



Early Ed 101 Fact Sheet

EEC FUNDING STREAMS AND HOW TO READ THE BUDGET

Early Education Funding Landscape

Funding for the Department of Early Education & Care (EEC) has more than doubled since FY 2020, increasing by over \$1 billion from FY 2020 to FY 2026. This increase was initially supported with an infusion of federal dollars during the pandemic. Since these federal pandemic funds have been depleted, state resources have replaced and augmented the difference. The department is supported through multiple funding sources in the state budget that are outlined below.

- Funding for early education programs can be found in two main areas of the state budget:
- Funding under the Department of EEC (3000-XXXX line-items under Section 2 of the budget)
 - Funding under the Income-Surtax (1596-XXXX line-items under Section 2F of the budget)

Funding for programs is also sometimes split between line-items and funding sources which can make finding total funding for a program in the budget more complicated.

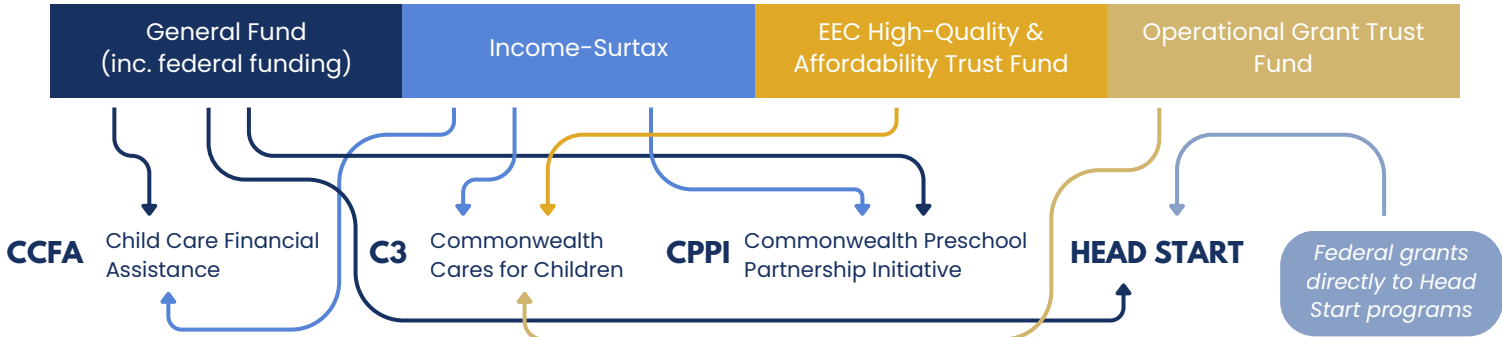
General Fund – A majority of funding in the state budget comes from the state’s General Fund which includes revenue from taxes, department revenues, and federal funding.

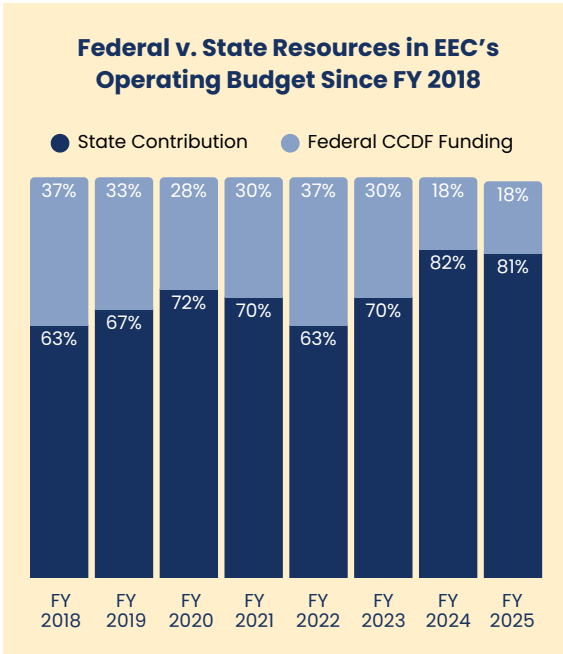
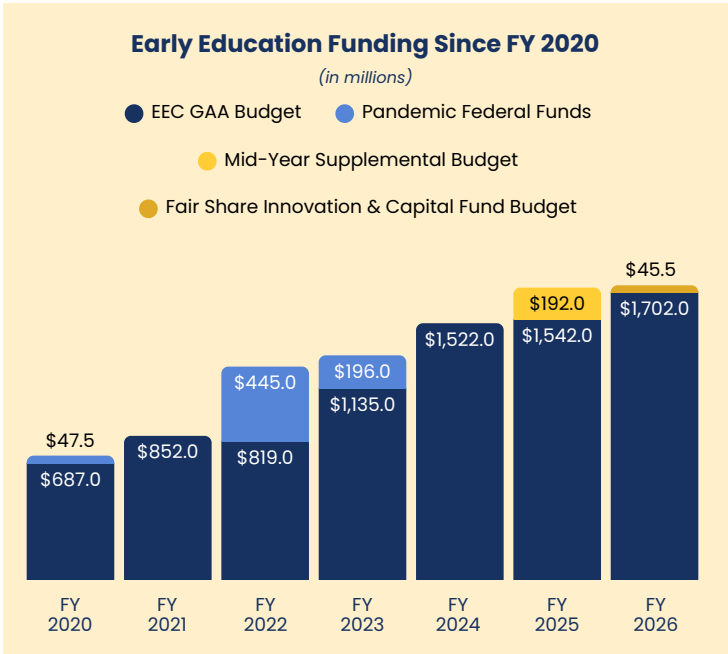
Federal Funding – Federal funding for EEC is provided mainly through the Child Care Development Fund (CCDF) which flows through the General Fund. During the pandemic, the state received supplemental CCDF funding and Child Care Stabilization Fund resources through several COVID recovery bills. These supplemental funds were used to start the Commonwealth Cares for Children (C3) program. Since these pandemic funds expired, state resources have grown as a percentage of EEC’s budget.

