

**Testimony of Commissioner Amy Kershaw
Department of Early Education and Care**

**Fiscal Year 2025, House 2 Recommendation
Joint Committee on Ways and Means
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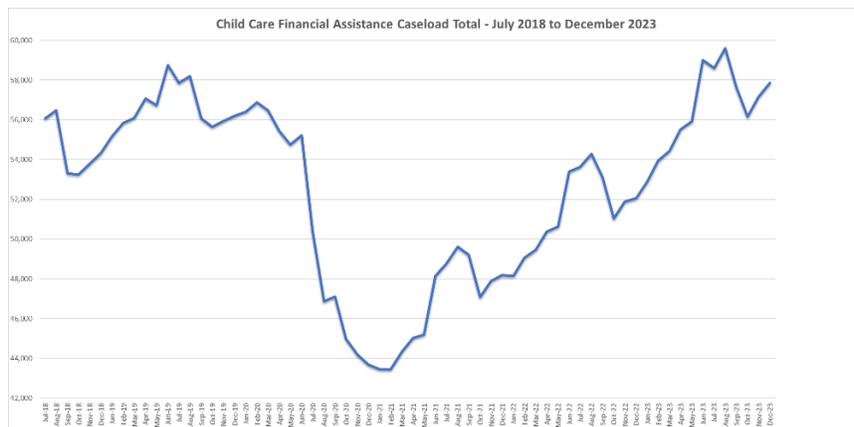
Good morning, Chair Comerford, Chair Vargas, and members of the Joint Committee on Ways and Means.

My name is Amy Kershaw and I am honored to serve as the Commissioner of the Department of Early Education and Care (EEC). I am delighted to be in Greenfield this morning with Secretary Tutwiler, my colleagues – Commissioners Riley and Ortega – and with each of you, to discuss the significant investments in the Department and in the broader early education and care system that the Healey-Driscoll Administration has proposed for Fiscal Year 2025 (FY25).

I have the privilege of serving alongside nearly 250 dedicated public servants at EEC who work across six offices in the Commonwealth, including five regional offices. Nearly 70% of our staff work in one of our regional offices, including our licensors, investigators, administrative support staff, and specialized program and family access and support staff.

EEC licenses, monitors, and provides technical assistance to more than 8,100 early education and care programs and agencies that serve children and youth across Massachusetts. These include family child care programs; center-based programs for infants, toddlers, and preschoolers; out-of-school time programs; residential group care facilities; temporary shelters; and placement agencies for foster care or adoption services. Our child care programs serve children from birth to 16 years old, and our residential group programs serve children up to age 22. Together, these programs have the capacity today to serve more than 245,000 children and youth.

EEC, primarily through federal funding from the Child Care Development and TANF Block Grant, also administers the state’s child care financial assistance programs, which support access to subsidized child care for approximately 58,000 children and their families across the Commonwealth, including 2,036 children of staff who work in early education and care and 21,832 children from families receiving services from the Department of Children and Families and the Department of Transitional Assistance. Since its lowest point in the pandemic in January 2021, the caseload has increased 33% and has now reached the pre-pandemic high of 58,000.



EEC also provides professional development support for the state’s early educators; quality and operational supports directly to early education and care programs; and, through our community partners, parent support and early literacy services for families across the Commonwealth.

EEC, and the diverse network of early education and care

programs we oversee, share a dual mission: to provide access to stable, affordable child care so families can work and to provide safe, high-quality learning experiences to help prepare children for long-term success in school and beyond. Early education is foundational to closing the opportunity gap in Massachusetts – bringing economic equity and mobility to families as well as educational opportunities to their children. Access to affordable child care is also an engine of the state’s economy, enabling families of all income levels to participate in our workforce. We are both the workforce behind the workforce and the beginning of the educational journey for many of our youngest learners, including children in communities that have been most impacted by poverty or lack equitable educational opportunities.

Under Governor Healey’s leadership, and in partnership with the Legislature, this year we made significant strides in stabilizing and healing the early education and care system, establishing a strong foundation and sowing the seeds for transformation - mainly through two essential and equally important levers:

- Direct support to programs to provide stable operational supports and target resources to staffing via Commonwealth Care for Children (C3), and
- Direct needs-based financial assistance to increase families’ purchasing power in the market and help pay for the cost of child care via reimbursements to providers who accept child care financial assistance.

