

ESTIMATING THE IMPACTS OF LEGISLATION TO EXPAND AFFORDABLE QUALITY CHILD CARE AND EARLY EDUCATION IN MASSACHUSETTS: INITIAL FINDINGS ON UTILIZATION, EMPLOYMENT, AND FINANCIAL ASSISTANCE

UMass Boston Early Ed Cost and Usage Simulator (CUSP) Project

This project aims to estimate the impacts of the expansion of affordable quality child care and early education under the provisions of Massachusetts Senate Bill 301—An Act Providing Affordable and Accessible High Quality Early Education and Care to Promote Child Development and Well-Being and Support the Economy in the Commonwealth; similar legislation to expand affordable high-quality child care and early education (House Bill 489) has been filed in the Massachusetts House of Representatives. These impacts include changes in the utilization of licensed care and education, out-of-pocket costs for families, parental employment, and family income when eligible families pay considerably less for quality child care and early education. The bill provides financial assistance in stages and with priorities that depend on sufficient funding. The stage studied here is for assistance for families with incomes up to 85 percent of the state median family income. The estimates presented in this research brief were produced with a simulator developed by a team from the University of Massachusetts Boston.

Who is Eligible?

It is estimated that 315,400—just about half—of the 624,000 Massachusetts families with children under 14 (or under 17 with special needs) meet the income eligibility requirements under the legislative proposal [S. 301]. Because single-parent families have lower incomes on average than two-parent families, 87% of all single-parent families are income eligible while 36% of two-parent families are eligible. Seventy percent of eligible families have incomes above the poverty income threshold and half are two-parent families.

Financial Assistance: Access and Cost

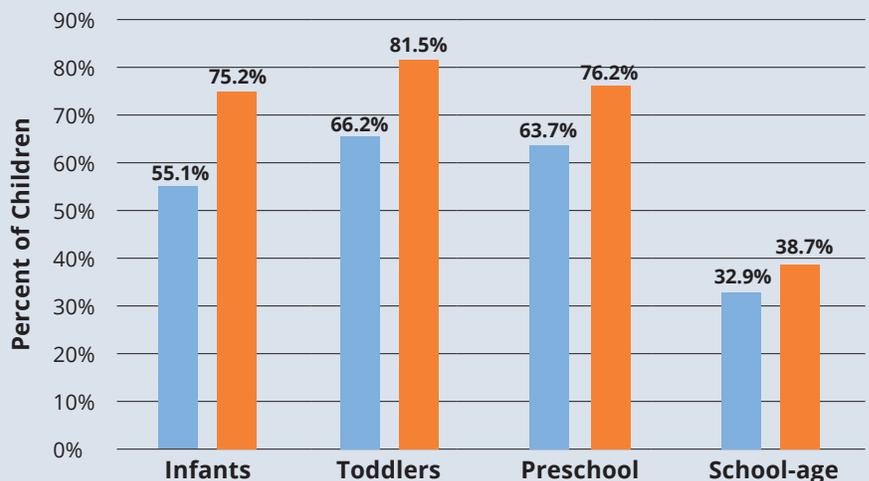
Of those eligible families, it is estimated that 128,500 will use the financial assistance provided under the legislative proposal [S. 301], covering 47% of all families that pay for care. And while this covers 20.6% of all families with children, financial assistance reaches almost one-third (31.9%) of all families using any type of nonparental care. For those families receiving financial assistance under the proposal, the average annual amount received is \$13,260 (using 2022 prices). The legislative proposal [S. 301] will shift the cost burden for child care and early education from the families that receive financial assistance onto the state. The aggregate cost to the state for providing this financial assistance to families is \$1.7 billion.

What are the Key Impacts?

Having access to affordable licensed child care and early education can significantly impact families by influencing choices around care for children, parental employment, and family finances. All of these may have both short- and long-term impacts on children themselves. The legislative proposal [S. 301] will enable families that rely only on parental care or on another type of unlicensed care to use licensed care. It is expected that there would be a large increase in the percentage of families choosing to use licensed care due to the availability of financial assistance and the increase would be most pronounced for children not yet school-age: up from 55% to 75% for infants; from 66% to 82% for toddlers; and from 64% to 76% for preschool children.

Percent of Children in Nonparental Care That Use Any Licensed Care Currently and Under Legislative Proposal [S.301]

- Currently
- Under Legislative Proposal [S.301]



Note: Excludes Head Start, Public Pre-K and K-12

Source: UMass Boston Early Ed CUSP (Cost and Usage Simulator Project) October 2023

Reduced Cost Burden on Families

- The legislative proposal [S. 301] reduces all child care costs (licensed and unlicensed) as a percentage of income from 13.6% to 4.2% for families whose children are not yet school-age. For the income-eligible families that use financial assistance, the percentage of income going to child care is reduced from 17.2% to 4.3%.
- For single-parent families using financial assistance and whose youngest child is not yet school-age, the cost burden is reduced from 24.7% of income to 3.7% and for two-parent families that burden falls from 16.3% to 4.8%.

Increased Parental Employment

- With financial assistance provided for quality child care and early education, mothers' employment increases by 10,400—from 74.2% to 76.0% of mothers being employed.
- The increase in the percentage of mothers employed is greatest for mothers whose youngest child is not yet school-age (i.e. an infant, toddler, or preschooler) from 70.5% to 74.0%—this represents new employment.
- In addition to new employment, 21,000 currently employed parents will increase the number of hours worked representing 1.3% of currently employed fathers and 3.7% of currently employed mothers.
- Because of higher employment levels and more working hours, there would be a 3.2% increase in mothers' total hours worked.

Reduced Poverty

- Access to affordable child care and early education is expected to reduce the single-parent family poverty rate by 3.1 percentage points from 41.6% to 38.5%; the two-parent poverty rate is reduced from 5.2% to 4.5%. The overall family poverty rate falls by 1.3 percentage points, from 15.5% to 14.1%.
- Just over 53 percent of all single-parent families with young children (under school-age) are poor. Access to affordable quality child care and early education reduces that rate to 46.6%.

A More Level Child Care and Early Education Playing Field

Quality child care and early education matters for children's development. But it is expensive for families, despite the relatively low compensation rates for early childhood and out-of-school time educators. For far too many families in Massachusetts the cost is prohibitive, especially for infants, toddlers, and preschool children. The legislative proposal [S. 301] provides two types of crucial investments in child care and early education. First, operational grants to providers enhance the quality of care and stabilize the system, largely through increased compensation, quality measures, and training. Second, financial assistance for families improves the affordability of care and increases access. Together, these investments will help ensure that many more children receive quality care and education, which can help level the child care and early education playing field.

Conclusion

The estimates presented in this brief suggest that financial assistance would effectively enable more children access to licensed care as well as substantially reduce the cost burden on families. Additionally, because parents would be able to afford reliable care, a portion of them, especially mothers of young children, would be able to engage in more employment opportunities. The additional earnings will lift some families, especially single-parent families, out of poverty.

The UMass Boston Early Ed CUSP will offer additional analyses in the coming months to inform policymaking processes as Massachusetts lawmakers consider greatly enhanced public investment in child care and early education for children, families, and the Commonwealth's economy.

For more information about the project, please go to:



umb.edu/earlyedinstitute/research-policy