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The True Cost of Early Education and Care in Massachusetts

POLICY BRIEF • NOVEMBER 2026

Summary of the Issue

States generally set child care financial assistance rates based on the amount programs charge families as tuition. However, tuition reflects what families can afford, not what it costs to deliver care. The gap between what families can afford and what care actually costs shows up as low educator pay, high staff turnover, and classroom closures due to staffing shortages. Because of these issues, in early 2024, the federal Office of Child Care approved Massachusetts to set its Child Care Financial Assistance (CCFA) rates using cost estimates instead—approval which is subject to renewal every three years.

This brief brings together major Massachusetts cost studies alongside the Massachusetts Department of Early Education and Care (EEC) 2026 budget and CCFA rate data to explore the true cost of early education and care in Massachusetts.

KEY CONCEPT: Cost, Price, and Rate Are Not the Same

- **Cost:** The value of all resources a program uses to deliver care: staff, benefits, space, food, supplies, insurance, and a modest reserve.
- **Price:** The tuition a program charges families, shaped by what families can afford. It often falls below cost for infants and toddlers.
- **Rate:** The daily amount EEC pays a program for each child receiving CCFA. Massachusetts now uses cost estimates to guide these rates. Note that other public funding streams, such as Commonwealth Cares for Children (C3), also support programs alongside CCFA rates.

What It Costs to Deliver Care Today

The state's official cost estimates come from a March 2025 update of EEC's cost models conducted by the American Institutes for Research (AIR). The **cost of current care** reflects today's staffing and median wages. The **cost of aspirational care** adds the pay, benefits, and reserves programs say they need to recruit and keep educators. An update reflecting 2026 costs is scheduled for 2026–2027.

Daily Per-Child Cost of Center-Based Care, 2024

Age group	Current care	Aspirational care
Infant	$134–$156	$210–$265
Toddler	$105–$122	$166–$209
Preschool	$57–$65	$96–$117

Note: Ranges run from the lowest-cost region (Western) to the highest (Metro Boston). Source: AIR, Massachusetts Child Care Cost Models (March 2025), Exhibits 1 and A1–A6.

KEY CONCEPT: What "Aspirational" Adds

Under cost estimates for aspirational care, educator salaries follow pay scales drawn from Massachusetts public school districts, so early educators would be paid more like public school staff with similar education and experience. The model also adds more generous health insurance, a 5% retirement contribution, more spending on supplies, food, and training, and a 12.6% operating reserve instead of 5%. Compensation is the main difference, which is why aspirational costs run 57–80% above current costs.

How the Estimates Have Evolved

Four studies since 2021 have priced high-quality early education and care in Massachusetts. They differ in method and price year, but all find that costs far exceed what the state currently reimburses.

Annual Per-Child Cost of Center-Based Care, by Study

Study (price basis)	Scenario	Infant	Preschool	Data year
MassBudget, 2021 (FY2021 dollars)	High quality, statewide	$37,800	$20,000	2021
CELFE for EEC, 2023 (late-2022/early-2023 costs)	Current salaries	$30,100–$35,600*	$12,200–$14,300*	2022–23
CELFE for EEC, 2023 (late-2022/early-2023 costs)	Higher pay and staffing	$46,300–$58,600*	$19,200–$23,600*	2022–23
Neighborhood Villages, 2024 (CELFE costs)	High quality	$39,489–$49,916	$16,417–$19,967	2022–23
AIR for EEC, 2025 (2024 prices)	Current care	$35,000–$40,700*	$14,900–$17,000*	2024
AIR for EEC, 2025 (2024 prices)	Aspirational care	$54,800–$69,200*	$25,100–$30,500*	2024

*Note: Ranges run from the lowest-cost region (Western) to the highest (Metro Boston). *These figures have been calculated by ECX using each study's daily estimates times 261 days. Neighborhood Villages figures are as published in the study. MassBudget adapts a 2018 national model to FY2021 dollars.*

Why the Numbers Differ

- **Method and data.** MassBudget adapted a national model. CELFE and AIR built Massachusetts models from data on nearly every licensed program.
- **Price year.** Costs rose 14–26% per child in early education and care centers between the 2022 and 2024 models, driven by wages, facilities, and food.
- **Pay target.** CELFE and AIR tie higher pay to public school pay. Neighborhood Villages uses a $26/hour minimum wage.

- **What "quality" buys.** CELFE's highest-cost scenario adds staff; AIR's aspirational model adds pay, benefits, quality boosts, and a larger reserve.

KEY CONCEPT: What Every Study Agrees On

Infant care costs roughly two to two-and-a-half times as much as preschool. Raising pay and quality adds roughly $16,000 to $28,000 in annual costs per infant under the state's cost models.

What Drives the Cost of Care

Personnel is the largest cost for programs, so the biggest cost driver is how many children each educator can care for. Massachusetts licensing requires one educator for every 3 infants (in groups of up to 7), every 4 toddlers (groups of up to 9), and every 10 preschoolers (groups of up to 20). That is why an infant costs more than twice as much per day as a preschooler. Between the 2022 and 2024 models, compensation prices rose 7–9%, facilities 28–29%, and food about $1,000 per child per year.