Early education and child care is a top priority for the administration, which is reflected in Governor Healey’s historic early education and care budget that proposes funding EEC in total at \$1.56 billion. In the first year of the administration, EEC received the highest funding level ever for the agency, and this year we propose to go further – increasing EEC’s funding by 3.7% over the agency’s final enacted FY24 budget. This would allow EEC to build on our continued progress, enabling the continuation of core services and programming, while also funding targeted interventions to support increased affordability and accessibility for all Massachusetts families and new educational opportunities for their children.

The Healey-Driscoll Administration’s Gateway to Pre-K Initiative, highlighted in the Governor’s State of the Commonwealth Address and supported through our FY25 budget proposal, sets Massachusetts on the path towards fundamentally transforming our early education system.

A key component of this agenda is continuing Commonwealth Cares for Children, C3, this year at \$475 million, including \$150 million in Fair Share funding and \$325 million in line item. I want to thank you for your continued partnership and support in sustaining this program in FY24 in the face of a federal funding cliff. This shared commitment has set Massachusetts apart from virtually every other state in the nation. C3 has been a game changer for our early education and care programs and the families and businesses they serve. This year alone it contributed to a 7% increase in child care programs, adding more than 10,600 child care spaces across the state. Our system has rebounded and now exceeds pre-pandemic licensed capacity by 7,100 child care spaces, representing a total increase of approximately 37,000 seats compared to the pandemic low in the Spring of 2021. C3 is not only enabling programs to remain open but is also supporting system-wide growth through ongoing investments in workforce, quality, and affordability. We have seen much needed increases in educator salaries and compensation over the past two and half years, and a majority of programs report that thanks to C3, they have been able to do this without passing the cost on to families.

The C3 program worked during the pandemic to stabilize the system and is now in a better position to initiate transformative adjustments that make it more sustainable and predictable for programs and the Commonwealth, better direct resources to programs serving low-income families, and ensure the

program operates within its budgeted appropriations. We look forward to working with our colleagues in the legislature to sustain this critical program into FY25 and beyond, while also making important program adjustments to reflect the shift from COVID era stabilization to ongoing operational investments.

The second part of the Gateway to Pre-K agenda is increasing child care financial assistance (CCFA) eligibility from 50% of the state median income to 85% to help more low- and moderate-income working families access the care they need. The Governor's FY25 budget includes \$914 million for the state's child care financial assistance programs, a \$154 million increase over last year. More than \$818 million will support working families, including families receiving services or supports from the Department of Transitional Assistance and Department of Children and Families, as well as staff working in early education and care programs. Importantly this funding annualizes \$65 million in rate increases that the agency is currently implementing in FY24. An additional \$75 million in Fair Share funding will be used to provide care for another 4,000 children, helping more parents and caregivers in need of help paying for care. \$20 million is proposed for child care resource and referral services across the Commonwealth, which the agency reprocured this past year – the first time in 6 years.

In fall 2023, EEC launched significant reforms to our Child Care Financial Assistance system, updating our regulations and policies to simplify the application process, reduce paperwork, and better support homeless families, families with disabilities and families facing domestic violence. Also, Governor Healey's FutureTech Act proposes \$12 million to improve our CCFA technology systems, continuing to improve the user experience, making it easier to do business with EEC and providing more modern and respectful opportunities for families seeking assistance. We ask for your support for this proposal as well.

The budget also significantly invests in child care financial assistance rates. In January 2024, the Board of Early Education and Care approved transformational changes to the way we reimburse providers, using the cost of care as a metric for setting rates for the first time. The approved rates make significant progress on addressing long-standing inequities in rate amounts by geographic region and age group of children served. We also recently became one of the first six states in the country federally approved to move forward with an alternative methodology when setting rates, allowing us to set rates based on the true cost of care rather than on the market rate or price of care. The Governor's budget fully annualized this \$65M increase from FY24, and also includes a new \$20 million to increase rates further and continue our important reform in FY25.

