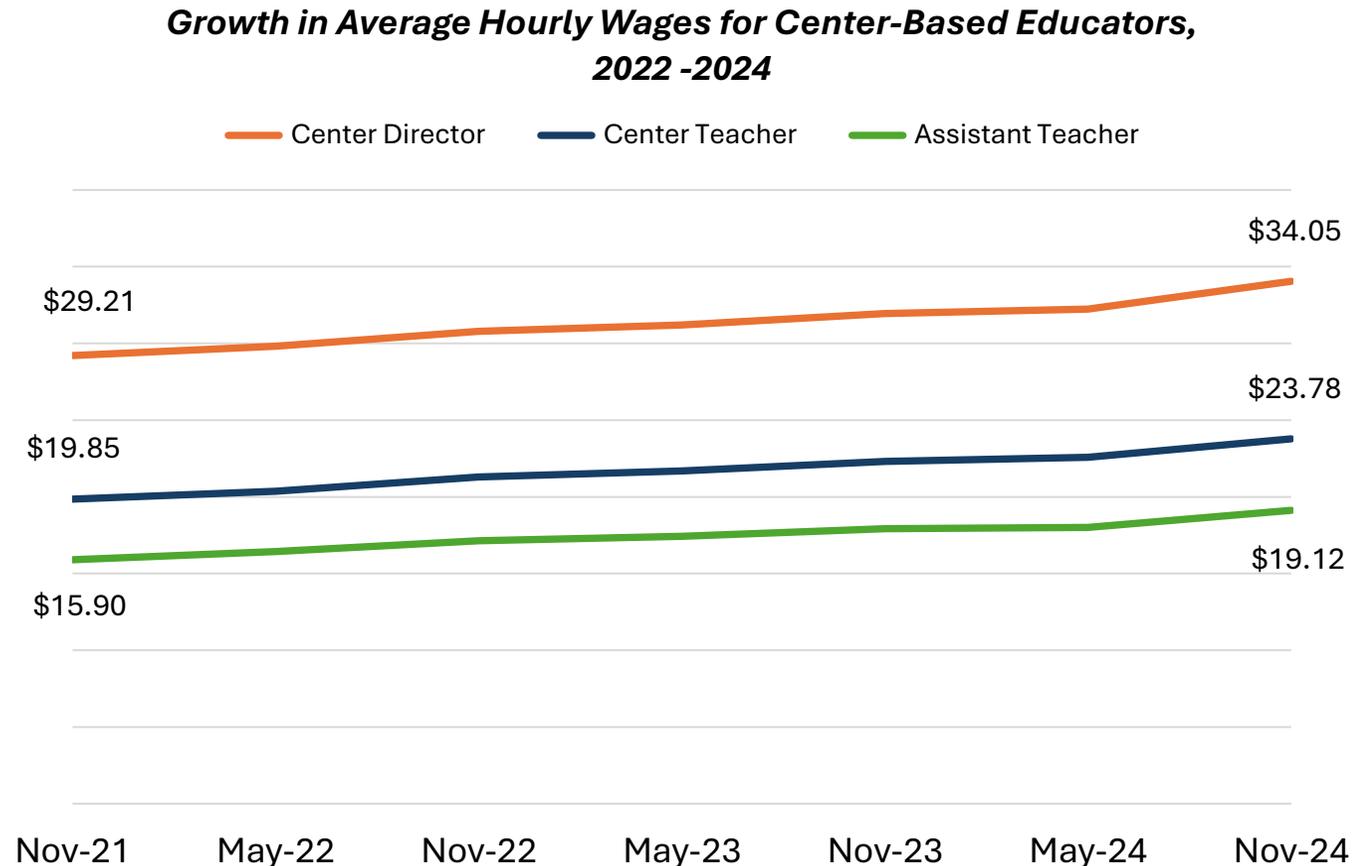
FAQ: How does C3 work and who is eligible?

