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Building a Foundation for Racial and Ethnic Equity: Estimated Impacts of Massachusetts Legislation to Expand Affordable Quality Child Care and Early Education Executive Summary

Randy Albelda

University of Massachusetts Boston

Alan Clayton-Matthews

Northeastern University

Anne Douglass

University of Massachusetts Boston

Christa Kelleher

University of Massachusetts Boston

Laurie Nsiah-Jefferson

University of Massachusetts Boston

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Authors

Randy Albelda, Alan Clayton-Matthews, Anne Douglass, Christa Kelleher, Laurie Nsiah-Jefferson, and Songtian Zeng

BUILDING A FOUNDATION FOR RACIAL AND ETHNIC EQUITY: ESTIMATED IMPACTS OF MASSACHUSETTS LEGISLATION TO EXPAND AFFORDABLE QUALITY CHILD CARE AND EARLY EDUCATION

Background

In Massachusetts, the availability of quality child care and early education is limited and expensive, particularly for Black and Latino children. In part because of a long history of racial and ethnic inequities, families of color have less access to affordable, quality care than White families. While there are many reasons for this, racial segregation and discrimination have left a legacy of unequal access to public education, housing, and jobs. All of these factors, especially income, affect families' access and use of stable, quality child care and early education. Yet research shows that quality child care improves educational, social, and economic

outcomes for children. Research also demonstrates that those with financial assistance in paying for care choose higher quality care than those without such assistance. Proposed Massachusetts legislation to provide financial support for families that cannot otherwise afford licensed care should reduce racial and ethnic disparities in access to licensed care which, over time, has the potential to level the educational and economic playing fields. It can also pave the way for both increased and more stable employment for parents, especially single mothers of color, which in turn boosts the economic status of families, lifting some out of poverty.

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

A multi-disciplinary UMass Boston team of researchers through the Early Education Cost and Usage Simulator Project (CUSP) seeks to better understand some of the impacts of expanding financial assistance to families for child care and early education. The team has developed and uses a statistical model that simulates parents' decisions about care usage to estimate how much more licensed care might be needed in Massachusetts and what employment and income changes may take place with increased utilization of affordable licensed quality child care and early education.

Massachusetts Legislation

Using the CUSP simulator, the team estimates the impacts of the expansion of affordable quality child care and early education by race and ethnicity 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](#). These impacts include changes in children's utilization of licensed care and education, the out-of-pocket costs for families with children under age 14, or under 17 with special needs, and parental employment and family income when eligible families pay considerably less for quality child care and early education for their children. 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 income up to 85 percent of Massachusetts median family income. In March 2024, an amended version of Senate 301 passed the Senate, and it was renumbered Senate Bill 2707. The key eligibility and financial assistance parameters remain the same. The bill is referred to in this brief by its original number—Senate Bill 301—for easy tracking.

Eligibility

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]. But because the distribution of family income differs substantially between racial and ethnic groups, so does the percentage of eligible families. So while 40% of all White and Asian families are eligible for the program, 82% of Latino, 78% of Black, and 69% of Other (including multiracial) families are eligible.

Under the legislative proposal, financial assistance would be provided to 128,500 families in the Commonwealth. And while this covers 20.6% of all families with children, it reaches 33% of Latino, Black, and Other families compared to 20% of Asian and 15% of all White families with age-eligible children.