The third component of our Gateway to Pre-K agenda sets a new and clear goal of delivering universally accessible, high-quality preschool for four-year-olds in all Gateway Cities by the end of 2026. The Governor's budget supports this through a \$15 million increase to our Commonwealth Preschool Partnership Initiative (CPPI). CPPI is funded in total at \$38.7 million (\$21 million in Fair Share, \$17.7 million line item), which also includes the Summer Step Up program. Through partnerships between school districts and community-based programs, CPPI supports access to low or not cost preschool for families, high quality, aligned curriculum for children to prepare them for successful kindergarten entry and ensures our youngest learners with disabilities are truly able to receive the services they need in the least restrictive setting. While we will not be able to achieve our goal of universal pre-k in every city and town in the Commonwealth in two years, we believe our plan and approach sets us solidly on this path. It also ensures we are building on the incredible resources and existing capacity within our diverse mixed delivery system, putting family choice at the center of our work, and not disrupting care options for our infants and toddlers.

In January, Governor Healey signed an executive order calling for a whole of government approach to child care. This bringing together of all of the administration's Secretariats reflects the growing recognition that the impact of the state's child care system extends far beyond classrooms and play spaces and children's long-term academic success. It impacts the employment and financial decisions of families and the economic realities of business owners and our communities. As I have said before, the Commonwealth runs on child care. It is a vital part of the infrastructure that makes Massachusetts a thriving place to live, learn and work. The Governor's call-to-action will help to identify shared opportunities across government to support increased access and greater affordability to child care for working families and help address recruitment and retention challenges for employers across the state, while simultaneously supporting the growth of our child care system.

By working closely with our partners across state government, particularly in the Executive Offices of Labor and Workforce Development and Economic Development, we have the opportunity to address one of the biggest challenges still facing our system: recruiting and retaining a robust early childhood workforce. Our most recent C3 data shows that while educator wages have continued to rise, they remain low, and just under a third of all center-based providers report being unable to serve their full license capacity, with unfilled staff openings being the most commonly cited reason. This year we worked with our colleagues in the Executive Office of Labor and Workforce Development and early childhood leaders to promote and expand apprenticeship opportunities as a key strategy to build the pipeline of new staff joining the field. We are working with our colleagues at the Department of Higher Education and with our two and four year public higher education institutions to make college more affordable and accessible for those working or hoping to work in the early education and care field.

The Governor's budget includes \$10 million for Career Pathways, a partnership with the state's 15 state-funded community colleges that offers early educators opportunities to gain skills and knowledge to advance their careers, attain a degree and continue their education. Later this Spring we will also be rolling out changes to the Early Childhood Educators Scholarship, which we administer with DHE, to make it easier to receive these funds and to attain a four year degree.

The FY25 budget also maintains vital funding levels for some of our key two-generation programming including, \$4 million for the Parent Child+ program, \$15 million in supplemental funding for the state's Head Start programs, and \$11.7 million for our Coordinated Family and Community Engagement (CFCE) Programs.

Over the past year, EEC restructured the agency's operations and business processes to modernize and improve the user experiences of the families and providers we serve, as well as the staff at EEC. At its core, this work ensures that people remain at the center of our work as we look to deliver on the core functions of the agency and operationalize the agency's Strategic Action Plan. EEC continues to build and strengthen capacity within the agency, including across family access and engagement, research and data analytics, and IT system management. The proposed investments through this year's budget will allow the agency to continue our system strengthening work.

Finally, I want to highlight the cross-Secretariat early literacy proposal called Literacy Launch that is targeting literacy learning from age 3 through Grade 3. This is a brand new, multi-year initiative to improve reading success and is backed by a budget investment of \$30 million in the first year. I am proud that this year in partnership with our colleagues at the Department of Elementary and Secondary Education we invested \$850,000 to increase access to evidence-based and culturally responsive literacy supports for Massachusetts preschoolers. This FY25 budget investment will allow us to go much further,

helping children to develop the language and literacy skills they need, closing learning gaps before they enter kindergarten. This includes making high quality instructional materials available to more districts and programs, as well as broad scale support for early childhood educators who support literacy in preschool.

Last year, Secretary Tutwiler set out a theme for the work we needed to do across our education system – stabilize, heal, transform. The Governor’s proposed investments for FY25 will enable our agency to continue to stabilize and heal the Commonwealth’s early education and care sector. Even more though, the Healey-Driscoll administration’s investments in FY25 will catalyze and accelerate the transformative work underway at EEC – the work to move the Commonwealth’s system towards the equitable and modern one we all envision and that Massachusetts families and educators deserve.

I am grateful for the opportunity to provide this testimony to you today and look forward to working with you as we continue to modernize and transform our system for the children, families, programs, and educators we serve.

I am happy to take any questions committee members may have.