- All EEC-licensed providers that **demonstrate a willingness to accept children with CCFA** are eligible to apply for C3 funding.
- Grant usage is quite flexible and can be used on one or more of the following:
 - Wages for educators and staff, benefits, and other supports for recruitment and retention
 - Supplies, curriculum, professional development, and other investments to improve program quality
 - Rent or mortgage payments, utilities, facilities maintenance and improvements, and insurance
- Currently, providers submit monthly applications for their C3 grants. Grants are based on a formula which takes into account each provider's licensed **capacity, ages of children served, staffing levels, and the community/children they serve**.
 - Programs who serve more than 25% or more children receiving CCFA, or who are a Head Start program, or in a very low opportunity area receive an equity adjustment to raise their grant amount.
- Grant amounts do not vary month-to-month but are set at the same rate for a year.
- **EEC is considering updates to grant implementation to further incentivize funds going to salary and other workforce supports.**

Impact of C3

FAQ: How does C3 support the workforce?

- C3 helps supplement the impact of reimbursement rates for educator wages and provider operational expenses.
- **68%** of C3 funds are spent on workforce-related expenses.
- The number of programs in the system is now **5%** greater than pre-pandemic levels.
- Educator compensation has increased by almost **20%** in the past 3 years.





Putting it All Together

Review of EEC FY 2026 Budget & Fair Share Supp.

FAQ: What are the 5 things I should know about EEC funding in the FY 2026 budget and in the Fair Share Innovation & Capital Fund Supplemental Budget?

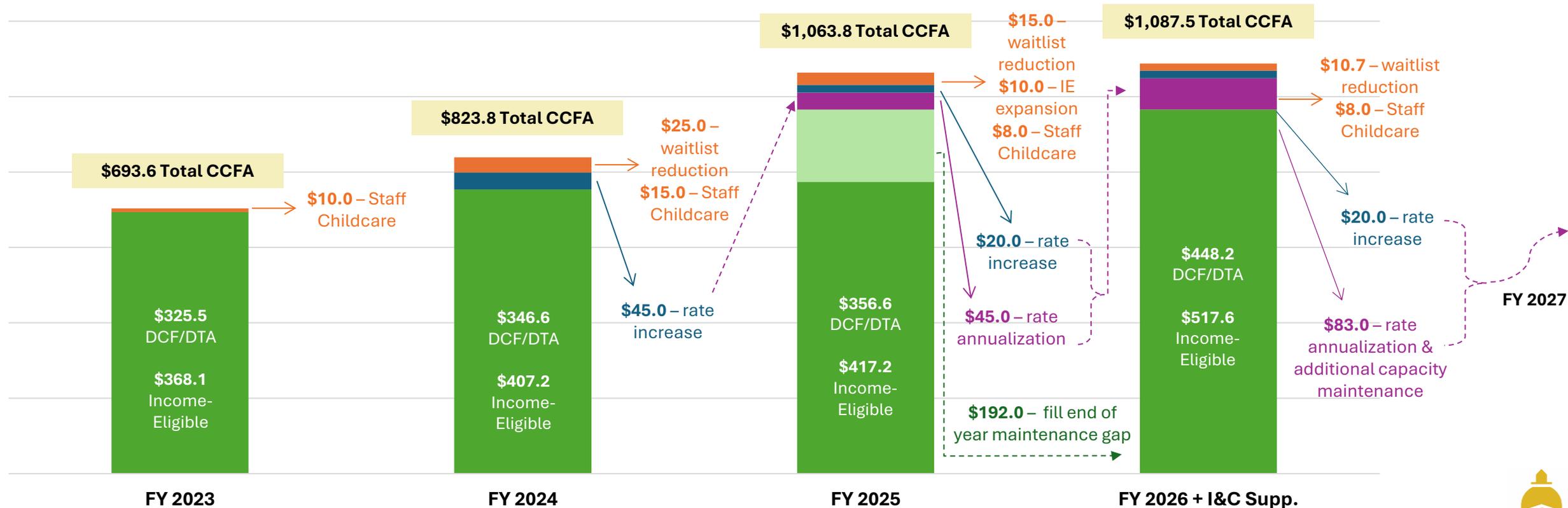
1. The FY 2026 GAA invests **\$1.7 billion** in early education and childcare programs, an increase by about \$160 million or 10% over the FY 2025 GAA. The I&C supplemental budget allocated an additional **\$45.5 million** to early education programming.
 - A growing share (about \$706 million) of early education funding is being supported through the income surtax.
2. Most of the increase in EEC funding in FY 2026 is attributable to **rising costs associated with maintaining and expanding CCFA**.
 - Total funding for CCFA equaled **\$1.1 billion** between the FY 2026 budget and the I&C supplemental budget.
 - The supplemental budget included **\$20 million** for a reimbursement rate increase in FY 2026.
 - The FY 2026 budget included **\$10.7 million** to reduce the current Income-Eligible waitlist.
 - The remaining funding for CCFA is allocated to maintain current caseload access and annualize past rate increases from FY 2024 and FY 2025.
3. C3 is level-funded for the fourth year in a row at **\$475 million**.
4. The FY 2026 budget and the supplemental budget continued funding for other key programs including an early educator **scholarship program**, an early educator **loan forgiveness program**, **Commonwealth Preschool Partnership Initiative (CPPI)**, and the **Early Education and Care Staff Childcare Program**.
5. Some key areas, particularly the **Career Pathways** program and the **department's administration** saw reduced funding compared to FY 2025 in the FY 2026 GAA.

