# Best Practices: Enhance Early Education and Care Benefits

Executive Office of Labor and Workforce Development, in collaboration with the Executive Office of Education

September 2025

## Purpose of the Report

This report satisfies the requirements set forth in the Fiscal Year (FY) 2025 Budget in Section 2, line item 3000-1049 and Section 183, that the Executive Office of Labor and

Workforce Development (EOLWD) and the Department of Early Education and Care (EEC) in consultation with the Executive Office of Economic Development (EOED), shall

a) conduct a study and make recommendations in a report to be filed with the clerks of the Senate and House of Representatives, the Senate and House Committees on Ways and Means and the Joint Committee on Education. The report requirement includes, but is not limited to:

- Identifying and promoting employer best practices.
- Exploring employer incentives to support additional early education and care benefits for their employees.
- Examining the availability of state partnerships with the business community to support employees who have young children.
- Exploring ways to improve collaboration across secretariats of state agencies to engage with the business community.
- Considering incentives or requirements for employers of a certain size or specific subgroups of employers to provide employer-supported early education and care benefits to employees.
- Considering the feasibility of assessing all or certain employers to fund expanded access to high quality, affordable early education and care. Prior to making its recommendations, the executive office of labor and workforce development shall meet with regionally-diverse stakeholders.

b) file a report on the pilot program with the clerks of the Senate and House Committees on Ways and Means, and the Joint Committee on Education. This report outlines progress made towards establishing the pilot program in FY25.

## Landscape – how child care impacts Massachusetts's workforce

In recent years, Massachusetts has experienced significant changes in its workforce—a trend shared by other states across the country. As described in the Healey-Driscoll Administration's Workforce Agenda (2024), "an increasingly mobile, remote, and hybrid workforce combined with accelerated technology, increased costs, downsized workplaces, shifts in downtown districts" and more factors have impacted the needs of both employers and workers in an ever-evolving and changing economic landscape. These factors have also directly impacted the early education and care sector; and in turn, child care availability and accessibility have also impacted Massachusetts' workforce participation.

Specifically, the administration's 2023 Economic Development Plan acknowledged how the COVID-19 pandemic changed not only the way we work but also gave light to workforce challenges and inequities that had existed long before, notably how caregiving demands significantly impact the workforce. Those in early education have long called the early education and care sector, "the workforce behind the workforce." For working parents to be able to fully participate in the workforce and achieve their family's economic goals, the early education and child care sector needs support, stability, and the ability to thrive. As described in the administration's Workforce Agenda, there are many critical "work supports" and infrastructure investments needed to attract and retain talent in Massachusetts. Affordable and accessible child care options remain critical elements for supporting workers, and in turn, driving productivity for employers and economic competitiveness in regions and industries across the Commonwealth. A 2022 report by the Massachusetts Taxpayers Foundation estimates a $2.7 billion annual loss for the Commonwealth due to inadequate child care options for working families. The annual estimated cost break down is as follows:

- 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.

The data also demonstrate that current child care challenges disproportionately impact women. In 2022, the labor force participation rate for mothers was 72.9% compared to 92.9% for fathers in the same year.[1]

Recognizing child care and other caregiving needs as a necessity among employers to attract, retain, and develop the workforce, employers are becoming increasingly involved in finding ways to support their employees specifically for accessing high quality, affordable child care for workers.

Several key business groups across the Commonwealth have made early education and care a core policy priority and have focused on child care as an imperative workforce and economic development issue. One example is the Massachusetts Business Coalition for Early Childhood Education, which was created in partnership with the Massachusetts Business Roundtable (MBR) and Eastern Bank Foundation in 2021 to establish a statewide coalition of CEOs and employer executives dedicated to making early childhood education more accessible, affordable, and stable for Massachusetts workers, more rewarding for early childhood professionals, and a valuable asset in attracting and retaining talent. Since

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[1] MTF, "The Untold Cost of Inadequate Child Care", April 2022, 4.

the coalition's launch, 85+ members have joined the coalition representing a range of industries and employers across Massachusetts.

