

Rates in Massachusetts



MASSACHUSETTS
**Department of
Early Education and Care**

Department of Early Education and Care (EEC)

Board of Early Education and Care

Independent nine-member Board:

- Oversees EEC
- Appoints EEC Commissioner
- Meets 10 times/year

Members:

*JudyAnn Bigby, M.D., Chair
Elizabeth Childs, M.D.
Julie P. Culhane, Ph.D.
*David P. Driscoll, D. Ed.
*Patricia F. Plummer, Ph.D.
Ben Russell
Parent, Vacant
Business Representative, Vacant

**serves ex officio*

EEC

Combines the staff of the former Office for Child Care Services and the Department of Education's Early Learning Services Division

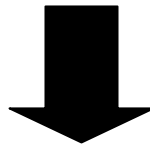
Has approximately 170 employees and a \$526M budget

For a schedule of Board meetings or for a listing of all EEC staff members, visit www.eec.state.ma.us.

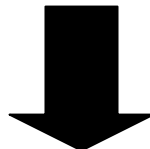


EEC Overview: What We Do

Provide information and support to families of young children
Massachusetts 0-12 Population:
1,092,000



License, monitor, and support providers
Total Licensed and Authorized Capacity:
274,000



Provide financial assistance
Slots Funded (FY06 - FTE):
54,000

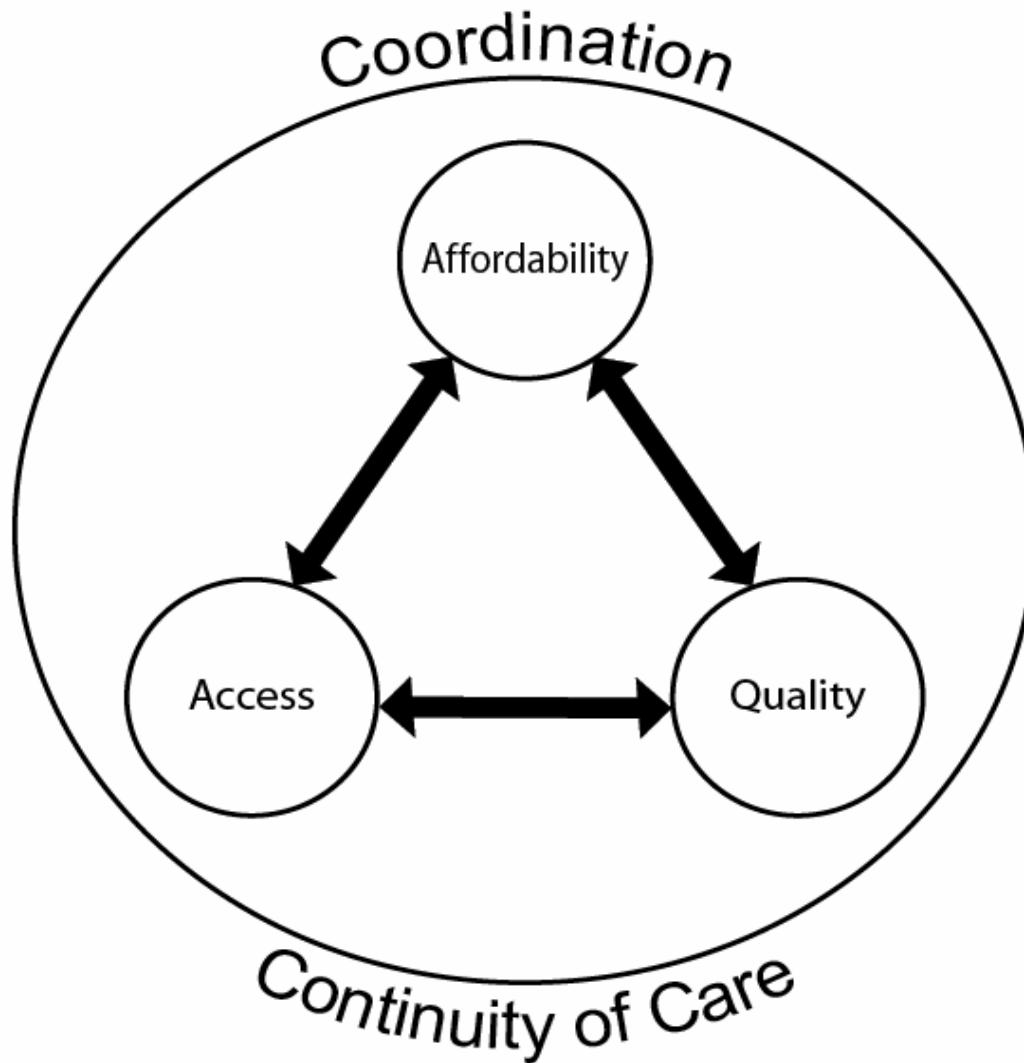


EEC Guiding Principles

- Put children and families first
- Be flexible and accountable
- Balance access, affordability, quality, and coordination/continuity of care
- Prioritize the needs of low-income families
- Build on strengths of current system; minimize weaknesses; maximize resources
- Seek input from staff and stakeholders
- Keep interested parties informed of progress
- Provide timely and comprehensive information to Board for decision-making



Early Education and Care “Tri-lemma”



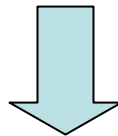
EEC system must balance all three points of the triangle, and maintain coordination and continuity as priorities.



