



**Joint Committee on Education
Hearing - Early Education and Care
November 23, 2021**

Submitted by:

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Dear Chairpersons Peisch and Lewis, and Distinguished Members of the Joint Committee on Education:

On behalf of the [Massachusetts Business Coalition for Early Childhood Education](#) (MBCECE), thank you for the opportunity to submit testimony as you consider legislative proposals for early care and education (ECE) during the 2021-22 session. We are grateful for the leadership that you have provided to the Commonwealth – and to the ECE sector, specifically – throughout this historic public health and economic crisis. We also want to recognize the heroic efforts of thousands of early childhood educators who have supported children, families, and the broader economy during these challenging times.

About MBCECE

MBCECE was launched this past February and now includes 83 companies employing more than 265,000 workers in Massachusetts as well as 19 business association partners, and we are still growing. Our goal is to help Massachusetts become a global leader in attracting and retaining talented workers with young children by establishing a “world-class” system of ECE for children ages 0-5 that is accessible, affordable, high-quality, reliable and sustainable, regardless of race, income, or neighborhood.

As members of the Massachusetts employer community, we recognize the irrefutable science and research that establish that high-quality ECE provides children with important and irreplicable developmentally-enriching services at precisely the moment when most beneficial: 80% of brain development occurs during the first 3 years of a child’s life and 90% by age 5 according to the Brookings Institution. Children who are reading at grade level by age 8 are four times more likely to graduate from high school according to The Annie E. Casey Foundation and children who participate in high-quality ECE are twice as likely to attend college according to

Nobel Laureate economist James Heckman. As a result of these extraordinary academic and social benefits, Heckman concludes that comprehensive, high-quality, birth-to-five ECE provides society with a 13% annual return-on-investment.

For these reasons alone, increasing investments in ECE makes sense for Massachusetts children and communities.

Importance of ECE to Massachusetts Working Families and Our Economy

However, as employers, we want to emphasize the additional, immediate benefits that achieving a “world class” ECE system would achieve for all working families and our economy as Massachusetts responds to the pandemic and works to build a strong, successful, and equitable economy for the future.

The Massachusetts ECE sector, like those across the nation, has been battered and beleaguered for many years, making it too difficult for parents with young children to engage in the labor market to their full potential and contributing to a worker shortage that serves as a drag on the entire Massachusetts economy.

The crisis in ECE is not a product of the pandemic, which only served to exacerbate the preexisting fragility and decline of the sector. According to the Department of Early Education and Care (DEEC), 25% of licensed programs already had closed in the decade preceding the pandemic. Since March 2021, nearly 1,200 licensed and/or funded providers have closed, a 12% increase in program closure over the year pre-pandemic. The DEEC reports that second pandemic year trends shows that program closures appear to be continuing.

None of this is good for Massachusetts children, working families, or employers, who already were struggling with access, affordability, and reliability in what is the most expensive state market for ECE in the nation according to Child Care Aware.

According to ReadyNation, insufficient ECE programming costs the United States \$57 billion annually due to lost productivity, including \$37 billion to parents, \$13 billion to businesses, and \$7 billion to taxpayers – and this was *before* the sector was further decimated by the pandemic.

Based on survey and polling work supported by MBCECE and our partner organizations during the pandemic, 90% of employers reported that employees were worried about the likely impacts of ECE disruptions and limitations on work productivity and engagement. Unfortunately, recent data shows that those worries are a costly reality. A U.S. Census Bureau Household Pulse survey (fielded between August 18-August 30, 2021) found that more than 125,000

Massachusetts parents with children under age 5 were not able to use their child care in the prior four weeks due to COVID-related health and safety reasons. To care for their children during this time, 36% of parents said they supervised their child(ren) while working, 18% took unpaid leave, 18% used vacation or sick leave, and 17% reduced their work hours. Just think about the toll that is taking on worker earnings, mental and physical health, and the economy.

We do not need to think too hard, because, as recently reported in the *Wall Street Journal*, 4.3 million workers are missing from the U.S. Labor Market, while more than 10 million jobs remain vacant. Workers are quitting at or near the highest rates on record, while labor market participation has fallen broadly across many demographic groups. The drop has been especially sharp among women, workers without a college degree, and those in low-paying service careers such as the restaurant and hospitality industry, and ECE. In fact, the DEEC reports that the lack of ECE professionals is a key driver for Massachusetts providers' present struggle to increase capacity.