## Employer Engagement, Research, and Learnings

In January 2024, Governor Healey signed Executive Order 625, which established an inter-agency task force to take a whole-of-government approach for Massachusetts to lead the nation with ensuring access to affordable, high quality child care. As part of the task force's series of listening sessions, members of the task force met with the business community to better understand the impact of child care on the workforce. In FY2025, task force representatives from the Executive Offices of Labor and Workforce Development (EOLWD) and Economic Development (EOED) and the Department of Early Education and Care (EEC) conducted an employer specific listening session, led focus groups, administered a survey, and met individually with regionally and industry diverse employers.

Participating groups included the Associated Industries of Massachusetts (AIM), Massachusetts Business Coalition for Early Childhood Education, Massachusetts Business Roundtable (MBR), Kendall Square Association, local regional chambers of commerce, and their respective members. The employer-specific listening session included 70 attendees who engaged in both a survey and live discussion. In total, this part of the task force's engagement reached more than 100 members of the business community throughout Massachusetts and across a diverse mix of industries and regions.

The primary questions addressed throughout the focus groups, survey, and individual conversations included:

1. How does access to high quality, affordable child care impact an employer's workforce? In what ways is an employer's ability to hire and retain employees impacted?
2. How are Massachusetts employers supporting employees as it relates to accessing high quality, affordable child care?
3. How might employers want to engage with the state in a public-private partnership to address access to high quality, affordable child care? Which incentives would be most compelling?
4. Recommendations: What recommendations do employers have for creating a sustainable early education and child care infrastructure that works for an employee population?

## 1. How does access to high quality, affordable child care impact an employer's workforce? In what ways is an employer's ability to hire and retain employees impacted?

Generally, employers expressed awareness that the lack of affordable or accessible quality child care creates challenges for their employees, but many employers are still struggling with a response to this need. Many employers shared experiences of seeing employees struggle with or leave the workforce altogether due to a lack of care options. The survey also indicated 17% of respondents do not yet understand employees' needs, illustrating an opportunity to increase understanding among employers on the specific needs of employees. This survey response was supported by individual conversations with employers as well.

In 2023, the Community Foundation of North Central Massachusetts in partnership with the United Way of North Central Massachusetts presented findings on employer sentiment as it relates to child care access in a report. According to this engagement, "Employers in the region painted a stark picture of how care challenges ripple into the workplace. Issues like absenteeism and turnover, particularly in industries such as healthcare, manufacturing, and education, were frequently linked to employees' struggles to secure care."[2]

As it relates to hiring and retention, the survey results showed that 60% of respondents experienced employee retention challenges related to child care. 90% of respondents stated that women have been most impacted by these challenges.

Challenges among small businesses are especially pronounced, and it can be much more difficult to find solutions given their size. Startups expressed similar challenges as they compete to attract a younger workforce.

## 2. How are Massachusetts employers supporting their employees as it relates to accessing high quality, affordable child care?

Reported employer-to-employee engagement varies depending on several factors: the employer itself and what resources they may or may not have available to address their workforce's child care challenges; region; industry; and general readiness level to engage.

Many employers reported engaging with employees by having one-on-one discussions, giving annual benefits presentations, having informal conversations, and by sending

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[2] Lea Ann Scales and Kat Deal, "A Pathway to Affordable Childcare to Support Families and Our Workforce", March 2025, 13.

surveys. Based on those learnings, some employers are offering benefits such as flexible schedules, back-up care, subsidized care, access to flexible spending accounts (FSAs), and even on-site care in some instances. Reported adoption of these benefits varied across employers, but the unifying thread was that employers wanted to engage in this area and better support parent and caregiver employees.

It is important to note that small businesses reported having difficulty offering support due to cost and lack of scalability, but could consider pooling resources or efforts across small business organizations for more viable child care support options.

Startups expressed a desire to provide some sort of child care benefit, but due to cost and their focus on survival as a new business, startups reported not knowing how or what to provide given the uncertainty of their businesses. However, what is certain is that they are competing fiercely for talent and that supporting young families is becoming increasingly important to the conversation.

