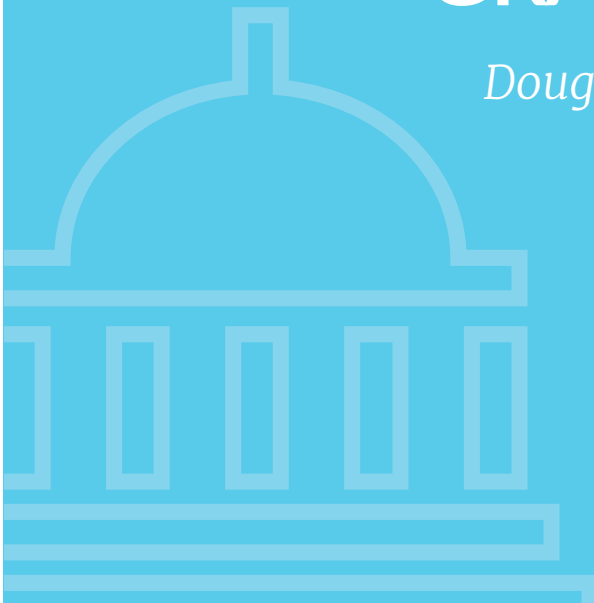


# GRA Spotlight | Early Education

*Doug Howgate, Massachusetts Taxpayers Foundation*





Massachusetts  
Taxpayers Foundation

# MTF & Early Childhood Education Research

*GRA Conference*

*July 2024*

# Outline

- I. MTF Background**
- II. Why MTF; Why Early Ed?**
- III. Defining Our Work & Role**
- IV. Building on Progress**





# MTF Background

# MTF Mission

MTF is a nonprofit, non-partisan research organization committed to providing accurate, unbiased research with balanced policy recommendations that serve to enhance sustainable and equitable economic growth in Massachusetts.

- Focus on economic health of the Commonwealth:
  - Long-term
  - Sustainable
  - Equitable
- Specialize in state and local public finance
- Public and private sector audiences



# Historic Focus: Budget & Tax

## Tax

- [FY 2025 Consensus Revenue Agreement](#)
- [FY 2025 Revenue & Resources Analysis](#)
- [FY 2024 Tax Shortfall](#)
- [Massachusetts Tax Relief Legislation](#)
- [Tax Legislation Preview](#)
- [Massachusetts Tax Legislation Recommendations](#)
- [Key Policy Questions for the Income Surtax](#)

## Budget

- [Governor Healey's FY 2025 Budget](#)
- [FY 2025 State Budget Deep Dives:](#)
  - [Local Aid & K-12 Education](#)
  - [Surtax Spending](#)
  - [Transportation](#)
  - [Early Education & Care](#)
  - [Workforce](#)
  - [MassHealth](#)
- [House Ways & Means FY 2025 Budget](#)
- [Senate Ways & Means FY 2025 Budget](#)
- [FY 2025 Budget Conference Preview](#)



# Typical MTF Research



## Housing

- [Affordable Homes Act Bill Summary](#)



## Education

- [How to Capitalize on Minority Serving Institutions in Massachusetts.](#)
- [The Importance of C3 Continuation for the Commonwealth](#)



## Federal Funds

- [Capitalizing on Federal Funding Opportunities](#)



## Transportation

- [Labor Shortages Raise Doubts About MBTA's Capabilities](#)



## Workforce

- [MTF Workforce Primers](#)
- [Massachusetts Workforce Investments: Sector-Based Programs](#)



## Demographics

- [Urban Economies on the Precipice: A Tale of 6 Cities](#)

A nighttime photograph of a city skyline, likely New York City, with numerous skyscrapers illuminated and their lights reflecting on the water in the foreground. The sky is a deep blue with some light clouds. A dark blue rectangular box is overlaid on the bottom half of the image, containing the text 'Why MTF; Why Early Ed?' in yellow.

# Why MTF; Why Early Ed?



# Ingredients for Early Childhood Work

Desire to apply mission in new ways

Interest in expanding non-member support

Reputation on budget work

Prior relationships

Early model for how this could work



Insight. Influence. Impact.