There likely is a strong, if not iron-clad, relationship between the ECE worker shortage and the broader labor shortage – a workforce crisis contributing to the broader workforce crisis. According to the U.S. Department of Labor, the number of people employed in child care was down by nearly 110,000, or 10.4%, in September 2021 compared with February 2020. As a result, ECE programs are turning away families at a time when 70% of Massachusetts children under the age of six have all parents in the workforce.

All of this is contributing to an ECE sector that is more expensive for, and less accessible to, working families, who, in response, are electing to leave or reduce work in order to meet their caregiving responsibilities. According to the Center for American Progress, this is especially true for women and BIPOC workers: significantly more U.S. women than men have reduced work hours, left work to care for children, and spent more time on education and household tasks during the pandemic; and, women of color, and Black women in particular, have historically had much higher levels of labor force participation when compared with white women.

The Massachusetts ECE economy has demonstrated itself to be broken long enough that we must acknowledge the need for a fundamental overhaul.

MBCECE Near-Term Recommendations

MBCECE is especially interested in assessing and learning more from the recommendations of the Early Education and Care Economic Review Commission. MBCECE is participating on the Commission, which was created and charged by the Legislature to review “how childcare programming is funded in the commonwealth and to make recommendations for potential

legislative changes in funding and related policies as the commission deems appropriate” toward its goal of “expanding access to high quality early education and care programming, which is necessary for supporting children, working families and the commonwealth's continued economic prosperity.” MBCECE looks forward to helping to inform the Commission’s report, assessing its recommendations, and partnering with its leadership, members, employers, and the entire Massachusetts ECE ecosystem to make meaningful progress toward the Commission’s goal as part of a long-term strategy.

In the interim, MBCECE respectfully submits the following near-term recommendations for the Joint Committee’s consideration as you evaluate legislative proposals for potential action during this legislative session. While all of the information and resources necessary for an immediate and comprehensive solution may not be available, there is an urgent need to make substantial progress now toward achieving a “world class” ECE system for Massachusetts. To that end, we respectfully recommend your support for legislative opportunities to promote the following:

Sustain the Child Care Stabilization Grant through Fiscal Year 2023 (FY23) and study its underlying Commonwealth Cares for Children (C3) formula for potential expansion. The DEEC estimates that approximately 80% of funding for ECE is borne by families; as previously noted, Massachusetts already is the most expensive state market in the nation for ECE. This information, coupled with the significant and increasing percentage of ECE program closures, strongly advises that the private market for ECE is insufficient to support the sector’s provision of services that are vital to the success of Massachusetts children, families, and the economy. Starting in the summer of 2021, DEEC began piloting the innovative Commonwealth Cares for Children (C3) funding formula through the Child Care Stabilization Grant program, providing steady resources to the troubled ECE sector and attempting to promote fundamentally important goals such as staff retention and recruitment, programming for younger children who are more expensive to serve, longer program hours to support the evolving needs of working families, equitable access, and higher program quality, generally. More than 70% of family-based and center-based ECE providers already have applied for the grant, reinforcing the need for this type of stabilizing funding.

While it is too early to determine whether all or some of the grant and formula’s laudable objectives are being accomplished, they deserve ongoing support and study beyond current Fiscal Year 2022 (FY22). The program represents the Commonwealth’s strongest and most promising effort to date to create something akin to the type of “foundational” or “bedrock” funding necessary to support a “world class” ECE system. MBCECE understands that the grant program has an annual estimated cost of approximately \$600M. We also understand that the current grant award amounts were established based on available funding rather than a research-based determination aligned with concrete goals for access, affordability, quality, and equity.

Therefore, MBCECE recommends that the Commonwealth fund the program through the remainder of FY22 and FY23 at no less than its current funding level and consider research-based opportunities for enhancements. Furthermore, we recommend that the Commonwealth establish an independent commission to assess the preliminary results of the grant and formula in conjunction with existing public and private ECE resources, and make recommendations about the efficacy of maintaining and potentially expanding the grant program as a component of a scalable and sustainable “world class” ECE system.

