



RE: HF2436

March 31, 2025

Dear Members of the House Children and Families Committee,

On behalf of the Minnesota Child Care Association (MCCA), I would like to communicate areas of support and concern in Governor Walz's budget bill HF2436.

Article 3, Section 2: We support the creation of an account in the Special Revenue Fund to offer greater flexibility and "smoothing" of payments to providers as we face an expected drop in Great Start Compensation Support Payment (GSCP) funding as one-time money expires this summer. Our main concern, however, is that this budget chooses to let funding for GSCP drop by roughly \$75 million this summer instead of seeking to extend the current level of funding as the new base amount. Early educators across the state are facing potential decreases in pay and benefits with this looming decrease, and we advocate for keeping GSCP funding levels at their current amounts going forward. When providers lose resources through the currently-planned drop in GSCP, they will have no choice but to pass those costs on to parents if they wish – need, in many cases – to continue currently supported levels of compensation, or risk losing staff and being less able to serve current numbers of children. Continuing current levels of funding for GSCP is a win for parents and a win for providers.

Article 3, Section 11: We support the elimination of the "schedule reporter" designation, a discriminatory practice that has been in Minnesota law for several years and which we have always opposed. The federal government has found Minnesota out of compliance with federal regulations in this area, and it is easy to see why. This designation targets low-income parents using CCAP and prevents them from getting some of the family-friendly changes put into federal law in 2014 simply because of their chosen profession in the child care field. All families using CCAP deserve to be treated the same in terms of length of authorizations, frequency in which they are required to report work schedule changes to counties, co-pay stability protection, continuation of CCAP for children during short breaks (such as when a parent is in school and has a week off of classes, or when a parent welcomes a new child into the family and uses a 6 week maternity leave), etc. These policies are better for parents and better for young children, and this change will ensure that ALL parents using CCAP are treated equally.

Article 4, Section 6: We support the inclusion of funding to create a statewide electronic attendance tracking system for CCAP. This will improve program integrity and help create the infrastructure needed for implementation of the Great Start Scholarship program, a program created by the legislature and scheduled to begin in 2028.

Article 4, Section 27, Subd.3: We oppose the cancellation of \$10 million previously appropriated to DCYF to the general fund. The Governor intends to move this \$10 million to support improvements to the Social Service Information System (SSIS). While we entirely agree that SSIS needs updates, the funding should not be poached from something previously agreed to by the legislature and intended to be used for very specific updates to our early childhood system. It was difficult to achieve the original appropriation of these funds and using them for a purpose other than originally intended will set Minnesota back in its ability to accomplish compliance with federal law and Minnesota's own legislatively-directed goals (intended updates would work in concert with the above-mentioned electronic tracking system to support program integrity and streamlined processes and public funding streams in advance of launching Great Start Scholarships).

General: We support the provisions throughout this bill that would bring Minnesota into compliance with current federal child care law, for which our state is currently operating under a waiver expiring in 2026. Items in this bill include limiting the co-payments of families using CCAP to 7% of their income, ensuring families have 12 month authorizations when a new child joins the family, and eliminating the schedule reporter designation.

Minnesota, however, is still far from being in full federal compliance, and other required provisions are not in this bill. They include paying providers prospectively (to match private pay family practices) and basing payment for children on enrollment vs. attendance. These are tremendous innovations for providers that will ease the current burdens of accepting CCAP funding, such as waiting weeks (sometimes months) to be reimbursed for services already provided, creating operational instability and payroll issues. These advances will improve provider stability and access to affordable child care to low-income families. We are disappointed not to see full federal compliance measures in the Governor's budget bill, knowing we have a short timeline to build infrastructure necessary to meet these requirements and protect federal Child Care and Development Fund resources, and that these items are also necessary to build Great Start Scholarships.

Another item of federal compliance needing a change in Minnesota statute allows lead agencies to pay eligible child care providers the established subsidy payment rate to account for the actual cost of care, even if that amount is greater than the price the provider charges parents who do not receive the subsidy. This advancement that will help stabilize providers immensely, and recognize the additional costs providers incur when serving families using public funding, and is not included in this bill.

We are well aware of the budget challenges facing Minnesota, and appreciate you taking our comments. We do not want to pull the rug out from under the child care field in the form of reducing compensation support funds or poaching funds already intended for specific upgrades necessary to implement federal and state child care law. We have made advances in recent years and need to keep this fragile progress moving forward for child care and the families who rely on it.

Sincerely,

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