Daily Per-Child Cost of Current Care by Region, 2024

Age group	Western	Central	Northeast	Metro	Southeast	Metro Boston
Center-based programs						
Infant	$134	$137	$147	$154	$140	$156
Toddler	$105	$107	$114	$120	$110	$122
Preschool	$57	$58	$61	$64	$59	$65
Family child care*						
All ages (under 5)	$67	$68	$74	$80	$69	$84

*Source: AIR (March 2025), Exhibits 1–2. *The family child care model spreads costs evenly across ages and assumes owners earn a center director's salary, which CELFE notes is well above what most earn today. Note: The "Metro Boston" region includes primarily the City of Boston and adjacent urban communities. The "Metro" region includes the suburbs surrounding the Metro Boston region.*

Inside Provider Budgets

Neighborhood Villages reviewed the budgets of 11 Massachusetts centers in 2023. Staff compensation made up 79% of their costs. Programs serving high-poverty communities spent more per child, in part on extra supports such as family navigators and social workers. Paying every staff member at least $26 an hour and offering all the services they wanted would raise those programs' costs the most, by about $7,600 per child annually.

Quick Stat	Meaning
$18,416 vs. $23,889	Average per-child spending now vs. with desired services and a $26/hour floor
$20,426 vs. $28,016	The same comparison for programs serving high-poverty communities
$2,065 vs. $143	Per-child wraparound spending in high- vs. low-poverty programs

Why Programs Can't Simply Charge More

To cover costs, providers can't simply charge higher tuition, because families already pay a great deal. In 2025, the average price of center-based care in Massachusetts was **$27,067** a year for an infant and **$21,364** for a preschooler. Yet infant care costs even more to provide: an estimated $35,000–$40,700 a year. Programs can't charge families the full cost without pricing them out, so many charge preschool families more than it costs to serve them (an estimated $14,900–$17,000) to make up the difference. (These cost estimates are in 2024 prices.)

Why Cost Matters for Seat Supply

Programs open classrooms only when they can hire and pay educators to staff them, and that depends on whether their revenue covers the true cost of care.

Affordability initiatives like CCFA often drive increased demand for seats at early education and care programs, but when CCFA rates—combined with other public funding streams that support programs, like Commonwealth Cares for Children (C3) grants—fall below programs' actual costs, programs may be unable to expand the supply of seats. This means families might be eligible for financial assistance but unable to use it. When CCFA rates cover programs' costs and are competitive with tuition, programs become better equipped to add seats.

KEY CONCEPT: Affordability Only Helps Families If Seats Are Available

Helping families pay for care does not by itself create more care. Financial assistance may increase demand for seats but only increases seat supply to meet that demand if rates cover programs' true costs and are competitive with tuition.

Affordability: The state helps more families pay for care. ▶ **Demand:** More families look for a seat. ▶ **Supply:** Seats open only if programs can cover the true cost of staffing them.

More Families Can Get Financial Assistance, but Seats Are Short

Massachusetts is expanding who qualifies for child care financial assistance, from families earning up to half of the state's median income (SMI) to those earning up to 85%. UMass Boston estimates that once the expansion is fully in place, today's programs could meet only part of the demand for infant, toddler, and preschool care.

Share of Expected Demand Met upon CCFA Expansion to 85% SMI

Region	Share of expected demand today's programs could serve
Western	59%
Central	70%
Northeast	74%
Southeast	66%
Metro Boston	70%

Source: UMass Boston CUSP, Research Brief #3 (March 2026), Table 4. This data uses EEC's five licensing regions and March 2025 enrollment. The gaps are widest for toddlers; center toddler capacity meets as little as 34% of demand in the Western region.

This is where the true cost of care connects to access: when payments cover what it costs to staff a classroom, programs can reopen closed classrooms and add seats for the families now eligible for financial assistance. Further, increasing eligibility for financial assistance necessitates that more programs accept CCFA, and competitive CCFA rates provide a powerful incentive to that end.

How Public Funding Compares to Cost

Massachusetts has raised CCFA rates substantially: $248 million has been appropriated for rate increases since FY2019, and the average infant rate has more than doubled. Even so, rates remain furthest below cost for the youngest children.

FY26 CCFA Rates as a Share of Estimated Cost of Current Care

Setting and age	Range across regions	Meets current cost?
Center · Infant	75–79%	No
Center · Toddler	76–92%	No
Center · Preschool	100–128%	Yes
Family child care · Under age 2	82–111%	In Metro and Metro Boston only
Family child care · Ages 2 and older	68–74%	No

Source: EEC Board of Early Education and Care, January 14, 2026 (FY26 rates vs. AIR cost of current care). Note: FY26 rates are compared with costs in 2024 prices, so actual coverage today is likely lower than shown.

Center infant and toddler rates cover 75–92% of estimated cost, while family child care rates for children ages 2 and older cover 68–74%. Preschool rates meet or exceed cost in every region, echoing the pattern CELFE and Neighborhood Villages both describe where preschool revenue offsets infant and toddler shortfalls.