Employers expressed some concerns about how to address child care supports equitably in companies that have a wide spectrum of individuals, families and role types. Additionally, as workforce demographics and trends have changed, employers have expressed difficulty keeping up with changing demands. For example, one large employer established an on-site child care center years ago that was very successful and worked well for working parents; however, following the COVID-19 pandemic, more employees are now staying home and this type of arrangement for an on-site center no longer meets their needs.

The following are examples of employers directly supporting the early education and child care workforce:

1. PNC Bank dedicated $500 million to support 9 million children nationally through programs such as Grow Up Great[3], backup child care and elder care, and Paid Family Medical Leave (PFML).
2. Seamen's Bank on Cape Cod partnered with Cape Cod Children's Place and the Wellfleet Senior Center to create the "Sea-babies" program, an early childhood education and care program for infants and toddlers, specifically those ages 0-3. Seamen's continues to help subsidize child care for their employees today.[4]
3. Citizens Bank created additional capacity in a public-private partnership pilot that trained and enabled 9 home-based providers in child care deserts to open and sustain their own programs.

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[3] PNC, "Grow Up Great", *PNC Corporate Responsibility,* URL.
[4] Sean Gonsalves, "Sea-babies program fills a void', *Cape Cod Times*, Feb 2006.

### 3. How might employers want to engage with the state in a public-private partnership to address access to high quality, affordable child care?

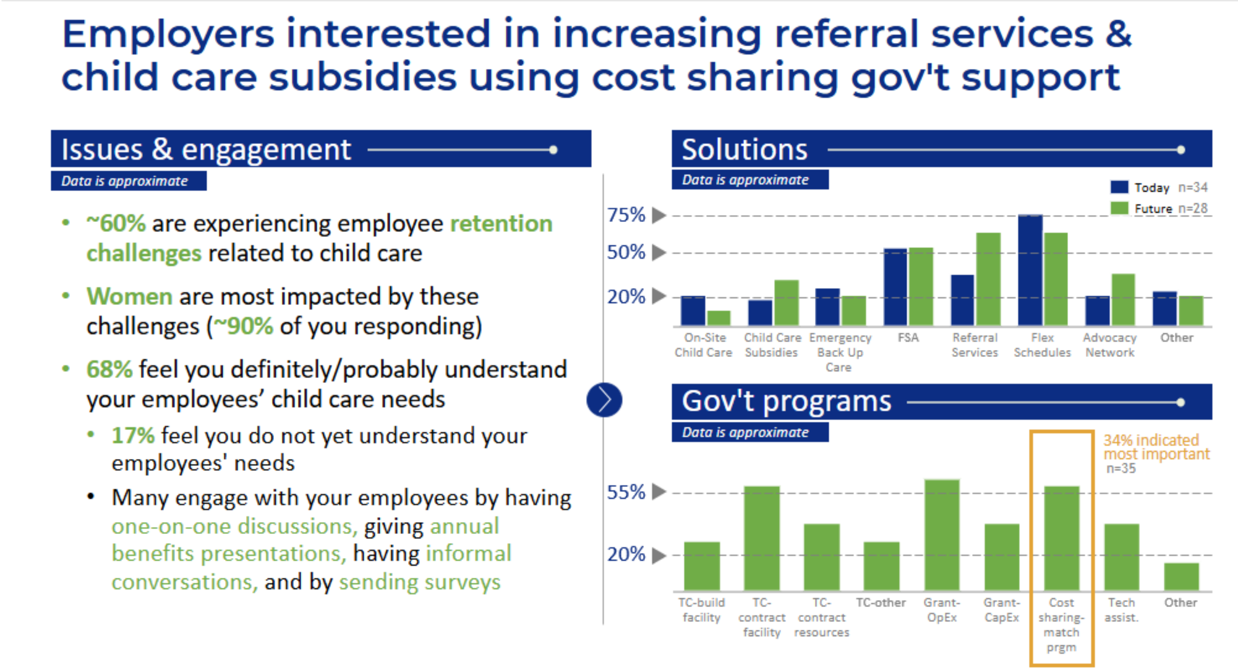
Employers who responded to the survey reported that they would be most interested in the following government programs as incentives for engaging with the state to address access to high quality, affordable child care. Respondents were able to select all that applied.

