



**Greater Twin Cities
United Way**
gtcuw.org

March 8, 2021

Dear Members of the Minnesota House Early Childhood Finance and Policy Committee:

As you consider House File 1747, Greater Twin Cities United Way would like to provide its support to maintain federal conformity and increased funding for Minnesota's Child Care Assistance Program (CCAP).

At Greater Twin Cities United Way, we believe that when we prioritize our youngest neighbors, we ultimately invest in Minnesota's future economic prosperity. From our work that touches the lives of over 500,000 Minnesotans in the nine-county metro area and the 95 service organizations we support, we know that one of the biggest drivers of economic stability and overall well-being for families is their children's access to quality care, learning and socialization opportunities at an early age. To advance and align early childhood efforts across the state, Greater Twin Cities United Way also serves as the fiscal host for the Start Early Funders Coalition, which includes more than 20 funders across Minnesota.

Before the pandemic, Minnesota faced one of the most severe child care shortages in the nation, losing 12,000 net child care slots in recent years, causing parents to leave their jobs or reduce hours worked. In rural communities, some parents have reported having to drive an hour or more to find a provider. And, despite recent policy advancements, nearly 35,000 children in Minnesota still do not have access to high quality early care and education. These numbers are expected to grow as COVID-19 continues to strain child care providers that were already struggling. Increased safety expenses and lost revenue have increased early childhood program operating costs by as much as 47 percent in recent months.

The Child Care Assistance Program (CCAP) provides financial support for many of these families to pay for child care while they pursue employment or educational advancement. To date, CCAP benefits more than 30,000 Minnesotan children each month. However, Minnesota's CCAP reimbursement rates are set at the 25th percentile based upon the 2018 provider rate survey. Though this meets the minimum federal compliance standards, our state will fall out of compliance when the new provider rate survey is released in 2021. As a result, Minnesota will lose federal funds at a time when child care needs are already unmet.

There is much work to be done to address the growing need for affordable, quality child care and early learning opportunities for Minnesota's youngest children. We need to ensure that we hold on to our existing child care programs and providers, as well as expand access for low-wealth families and their children, whom are disproportionately impacted by the opportunity gap.

Ensuring sustained federal financial support by keeping CCAP in compliance, along with increased investment, will help meet the needs of families while also improving the stability of the early child care sector.

Thank you,

Kristen Rosenberger
Director, Advocacy & External Engagement
Greater Twin Cities United Way