Putting Together CCFA Funding Mechanics

FAQ: What past funding has gone to maintenance of caseload and rates and what funding has gone towards expanding access?

CCFA Funding FY 2023 – FY 2026

■ Base CCFA Funding ■ Supplemental Budget ■ Rate Annualization / Caseload Maintenance ■ Rate Increase ■ Additional Access Funding



Another Way to Look at It

Though caseload has increased by over 12,000 kids in the past 3 years, a majority of the growth seen in total CCFA funding in recent years has gone to keep up with rising costs, maintaining caseload, and reimbursement rates (both new and annualized), rather than new access funding.

Funding Category	FY 2023	FY 2024	FY 2025	FY 2026 + I&C Supp
Base CCFA	\$693.6	\$753.8	\$773.8	\$965.8
Rates/Capacity Maintenance	-	\$45.0	\$65.0	\$103.0
Annualization	-	-	\$45.0	\$83.0
New Rates	-	\$45.0	\$20.0	\$20.0
Additional Access Funding	\$10.0	\$40.0	\$33.0	\$18.7
Total CCFA Funding	\$703.6	\$838.8	\$871.8 + \$192.0* = \$1,063.8	\$1,087.5

* FY 2025 end of year supplemental budget

Looking Ahead – CCFA

FAQ: Will the funding allocated in FY 2026 expand access to CCFA and what happens in FY 2027?