Enhance transparency and promote flexibility in ECE state budgeting. MBCECE applauds the leadership of our state leaders who have increased ECE investments in the state budget over the past decade. These efforts have continued throughout the pandemic and have brought life-changing benefits to thousands of Massachusetts children and families. Like many states, the vast majority of Massachusetts’ public ECE funding is derived from the federal government. MBCECE has found that employers, families, advocates, and policymakers, alike, struggle to discern what available resources for ECE programming exist, the sources of those resources, how resources interact, and what flexibilities exist for the expenditure of those resources. This type of knowledge is crucial to consideration of the types of transformative actions that Massachusetts will need to undertake to create a “world class” ECE system. Among the practical examples: it is difficult, if not impossible, to review the State Budget and disaggregate federal funding with its specific program requirements, state matching funds also subject to those same federal requirements, and flexible state funding that may be used creatively to address programmatic gaps and system-building efforts. Therefore, MBCECE recommends designing a line item structure and/or producing an annual public report that clarifies all public sources of, and requirements for, funding for ECE access, affordability, quality, and equity. As a related matter, MBCECE recommends creating, if necessary, and investing in line items that will provide Massachusetts with the greatest flexibility to creatively invest in strengthening the ECE system.

Moment of Great Challenge and Opportunity

Fortunately, in addition to the aforementioned Early Education and Care Economic Review Commission, there are a growing number of important opportunities and conditions that, if fully realized, could help accelerate our progress; for example:

Federal Funding. Massachusetts already is in receipt of significant new funding under the American Rescue Plan Act and the prospect exists for additional transformative new investments. While insufficient to achieve a “world class” system of ECE for Massachusetts, these resources represent an extraordinary opportunity to stabilize the state’s ECE sector while beginning systemic reforms that could make services more affordable, accessible, high-quality,

equitable, and reliable for all Massachusetts families. We are extremely grateful to the Massachusetts congressional delegation, which has championed ECE funding at every opportunity.

Emerging Research. MBCECE is especially interested in learning more from upcoming Massachusetts ECE research planned by the Massachusetts Taxpayers Foundation (MTF) and the Bipartisan Policy Center (BPC), respectively.

We understand that MTF intends to study and report on the economic impacts of ECE on the Massachusetts economy, the State-Federal relationship in ECE, the existing Massachusetts ECE subsidy system and related opportunities, and potential employer practices to support ECE. We also understand that BPC is undertaking a Massachusetts industry-child care needs assessment, especially important as the pandemic economy reshapes the “Future of Work,” to better understand employers’ workforce planning, parent demand for ECE, and the perspective of ECE providers. MBCECE is committed to supporting both of these research efforts, as appropriate, and considering their findings in partnership with the broader ECE ecosystem.

We are hopeful that such research can help inform Massachusetts employers, advocates, and policymakers about multiple channels to support ECE, if promising; including, but not limited to: scalable and sustainable ECE financing systems; employer-supported ECE practices; ECE tax credits for families and employers; state and federal funding and leverage opportunities, and needs, generally; local planning and coordination efforts to define community need and align resources, including school districts, ECE providers, community-based partners, and local employers; and, local ECE referral and coordination networks for ECE providers and employers. In assessing these, or any other policy recommendations that may emerge from other sources, MBCECE will continue to consider and promote the important nexus between ECE as a key strategy for child-, workforce-, and economic development.

Historic Energy. In addition to the current and prospective Federal funding opportunities, there is an unprecedented level of enthusiasm and collaboration among a diverse set of Massachusetts stakeholders. MBCECE regularly communicates with the ECE ecosystem of educators, administrators and advocates, including Common Start, the Massachusetts Early Childhood Funders Collaborative, and Strategies for Children’s diverse 9:30 AM daily call group, among others. The commitment to making this moment profoundly meaningful for Massachusetts children and families, and, in doing so, strengthening all of our communities and the economy, has never been stronger. MBCECE commends these efforts and looks forward to continuing to partner with the ECE ecosystem and state leaders to achieve our shared goals.

In conclusion, MBCECE is a committed partner. We know that Massachusetts achieves great things when we lean in together and believe that a “world class” system of ECE is an economic necessity – and within our reach.

Again, thank you for this opportunity to inform the Committee and for your leadership. Please do not hesitate to contact MBCECE executive director Tom Weber at t.weber@easternbank.com if you have any questions or we may be of assistance.

Cc: The Honorable Charlie D. Baker, Governor
Secretary Michael J. Heffernan, Executive Office of Administration and Finance
Secretary James A. Peysner, Executive Office of Education
Secretary Rosalin Acosta, Executive Office of Labor and Workforce Development
Secretary Mike Kennealy, Executive Office of Housing and Economic Development
Commissioner Samantha Aigner-Treworgy, Department of Early Education and Care

The Honorable Karen E. Spilka, Senate President
The Honorable Ronald J. Mariano, Speaker of the House
Chairperson Michael Rodrigues, Senate Ways and Means Committee
Chairperson Aaron Michlewitz, House Ways and Means Committee

EEC Economic Review Commission
Massachusetts Board of Early Education and Care