CCFA rates are only part of the picture. Through **Commonwealth Cares for Children (C3)**, the state also gives licensed programs monthly operating grants that help pay for staffing and other day-to-day costs. C3 began with federal COVID-19 relief funds, is now state-funded, and has been allocated $475 million for FY27. EEC's 2026 modeling finds that for a center serving only children with CCFA, rates plus C3 come within roughly 10% of the cost of current care, but not close to the cost of aspirational care.

Quick Stat	Meaning
63% → 67%	Lowest CCFA rate as a share of cost, before and after FY25 increases
$1.22B + $475M	FY27 funding for CCFA + C3 operating grants, within EEC's $1.844B budget

What a High-Quality System Would Cost

Two studies have scaled per-child costs to a statewide total for children under five. Both predate the state's 2024 cost estimates, for which no statewide total has yet been published.

Estimate	Basis	Annual cost	Data year
MassBudget, universal system	287,600 children, FY2021 dollars	$7.56B	2021
Neighborhood Villages, including 87,000 unserved children	CELFE 2023 costs	$5.7B	2022–23
Neighborhood Villages, current capacity	CELFE 2023 costs	$3.64B	2022–23
EEC total budget, FY27	All programs, all ages	$1.84B	FY27

These estimates reflect total system costs, paid by families and government together, not the state's share. MassBudget's model would draw $1.27B from existing public funds and $1.27B from family fees capped at 7% of income, leaving $5.03B in new public funding. EEC's budget also funds school-age care and system infrastructure, so the comparison is approximate.

The Workforce Behind the Numbers

The cost of current care is built on today's wages, which remain low, and describes what the system spends now, not what a stable workforce of more than 42,000 educators would require. That gap is the main reason aspirational costs run 57–80% higher.

Quick Stat	Meaning
+$4 vs. +$0.80	Growth in the average center educator's hourly wage since 2021, before vs. after inflation
33%	Center assistant teachers who left their roles in 2024–25, down from 53% in 2021–22 (lead teachers: 20%, down from 28%)
~700	Closed classrooms reported by centers; 13% of centers have at least one

Sources: C3 application and survey data reported to the EEC Board, January 2026; inflation adjustment by Boston University Wheelock Educational Policy Center.

Looking Ahead

In August 2026, EEC asked the federal Office of Child Care to pre-approve an updated cost methodology for its 2028–2030 state plan. The update will bring cost models to 2026 dollars, revisit staffing and enrollment assumptions, continue modeling both current and aspirational care, add an out-of-school-time model, and produce a public report.

When	Planned step (EEC Advisory Council, September 2026)
Fall 2026	Contract an external research partner; begin stakeholder engagement
Through 2027	Data collection, model refinement, a detailed draft report, and completion of the method
FY28 and beyond	Set CCFA rates with the updated method, subject to funding

Challenges Ahead

- **Rate increases are small next to the gap.** The state has added $20–$22.5 million a year to raise CCFA rates, about 2% of what it spends on child care assistance. Raising every rate just 5% would cost about $88 million.
- **Preschool revenue props up infant care.** Programs lose money on infants and toddlers and make it up by charging more for preschoolers. A program that serves mostly babies has little room to cover its costs.
- **Not enough seats for young children.** As more families qualify for help paying for care, more will look for it. Today's programs could serve only 59–74% of that demand, with the biggest shortages for toddlers.
- **Some costs aren't counted yet.** Supports for children with special needs, family services, and transportation are not fully built into the cost models. Further, there is no reliable data on what family child care owners earn, so cost models for family child care are built on the assumption that these programs' staff salaries are comparable to those of center-based programs, which is likely an overestimation.
- **Cost estimates go out of date quickly.** Costs rise every year, but the latest estimates use 2024 prices. The next update, in 2026 prices, is not expected until 2027.
- **Reliance on federal funds.** As presented during EEC's Advisory Council meeting in September 2026, about half (49%) of EEC's FY26 budget was in some way linked to federal funding and related spending requirements, so changes in Washington can affect Massachusetts programs.

Where the Data Comes From

Source	Published	Data or price year
AIR cost models for EEC	Mar 2025	2024 prices
EEC Board: FY26 rates, C3 survey	Jan 2026	FY26 rates; 2025 survey
EEC Advisory Council: FY27 budget	Sep 2026	FY27
UMass Boston CUSP Brief #3	Mar 2026	Mar 2025 enrollment; 2015–19 Census
Child Care Aware of America prices	May 2026	2025 prices
Neighborhood Villages	2024	CELFE costs; 2023 interviews; FY23 rates
CELFE cost study for EEC	Sep 2023	Late 2022 / early 2023
MassBudget	Apr 2021	FY2021 dollars; 2018 national model

Notes. Cost estimates model typical programs; they are not tuition prices or budgets. ECX annual figures multiply daily estimates by the 261 days EEC's models assume. CUSP uses EEC's five licensing regions; cost and CCFA rate data use the six CCFA regions.

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