

Early Ed 101 Fact Sheet

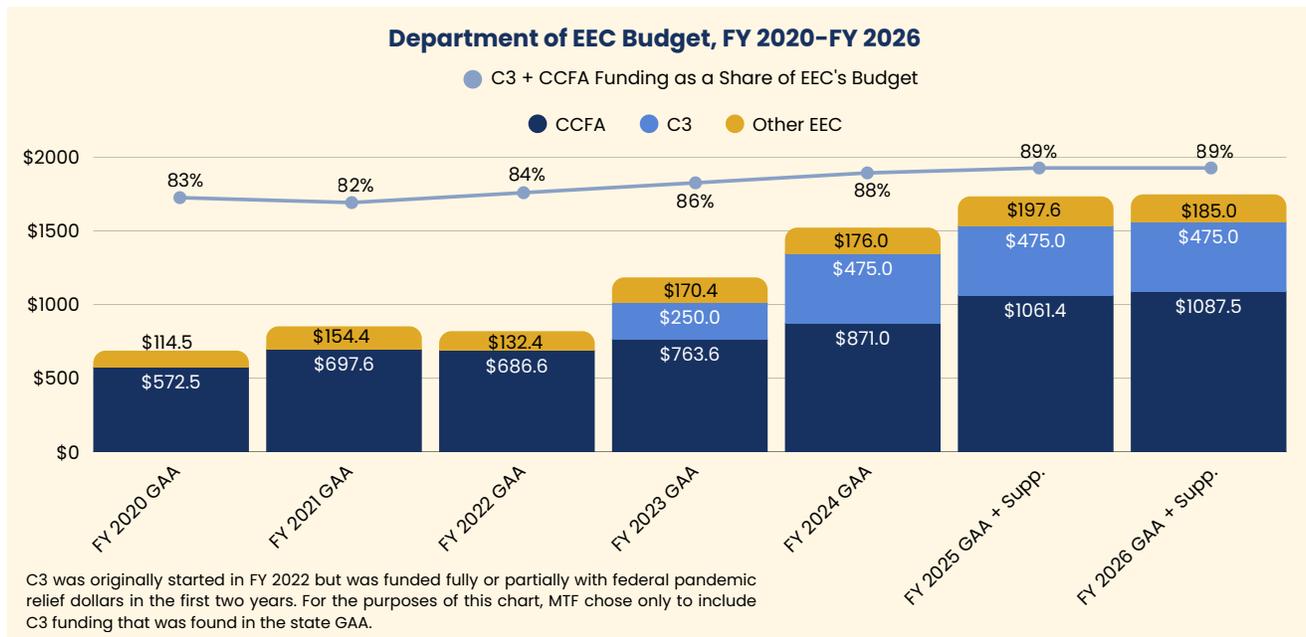
THE CONNECTION BETWEEN CCFA & C3

Setting the Stage

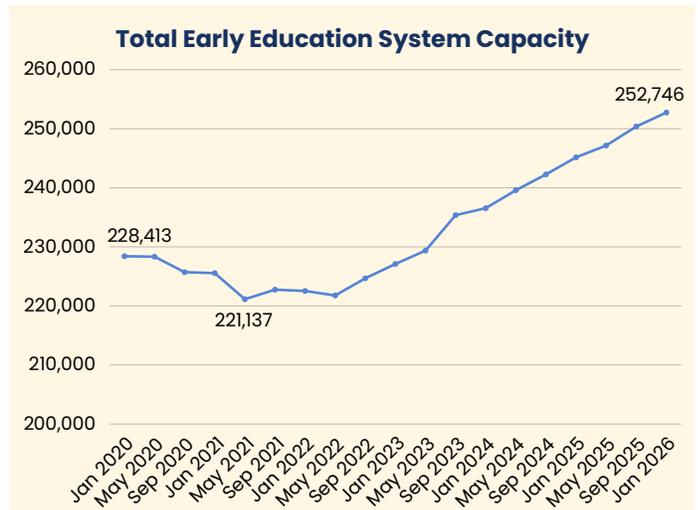
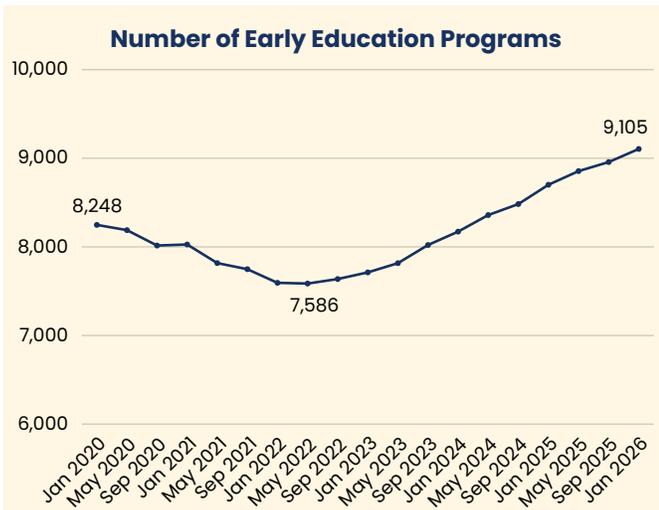
This fact sheet explores the interplay between **Child Care Financial Assistance** (CCFA) and **Commonwealth Cares for Children** (C3) - the two largest public programs for supporting early education in the state. Since the pandemic, the early education and child care funding and policy landscape in Massachusetts has undergone significant change, expanding both in size and investment.