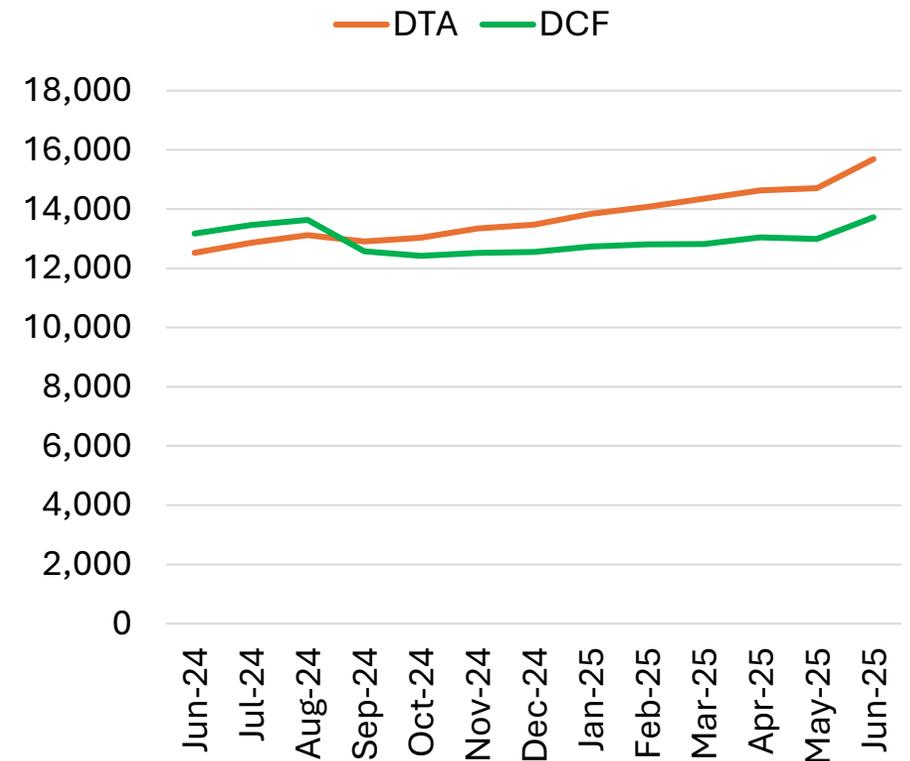
At the EEC Board meeting on September 10th, EEC shared that:

- FY 2026 CCFA funding is sufficient to maintain FY 2024 and FY 2025 caseload expansion and be able to respond to increases to the DCF/DTA caseloads.
- However, it is unlikely that they will be able to meaningfully expand access beyond current levels for the Income-Eligible program.

In FY 2027 funding decisions for CCFA will have to consider among other factors that will impact supply and demand:

- The new FY 2026 rate increase of \$20 million and annualize that cost on top of already annualized rates and maintenance.
- The projected continued increase of the DCF/DTA caseloads and the impact of expanding income-eligibility to 85% of SMI on the waitlist.

DCF/DTA Caseload June 24-June 25



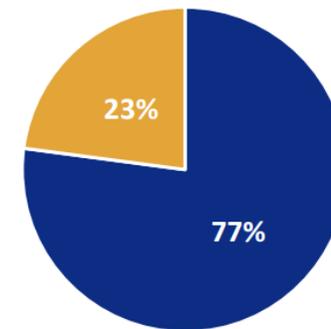
Looking Ahead – C3

FAQ: How is C3 evolving going forward?

- C3 has been level funded at \$475 million for 4 years.
- More than 7,000 providers or about 88% of all providers participate in C3.
- 94% of programs that participate in CCFA also participate in C3.
- As the program has evolved, EEC has taken steps to ensure that the funding formula is operating as intended and that providers are able to use the grant funds for their operational needs.
- The program is still fairly new but has quickly become a key feature of the ECE system.
- Key questions to watch for:
 - How will the requirement that C3 accepting programs attest to their willingness to serve children with CCFA be implemented?
 - If C3 participating continues to increase and providers start serving more children with CCFA, how will that impact grant amounts overall?
 - Will income surtax continue to be a major part of funding C3?

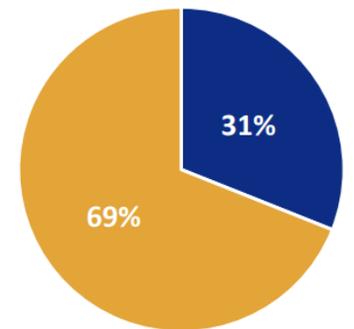
C3 Grant Fund Usage

Center-based Programs



■ Workforce ■ Other

FCC Programs



■ Workforce ■ Other

Looking Ahead – Larger Fiscal Picture

FAQ: What external factors could impact the context that the ECE sector is operating under in the next year?