- Tax credits for contracting with qualified facility to provide child care: 59% responded in favor.
- Operational grants to providers (e.g. salaries, training): 63% responded in favor.
- Cost-sharing programs such as a matching grant pilot program in which an employer partners with the State and families to share the cost of child care: 59% responded in favor.

When asked, which of the options would be the *most* important, 34% responded favorably to the cost-sharing program, more than any other approach.

Through individual conversations, many employers who are already engaged in supporting employees with early education and child care expressed they would be most interested in taking advantage of a tax credit program to continue to expand their efforts. In contrast, for employers earlier in their journeys, a mix of grant opportunities to help offset upfront costs, tax credits, as well as technical assistance were raised as the most relevant programs to consider.

Participants in an employer listening session expressed a need for technical assistance and options for public-private partnerships for businesses to take advantage of in Massachusetts and emphasized that they would be excited to participate in a partnership program, if one existed.

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## 4. Recommendations: What recommendations do employers have for creating a sustainable early education and child care infrastructure that works for an employee population?

When asked about solutions, employers uniformly responded that greater access to affordable child care options is key. Several asked for low cost or free care for children ages 0-5, a system akin to the state's K-12 public school system.

Absent of an entirely subsidized early education and child care system, employers noted a solution that involves employers must be a win-win-win for the employer, employee, and the state. Business leaders want to engage, but there needs to also be a return on investment.

A notable response in the listening session called for solutions that are easy, accessible, and responsive to the specific needs of their workforce, acknowledging again that a one-size-fits all approach is not feasible. Several voiced a need for middle-class family support as this demographic does not currently have access to state subsidies and are struggling to stay in the workforce due to the high cost and lack of options for child care.

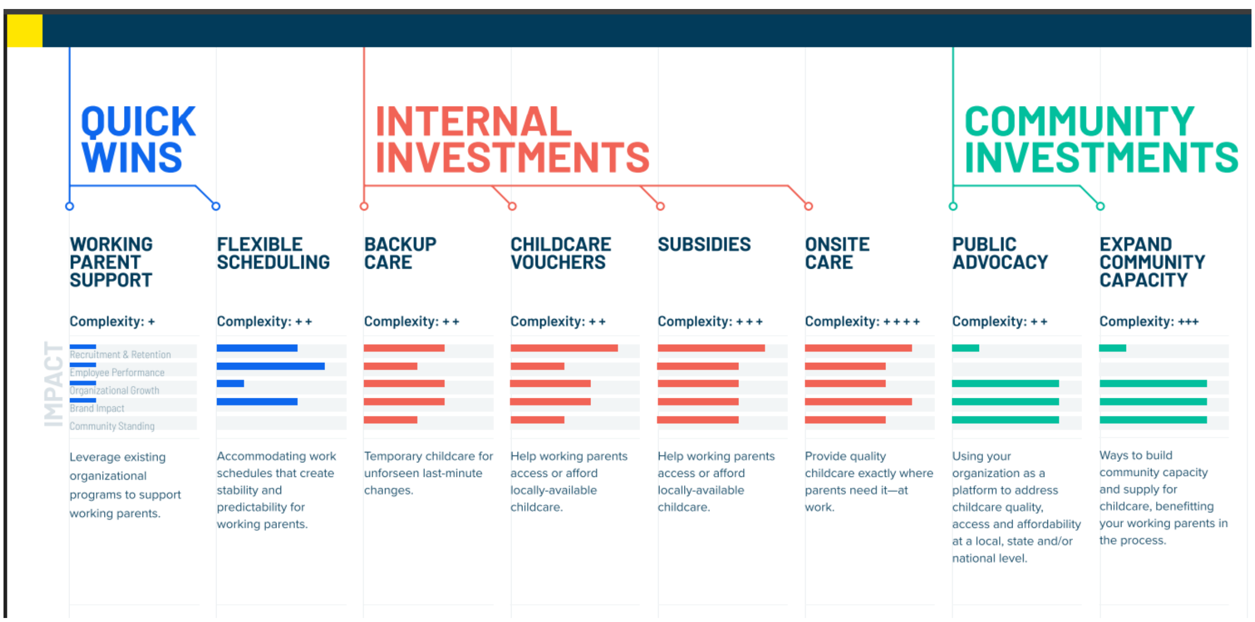
[5] The Boston Consulting Group, "Employer Listening Session", July 2024.

