



July 1, 2022

The Honorable Michael J. Rodrigues
State House, Room 212
Boston, MA, 02133

The Honorable Aaron Michlewitz
State House, Room 243
Boston, MA, 02133

Dear Chairpersons Rodrigues and Michlewitz:

On behalf of the [Massachusetts Business Coalition for Early Childhood Education](#) (MBCECE), a growing coalition of 85 companies with more than 300,000 Massachusetts employees and 22 business associations representing thousands of employers, **I am writing with deep gratitude for your historic leadership on behalf of early care and education (ECE) and to respectfully request your consideration for the provision of an additional \$200M in the Supplemental Budget to fully fund the Department of Early Education and Care's (DEEC) Commonwealth Cares for Children (C3) Child Care Stabilization Grant Program through Fiscal Year 2023.**

Separately and relatedly, MBCECE has respectfully recommended that the FY23 State Budget Conference Committee include the Senate's proposed \$250M in C3 funding in the final FY23 General Appropriations Act, which, in combination with this Supplemental Budget request, would provide the \$450M funding total that is estimated as necessary to sustain the program at its current level through the upcoming fiscal year.

The DEEC estimates that approximately 80% of funding for ECE is borne by families, a financial reality that is even more acutely felt given that Massachusetts is the most expensive state market in the nation for ECE. This information, coupled with the deep fragility and instability of the ECE sector, strongly advises that the private market for ECE is insufficient to support the industry's provision of services that are vital to the success of Massachusetts children, families, communities, workforce, and the economy.

The Massachusetts Taxpayers Foundation released a report this spring that found that the lack of access to ECE in Massachusetts is resulting in at least \$2.7 billion each year in lost earnings for individuals, lower productivity and additional costs for employers, and lost tax revenue for the Commonwealth; this includes:

- \$812M loss to employers due to lower productivity and turnover/replacement costs;
- \$1.7B loss in wages to individuals and families from missing work or reducing their hours; and,
- \$188M in lost tax revenue to the state due to lower earnings and lost wages.

This report clearly demonstrates that thoughtful investment in our state’s child care system could unlock billions of dollars in economic activity that stands to benefit working families and their employers, along with the local economy. The Commonwealth’s further investment in the C3 program would represent groundbreaking progress toward our shared goal of establishing a “world-class” ECE system for all children and families in Massachusetts.

Starting in the summer of 2021, DEEC began piloting the innovative C3 funding formula through the Child Care Stabilization Grant program, providing steadying resources to the troubled ECE sector and promoting 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 80% of family-based and center-based ECE providers are participating in the program, reinforcing the ongoing need for this type of stabilizing funding.

The C3 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. The loss or reduction of the C3 program would dramatically and negatively impact the ability of ECE program providers, struggling mightily to continue to serve children and families, to remain in operation. The DEEC recently reported that more than 80% of surveyed ECE centers reported that they would have to reduce compensation and/or defer salary increases when asked what changes programs would have to make in the next year if they didn’t have C3 grant funding,

MBCECE commends the DEEC for continuing to assess the preliminary results of the C3 program and will continue to monitor their recommendations about the efficacy of maintaining and potentially expanding the grant program as a component of a scalable and sustainable “world class” ECE system.

Thank you again for leading historic progress that will improve the lives of Massachusetts families now and for generations to come, and create a stronger and more equitable economy through the provision of affordable, accessible, high-quality ECE.

Please let me know if you have any questions or if I can be of any assistance.

Sincerely,

Tom Weber
Executive Director
MBCECE