MTF has identified several primary threats to the state's long-term fiscal stability:

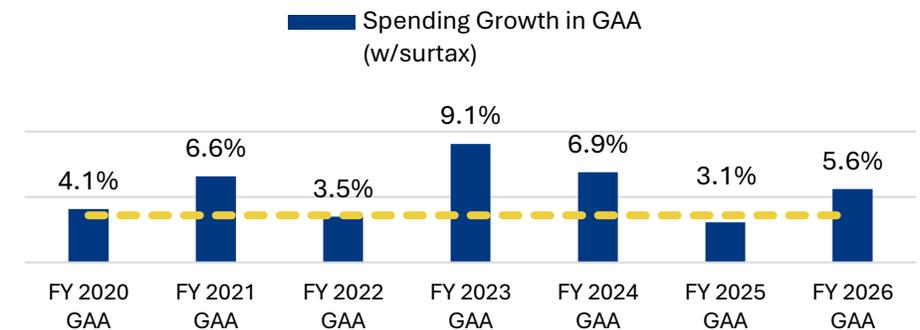
1. Slow and stagnating **tax revenue growth**, and a larger economic downturn.
2. Expanding pressures on state budget **spending growth**.
3. Increased reliance on **volatile or one-time revenue sources**.
4. Reductions in **federal funding** that could have impact on the state budget and demand on state services.

EEC's budget does not operate in a silo, factors that impact the broader economy and state revenues will likely have impacts across the budget.

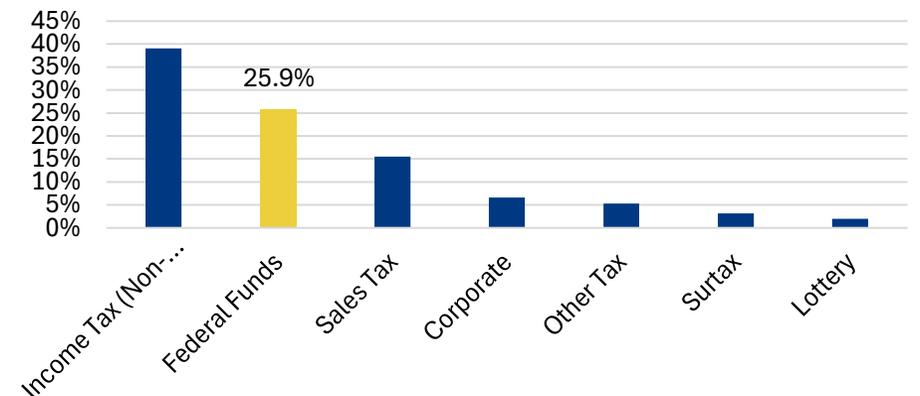
EEC on the federal level:

- Child Care Development Block Grant
- Head Start
- Department of Education & Health & Human Services

State Budget YOY Growth, FY 2020 – FY 2026



Revenue Sources as Share of FY 2026 Spend





Massachusetts
Taxpayers Foundation

Strategies for Children



Thank You!

For more information on this presentation:

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masstaxpayers.org

For more information on Strategies for Children:

strategiesforchildren.org
[Sign up for The 9:30 Call](#)

Appendix

EEC FY 2026 Line-Item Cheat-Sheet

FAQ: Where can I find program _____ in the budget?

Program	Line-Item	Program	Line-Item
EEC Department Administration	3000-1000 3000-1020	Early Childhood Mental Health	3000-6075
Commonwealth Cares for Children (C3)	3000-1045 1596-2410	Parent-Child Plus	3000-7052
Child Care Financial Assistance (CCFA)	3000-3060 (DCF/DTA) 3000-4060 (Income-Eligible) 1596-2412 (Waitlist reduction) 1596-2452 (Maintenance)	Reach Out and Read	3000-7070
Child Care Resource & Referral (CCR&R) Agencies	3000-2000	Literacy Launch	1596-2437
Commonwealth Preschool Partnership Initiative (CPPI)	3000-6025 1596-2412	Children's Trust Administration	3000-2050
State Head Start Grants	3000-5000	Family and Community Engagement Services	3000-7050
		Rate Increase	I&C Supp. Budget 1596-2511