1) The state now spends over \$1 billion more for early education than before the pandemic.

A majority of this increase, has been due to the investment in the C3 and CCFA which together now make up **89%** of EEC's budget. C3 represents a new **\$475 million** investment and CCFA funding has increased by **\$515 million** since FY 2020.



2) The capacity of the system is far greater, both in terms of the number of child care providers and the number of seats available which have both rebounded since the pandemic.



CCFA & C3 - Two Pieces of the Larger Puzzle

Though often discussed separately when decision makers are crafting policy or allocating funding, CCFA and C3 are intertwined, both in theory and in practice because funding from both programs are braided together to support program operations, increase supply, and keep costs lower for all families.

CCFA supports our state's most vulnerable families in accessing high quality child care and C3 supports program operational costs. Not only does C3 address a crucial gap for providers, it allows the state to provide funding to a wider array of programs while also creating incentives for programs to participate in the CCFA system as well and expand access for families.

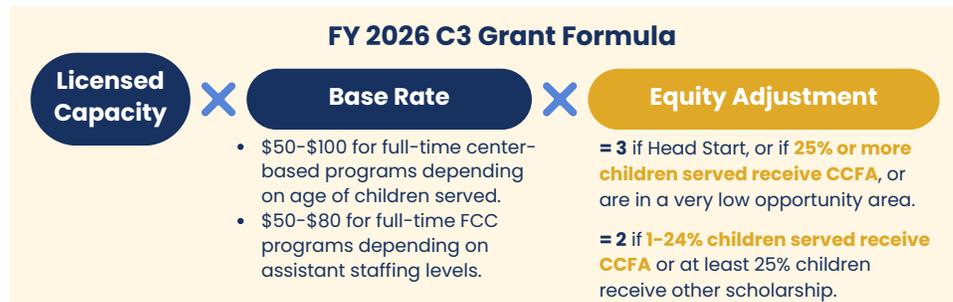
Out of the over 9,000 licensed early education programs statewide, about **70%** currently serve children receiving CCFA, about **80%** of programs receive C3 grants, and **about 65% of all programs participate in both CCFA and C3.**

Providers who participate in both programs use both resources, and others, to build their budgets.

The Department of EEC estimates that FY 2026 CCFA reimbursement rates cover between **76%** to full cost of care for center-based programs and **72%** of the cost of care for FCC programs depending on region and age of children. The gap between true cost and rates decreases as children get older, see MTF's [Reimbursement Rates](#) fact sheet. A [report](#) outlining the impact of C3 on the sector that was released in October of 2025 found that out of a sample of early education programs, C3 grants covered about **11%** of program operational costs on average.

C3 Formula & CCFA Interaction

The C3 formula includes an **equity adjustment** which directs additional funding to programs who serve larger shares of children receiving CCFA relative to their enrollment.



The equity adjustment importantly incentivizes programs to serve more children who receive CCFA. The adjustment also creates a **link between funding to expand access to CCFA and C3 funding**. Even if providers wish to serve more CCFA children, funding for CCFA impacts the implementation of C3 on the ground, and vice versa.

Main Takeaways:

CCFA and C3 support the state's goal to expand affordable, high-quality child care. CCFA directly subsidizes seats for families and C3 supports the ability for programs to retain and attract staff and expand classrooms to provide new supply.

However, both programs are currently experiencing constraints due to funding. New income-eligible CCFA vouchers have been limited for more than 2 years and C3 has been closed to new providers since July 2025.

- Funding increases to expand CCFA access must be done with C3 in mind because of the way that the C3 formula is intentionally structured. Otherwise, the effectiveness of both programs will be limited.
- Increasing C3 funding would also improve the ability of providers to better meet the demand created by expanding CCFA eligibility and voucher access.

CCFA and C3 are both important levers policymakers can use to support the successful continued growth of our state's early education system. Massachusetts should continue investment in both programs and understand how investments in one program affect the other and impact the system on the ground.