Rates in Massachusetts
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](http://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?