Balancing the Tri-lemma: Establishing a Unified System

Must address rate challenges to build a system:

- Paid using three methods (voucher, contract, grant)
- Grants: Rates set at local level by 155 different CPC councils
- Vouchers and contracts: Rates set by state, but with different policies and payment options
- State rate based on market price, not necessarily cost
- Often below market rates, but gaps inconsistent
- No relationship to meaningful quality standards

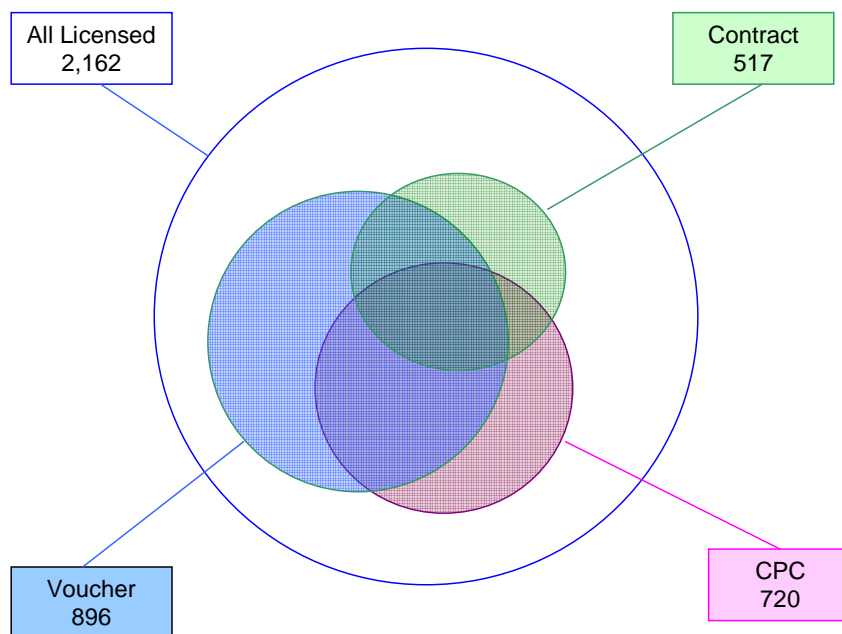


Providers accepting state subsidies bear additional administrative burden and inequitable reimbursement.



Center-based Pre-K EEC subsidies: Same providers, different rates and payment

- 61% of licensed center-based pre-school providers serve subsidized children
- 40% of these serve children under BOTH the CPC program and either vouchers or contracts
- 12% serve children under ALL THREE programs



Providers Participating In:

Voucher Only	23%
Contract Only	12%
CPC Only	15%
Two Programs	38%
All Three Programs	12%

Includes center-based programs only. Excludes family child care and public school programs.



Recent Progress

Completed New Market Rate Survey

- Sent to 3,600 providers with a response rate of 81%
- Found state rates below the 50th market percentile in every region for all types of care, with two exceptions (infant and after-school care in Western Massachusetts)
- Found state rates below the 25th market percentile for at least one type of care in every region, most often with infant and toddler care
- The study found that between 2003 and 2006 the prices for most types of care increased at a much faster rate than the state median income (SMI), with center-based pre-school care increasing by more than 20% in some regions compared to a 6% increase in SMI.
- EEC would need about \$44 million (10% increase) to lift all rates up to the 50th percentile, and \$117 million (26% increase) to get to the 75th.
- Urban (Greater Boston) costs are consistently highest, while Rural (Western Massachusetts) are consistently lowest for all age groups in full-time, center-based care
- In high cost areas low income families using state-funded subsidies may have limited access to child care services



Launched New Cost Survey

The preliminary results from 449 respondents show:

- Cost of care exceeds the state rate and market price for family child care in all parts of the state.
- In all regions except Boston, center-based toddler and pre-school programs have prices that exceed costs, and infant programs have costs that exceed price. This supports the commonly held view that pre-k rates often help support more expensive and less adequately funded infant programs.
- As expected, accredited centers with more educated staff have higher costs.



Implemented UPK program

- Quality grants provided directly to programs based on meeting set quality characteristics (i.e., staff qualifications, accreditation, assessment)
- Based on total enrollment snapshot of ALL children in classroom
- Did not connect directly to rates
- Provided separate planning grants for programs to meet Quality grant criteria in future years



Ongoing Work

- Cost Study: Further analysis of child care cost study to understand differences among state reimbursements, market rates, and costs
- QRS: Developing Quality Rating System as part of further rollout of UPK program
- IT Strategic Plan: Developing an integrated IT system that streamlines payment policy differences and complexities (e.g. payment and billing differences between vouchers and contracts)
- Re-procurement of State Contracts: Reexamining all aspects of state contracts in anticipation of re-bidding over \$100 million in contracts in 2008



Questions We're Grappling With

- How do we reconcile rates so they do not vary by payment method (grant, contract, voucher)?
- Should we connect rates with Quality Rating System?
- Is cost a relevant factor to consider based on preliminary results of Cost Study?
- At what geographic level (e.g., state, region, city/town, zip) should rates be set and why?
- Should rates be set or negotiated in individual contracts?
- Should “add-ons” such as transportation and comprehensive services be included?