# Thinking Through Engagement

## What This Work Brought to MTF

- 1) Continued relevance on Beacon Hill
- 2) New application of mission
- 3) Ability to increase staff investment
- 4) Opportunity to engage with new funders and build relationships with advocacy organizations
- 5) Chance to inform policy improvements

## What MTF Brought to the Work

- 1) Credibility
- 2) Expertise
- 3) Research capacity
- 4) Cross-connection with other critical policy issues
- 5) Platform for attention and engagement





# Defining Our Role & Work

# Thinking Through the Scope of Research

- What's been happening?
  - Federal childcare funding update
  - MA response
  - Actions in other states
- Why does it matter?
  - Economic impact of insufficient childcare
- What can we do better?
  - Assessment of MA childcare financial assistance system
- What should we do?
  - Childcare operational grants recommendations



# What's Happened?

DECEMBER 14, 2021  
EDUCATION

## Federal Relief Funds for Child Care: What it Means for MA

Figure 1. CCDBG Funding Streams by Federal Legislation

Legislation	Total in Bill	CCDBG	MA CCDBG
CARES Act	\$1.7 trillion	\$3.5 billion	\$45.7 million
CRRSA Act	\$868 billion	\$10 billion	\$131 million
ARPA	\$1.8 trillion	\$15 billion	\$196 million
<b>Total</b>	<b>\$4.4 trillion</b>	<b>\$28.5 billion</b>	<b>\$372.7 million</b>

SEPTEMBER 07, 2022  
EDUCATION

## Innovative Federal Relief Spending on Child Care: How Massachusetts Stacks Up

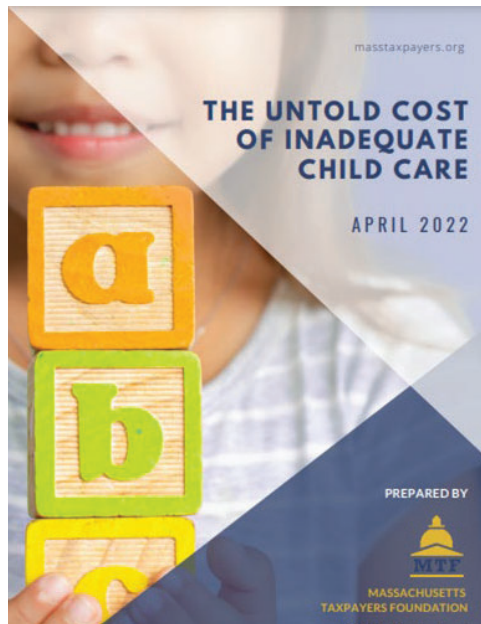
Table 6. Components of Stabilization Grant Formulas by State

Formula Component	MA	CT	NM	ME	OH
License Capacity	X	X	X	X	X
Staffing Costs	X			X	
Equity Adj.	X	X	X		
Quality			X	X	
Non-traditional Hours				X	X
Full/Part Time		X	X		
Program Type					X
Accreditation Status		X			
Accepts Subsidy		X		X	
Enrolling Younger Children		X	X		
Peak Pandemic Operation		X	X		

Key: X= base, X=supplement/bonus



# Why Does it Matter?



**MTF ESTIMATES** that due to inadequate child care, MASSACHUSETTS LOSES ROUGHLY \$2.7 BILLION EACH YEAR in lost earnings for employees, additional costs and lower productivity for employers, and fewer tax revenues for the state. Further broken down, every year:

- **EMPLOYERS LOSE \$812 MILLION**  
due to lower productivity and turnover/replacement costs.
- **INDIVIDUALS AND FAMILIES LOSE \$1.7 BILLION**  
in wages from missing work or reducing their hours.
- **MASSACHUSETTS FOREGOES \$188 MILLION**  
in tax revenues due to lower earnings and lost wages.



# What Can We Do Better?

JANUARY 2023

MASSACHUSETTS TAXPAYERS FOUNDATION

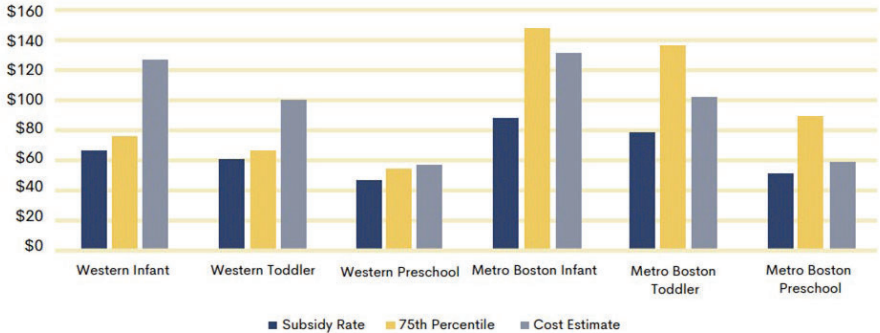
## PREPARING FOR CHILD CARE REFORM:

How to Improve the Subsidy System to Maximize Future Investment



"THE SUBSIDY SYSTEM IS MADE UP OF A MULTITUDE OF POLICIES, REGULATIONS, AND PAPERWORK REQUIREMENTS, MANY OF WHICH HAVE BEEN LAYERED ON TOP OF EACH OTHER OVER TIME WITHOUT REGARD FOR HOW THEY MAY INTERACT. THE RESULT IS A SYSTEM THAT PRIORITIZES ENFORCEMENT OVER ACCESS, OVERBURDENING FAMILIES, AND DELAYING THE USE OF MUCH NEEDED CHILD CARE SERVICES."

Subsidy Rates vs. Market Rates vs. Preliminary Cost Estimate



# What Do We Recommend?

MA's childcare operational grants program – Commonwealth Cares for Children is key to enhancing the state's early education system.

The state should:

- 1) Codify C3 into state law to provide consistency and stability for providers.
- 2) Maintain the program's universality and consider the ways that C3 can be used to incentivize participation in the subsidy system.
- 3) Continue to evaluate the grant formula to make sure that the goals of equity and supporting our most vulnerable communities remain centered.
- 4) Allow flexibility for the Department of EEC to evolve the program.
- 5) Use C3 to increase support for the early education workforce with special focus on wages, benefits, and career paths.

## Systemwide Capacity

**7,500**  
*programs supported to date*

**7,100**  
*slots over pre-pandemic levels*

**85%**  
*of licensed seats are filled with enrolled children*







# Building On Progress

# Staff and Support

- MTF brought on a dedicated early education policy research with support of initial grant
  - We have now maintained that position for 3 years
- Ongoing work in early childcare has:
  - Deepened philanthropic relationships with two organizations
  - Established new relationships with two funders
- Our early childcare work has been incorporated into standard MTF products:
  - Expanding our budget/legislative analysis
  - Creating a new series of ongoing external presentations



# MTF Implemented Recommendations

## Commonwealth Cares for Children

- Full funding for C3 in all FY 2025 budget proposals
- EEC commitment to universality with additional support to those serving high needs communities
- Re-assessment of the pandemic-era grant formula to consider effect of increased staffing levels

## CCFA Subsidy System Reform

- Building of a new provider rate structure that more closely meets the true cost of care
- Improved policies to make the system friendlier and more accessible for families

## Public-Private Childcare Partnerships

- Proposed employer-supported pilot program with costs split between the employer and the state
- Early Education Task Force created to bring together government agencies, providers, the community, and the business sector to ensure affordable, quality childcare across the state





# EdNC Supporting Investment in Early Childhood Education

- *Katie Dukes, EducationNC*
- *Doug Howgate, President, Massachusetts Taxpayers Foundation*
- *Dr. Ereka Williams, VP of Education for Dogwood Health Trust*
- *Greg Borum, Director of Western NC Early Childhood Coalition*
- *Dr. Amieris Lavender, Chief Program Officer of YWCA-Asheville*

# Supporting investment in early childhood care & education

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**Katie Dukes**  
Director of Early Childhood Policy

EdNC



# Investment in the future

Research shows investments in early childhood bring higher returns than investments at any other stage of life

Vast majority of human brain development occurs in first three years of life

Strengthening neural connections during this critical period leads to:

- improved health
- lower incarceration rates
- better educational outcomes
- greater workforce readiness

# Investment in the present

North Carolina ranked Top State for Business by CNBC two years in a row

- 2022: "putting partisanship aside"
- 2023 warning: "the political harmony that has helped [make] the state so competitive is fading"

Investment in early care & education enables parents to fully participate in the labor force

Economy is stronger when parents can earn family-sustaining wages knowing their children are safe and cared for



Systemic problems  
require systemic solutions.

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North Carolina was a leader  
— *and can be again* —  
but five other states are leading the way  
in early childhood policy & investment.

**Oregon &  
Vermont &  
Michigan &  
New Mexico &  
Massachusetts.**

# Four successful strategies

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1. Advocacy from the business community
2. Grassroots organizing
3. Streamlining governance
4. Identifying/creating new funding streams

# Supporting investment in early childhood care & education

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## **Doug Howgate**

» President, Massachusetts Taxpayers Foundation

## **Dr. Erika Williams**

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## **Dr. Amieris Lavender**

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