Licensed Care and Education Usage

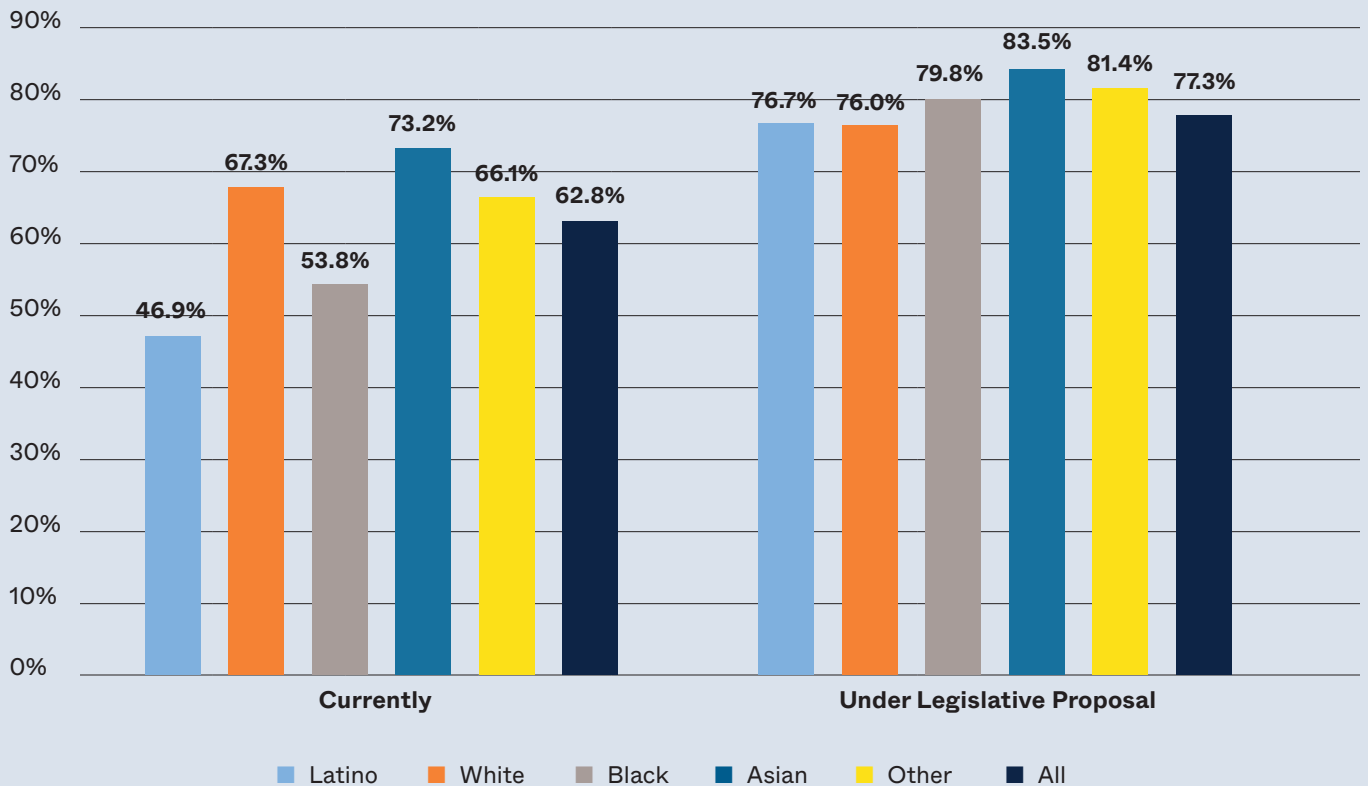
The figure below depicts the percent of children in nonparental care who use licensed care currently and under the legislative proposal for children not yet school aged.

Of all children younger than school age in nonparental care, currently 73% of Asian and 67% of White children are in licensed care compared to 54% of Black and 47% of Latino children. The largest gap—between Asian and Latino children—is 26 percentage points.

With the financial assistance in the legislative proposal, the percentage of children younger than school age (in any nonparental care) that would use licensed care increases for all groups, but especially for Black and Latino children—to 77% for Latino children and 80% for Black children. The largest gap is between Asian and White children at 7.5 percentage points.

The legislative proposal increases licensed care for children of all racial and ethnic groups and virtually eliminates racial/ethnic gaps, assuming an adequate supply of child care. Provided that parents can access education and care, the legislative proposal has an equalizing effect. Given the documented benefits of licensed care, this legislation has great potential to narrow existing racial and ethnic educational and economic gaps.