Some recognized the importance of supporting the early education workforce, recognizing educators are key in meeting needs of employees especially as workers face limited options with long waitlists and a lack of providers.

Finally, many voiced that changing the narrative to frame child care as a critical workforce and economic development issue is critical to engaging the business community in contributing time and funds to solutions.

There are also several recommendations to consider from published research and literature. In March 2022, the U.S. Chamber of Commerce published the Employer Roadmap: Childcare Solutions for Working Parents. The guide, intended for leadership teams of companies, lays out various solutions available to employers based on a complexity vs. feasibility framework. Regardless of the path an employer chooses to take, the place to begin is the same:

1. Understand the needs of your working parents.
2. Find your partners and learn the landscape.
3. Go for some quick wins and build on them.



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In Massachusetts, AIM has partnered with Best Place for Working Parents, to support employers based in the Commonwealth with their efforts to support working families. Their website provides a free 3-minute anonymous assessment to any Massachusetts-based

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[8] U.S. Chamber of Commerce, "Employer Roadmap: Childcare Solutions for Working Parents", *US Chamber Workforce,* March 2022, URL.

employer to determine if the company is among the Best Places for Working Parents. If so, the business is awarded an official Best Place for Working Parents designation, which they can use on all marketing materials to attract new employees. Additionally, the partnership provides a recommended guide for how to become a Best Place for Working Parents employer. This includes an overview of the top 10 policies that benefit families and have a positive impact on business. Those are[9]:

1. Company-paid health coverage
2. Paid time off
3. Parental leave
4. Nursing benefits
5. "Best Place" designation
6. Onsite child care
7. Child care assistance
8. Backup child care
9. Flexible hours
10. Working remotely

## Future Employer-Led Collaborations

EEC, in collaboration with EOED and EOLWD, will be testing and piloting ideas through the $2.5 million budget line item included in the FY25 Budget that calls for a competitive matching grant opportunity for an employer-supported pilot that addresses both affordability for families and capacity building for the early education and child care sector.

With this funding, the testing and piloting of innovative ideas will explore sustainable early education capacity building needed in the Commonwealth. The efforts generated through the pilot will be additive to and supplement the programs EEC already has available to address affordability and capacity building, such as Commonwealth Cares for Children (C3) and Child Care Financial Assistance (CCFA).

The goals for the pilot are as follows:

1. Incentivize employers to advance family-friendly policies for their working parent employees.
2. Expand access to affordable, high quality child care for working parents.
3. Expand capacity in the early education and child care sector.

[9] Associated Industries of Massachusetts, "The Best Place for Working Parents", *AIM,* URL.

This competitive matching grant opportunity will allow an employer or group of employers to compete for state funds that will support family-friendly policies within the workplace. Examples include:

1. Introducing flexible and predictable scheduling in a traditionally rigid workplace environment, such as a manufacturing facility or retail.
2. Partnering with a local child care center or family child care (FCC) provider to both add additional seats and subsidize the cost of those seats for a group of employees.
3. Building onsite child care for high demand, low wage employees.
4. Other innovative ways to support the parent employees supporting the need for a “no one size fits all” solution.

The pilot is being designed to be a “proof of concept” to test various public-private partnership models across different areas of the state.

In addition to providing a monetary grant, the Healey-Driscoll administration intends to provide grant awardees with research support to document findings and learnings as well as a Community of Practice in which grantees can learn from one another.

This pilot will also provide an opportunity to build upon the interagency work coming out of the Task Force and the ongoing collaborations between EEC, EOED, and EOLWD to engage employers effectively and ensure that the solutions for the pilot lead to positive economic outcomes for the Commonwealth.

On behalf of the Healey-Driscoll administration’s Interagency Task Force on Early Education and Child Care, EEC, EOED, and EOLWD look forward to the many learnings that will come from this pilot that will yield long-term, sustainable positive impacts on the early education and child care sector.