Income-Surtax – The Income-Surtax, also known as Fair Share, is a 4% tax on those with incomes above \$1 million. Revenues generated from the surtax are constitutionally obligated to go to education and transportation programs. Since its implementation, the surtax has been a major source of revenue for early education investment. Since FY 2024, roughly **\$1 billion** in surtax has been used to support EEC programs.

Trust Funds – EEC has been supported by two trust funds in recent years, the EEC High-Quality and Affordability (HQA) Trust Fund and the Operational Grant Trust Fund. The HQA fund was created in FY 2023 and originally funded with surplus tax revenue, \$65 million remains in the fund as of FY 2025. The Operational Grant fund was created in FY 2025 to collect revenue from a new online lottery program which is expected to begin collecting revenue by mid-FY 2026. The fund received a \$150 million transfer of surplus surtax in FY 2024 so it could be used in FY 2025. Currently, both of these funds represent one-time revenue sources.

An Example Map of the Funding Streams for Four EEC Programs in FY 2025





State Budget Frequently Used Terms

- Fiscal Year (FY)** - The schedule that the budget calendar operates on, running from July 1st through June 30th. FY 2026 for instance, runs from July 1, 2025 to June 30, 2026.
- Line-Item** - The unique account number for each program, department, or service funded through the state budget.
- Appropriation** - The total funding amount included in the budget for a specific line-item.
- Earmark** - Language within a line-item that denotes a specific amount of funding for a specific project or program that should be funded through the total line-item funding.
- General Appropriations Act (GAA)** - What the final budget once it is signed into law is called. For example, the FY 2026 budget once signed, is also known as the FY 2026 GAA.
- Conference** - The process to reconcile differences between House and Senate budget proposals, completed by a Conference Committee made up of members of the House and Senate Ways & Means Committees.
- Supplemental Budget** - A budget that is passed during or at the conclusion of a fiscal year to allocate additional funding to programs with costs exceeding their original appropriation.
- Outside Section** - Sections in the budget which contain specific provisions of policy that can be passed through the budget.

Example Early Education Line-Item: The Children's Trust

3000-2050
Line-Item

For the administration of the Children's Trust Fund established in section 50 of chapter 10 of the General Laws; provided, that the department of early education and care shall not exercise any supervision or control with respect to the board of the trust fund; **provided further, that not less than \$500,000 shall be expended for a Stop Abuse For Every (SAFE) Child community pilot program to provide, coordinate and expand core services for families;** provided further, that core services shall include, but not be limited to, home visiting, social and behavioral health services, substance use treatment and parental resiliency programs; provided further, that the pilot program shall support the coordination of services and referrals using existing resources; and provided further, that not later than December 30, 2025, the Children's Trust Fund shall submit a report to the house and senate committees on ways and means and the joint committee on children, families and persons with disabilities on the progress of the pilot program and the mobilization of services at the family centers **\$2,414,564**

Earmark

Line-Item Cheat Sheet (FY 2026)

EEC Admin. 3000-1000; 3000-1020
CCFA 3000-3060; 3000-4060; 1596-2412; 1596-2452
C3 3000-1045; 1596-2410
CCR&Rs 3000-2000
CPPI 3000-6025; 1596-2412
State Head Start 3000-5000
EC Mental Health 3000-6075
Parent-Child+ 3000-7052
Literacy Launch 1596-2437

Appropriation