Percent of Children Younger than School-age in Nonparental Care that Use any Licensed Care Currently and under Legislative Proposal by Race/Ethnicity



Source: UMass Boston Early Ed CUSP (Cost and Usage Simulator Project) May 2024

Cost of Child Care and Early Education

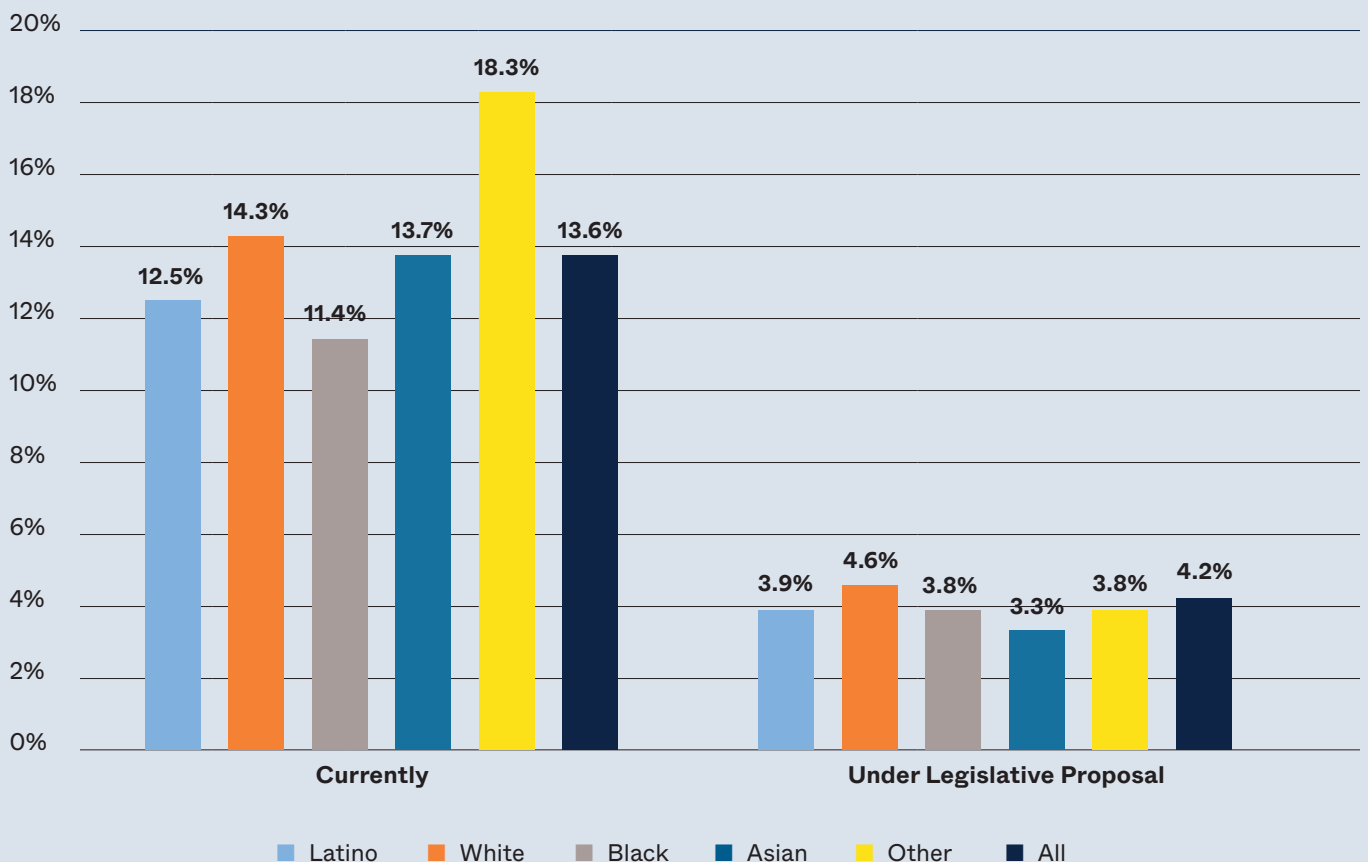
Currently, approximately 370,000 Massachusetts families (59.3% of all families) with a child under 14 (or 17 if a child has special needs) use nonparental care, with one-third paying for that care. For those families that do pay for care, the simulator estimates the average annual amount to be \$19,800 (in 2022 dollars). But the percentage of families paying for care and how much they pay vary considerably by race and ethnicity.

- 34% of Other, 36% of White, and 38% of Asian families pay for care compared to 23% of Latino and 26% of Black families. Of families with child care costs, on average, White families and Asian families currently spend just under \$20,500 annually compared to \$12,700 for Black families, \$13,700 for Latino families, and \$18,700 for Other families (in 2022 dollars). Not surprisingly, families with income at or below 85% of median state family income that pay for child care spend less ranging from \$14,300 for Other families to \$11,000 for Black families (in 2022 dollars).
- Under the legislation, the number of income-eligible families paying for care doubles, but the average cost for all income-eligible families paying for child care drops from \$13,200 to \$2,600.

Income-eligible families with a child younger than school age are paying close to 14% of their income toward child care costs, ranging from 18% for Other families to 11% for Black families.

- As depicted in the figure below, there would be a reduction in the percentage of family income going toward child care, ranging from 3.3% for Asian families, 3.8% for Black families, 3.9% for Latino families, and 4.6% for White families, indicating a decrease in racial and ethnic disparities in income going to care and education.

Child Care and Early Education Costs as Percent of Family Income for Families with Income up to 85% SMI with Child Younger than School-age by Race/Ethnicity, Currently and Under Legislative Proposal [S.301]



Parental Employment

- Employment rates for mothers of all racial and ethnic groups increase with the proposed legislation, with Latina and Other mothers seeing the largest increases.
- 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.
- Black mothers would experience the largest percentage increase in the number of hours worked (6.2%), followed by Latinas at 5.8% and 5.4% for Other mothers under the legislative proposal.
- Other and Latina mothers see the largest overall increase in total hours worked (at 7.0% and 6.8% respectively).

Equalizing Effect of Financial Assistance

The estimates presented in this brief suggest that financial assistance would go a long way in leveling the playing field of licensed care usage. Given the range of documented benefits of licensed care, the legislative proposal has the potential to make important strides in reducing racial inequalities currently prevalent in accessing quality child care and early education. However, to effectively address racial inequality in access to care and education, the care must be available and of equally high quality as that available to White children. Neither of these are directly addressed in the current Massachusetts legislation, making it vital for policymakers, advocates, and child care and early education administrators to take into account differential access and quality in the proposal's implementation.

Poverty Reduction

In terms of all eligible families, no matter the age of the child:

- Poverty rates differ substantially by race and ethnicity, with one-third of all Latino families living at incomes at or below the poverty income threshold, compared to just under 10% of White families.
- For families of all racial and ethnic groups, access to affordable quality child care and early education under the legislative proposal reduces family poverty rates by 1.3 percentage points to 14.1%, a 9.0 percent reduction in poverty.
- For Latino families there is a reduction of 2.9 percentage points; there is a decrease of 2.8 percentage points for Other families, and 1.7 percentage point reduction for Black families. White families would see a 0.9 percentage point decrease and Asian families a 1.5 percentage point decrease.

While the proposed legislation makes licensed care arrangements more affordable, it does not address the flexibility of arrangements, which may be crucial for single-parent families, parents in low-wage jobs which afford little control over work schedule, and/or parents without reliable transportation options, all factors that are disproportionately experienced by Black and Latino parents. Therefore, the Commonwealth will need to pay close attention to making sure that all families, especially those that are newly entering licensed care venues, are able to find quality care that meets the needs of their families. This will be important not only to increase licensed care utilization by children of color but also to make it possible for the other anticipated impacts cited in this brief, including increased parental employment and decreased poverty, to be experienced by Black and Latino families in Massachusetts.

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
<https://blogs.umb.edu/earlyed/2024/06/26/cusp/>