

**Minnesota Department of Human Services**  
**FY 2010-2011 Governor's Recommended Supplemental Budget**  
**Children and Family Services**  
**Packet for the House Early Childhood Finance and Policy Division**

---

*Change Pages*

Reduce maximum rates in the child care assistance program by 5%.....	1
Reduce State funding for the basic sliding fee child assistance program by 5%.....	2
Capture one-time basic sliding fee underspending by refinancing temporary aid for needy families.....	3
Count Supplemental Security Income for the Minnesota Family Investment Program and the Child Care Assistance Program.....	4
Temporary aid for needy families refinancing to the general fund.....	6

*Fact Sheets*

Reduce Child Care Assistance Program .....	8
Include SSI and MSA benefits in determining MFIP eligibility.....	10

<b>Agency Name</b>	<b>Department of Human Services</b>
<b>Business Area</b>	<b>Children and Family Services</b>
<b>Change Item</b>	<b>Reduce Maximum Child Care Assistance Rates</b>

Fund	BACT	DESCRIPTION	FY 2010	FY 2011	FY 10-11	FY 2012	FY 2013	FY 12-13
		Reduce Maximum Rates in the Child Care Assistance Program (CCAP) by 5%	0	(1,929)	(1,929)	(8,973)	(8,921)	(17,894)
		Effective 3/1/2011, the maximum rates paid to providers under the CCAP would be reduced by 5%.						
		<b>GF TOTAL</b>	<b>0</b>	<b>(1,929)</b>	<b>(1,929)</b>	<b>(8,973)</b>	<b>(8,921)</b>	<b>(17,894)</b>
GF	22	MFIP/TY Child Care max rate reduction	0	(1,102)	(1,102)	(5,192)	(5,140)	(10,332)
GF	23	Basic Sliding Fee Child Care max rate reduction	0	(838)	(838)	(3,781)	(3,781)	(7,562)
GF	36	CFS Operations MAXIS	0	11	11	0	0	

<b>Description and Brief Background</b>	<p>Effective March 1, 2011 the Governor recommends a reduction of 5% in the maximum rates paid to child care providers under the Child Care Assistance Programs (CCAP).</p> <p>In the 2003 session maximum CCAP rates paid to providers were frozen at the level in place at that time. These maximum rates were first in effect July 1, 2002 and were based on market rate survey data from 2001.</p> <p>2005 rate changes were effective January 1, 2006. The maximum rates were set at the 75th percentile (or at the 100th percentile of center rates in some rural counties) of the rate data collected in the 2005 survey or at 1.75% times the July 1, 2005 maximum rates, whichever was less.</p> <p>Effective July 1, 2006, maximum rates paid to providers were increased by 6%. These rates remain in effect today.</p> <p>This proposal would reduce the maximum rates paid to child care providers under the child care assistance program by 5%.</p> <p>Based on DHS 2008 rate survey data, 48.4 % of family child care rates and 38.8 % of center rates reported were covered by the current maximum rates. Because 2001 data has been used as the basis for all rate adjustments since 2002, changes in the child care market are not reflected in many counties, resulting in uneven access levels around the state. Some counties have significantly lower access levels than the statewide averages reflect. While updated percentages based on the most current survey data (2009) and current maximum rates are not yet available, access levels are likely to decrease further.</p> <p>This proposal interacts with the proposal to reduce state funding for the Basic Sliding Fee child care assistance program.</p> <p>Statutory Change: 119B.13</p>
---	--

<b>Agency Name</b>	<b>Department of Human Services</b>
<b>Business Area</b>	<b>Children and Family Services</b>
<b>Change Item</b>	<b>Reduce State funding for the basic sliding fee child assistance program (CCAP) by 5%</b>

Fund	BACT	DESCRIPTION	FY 2010	FY 2011	FY 10-11	FY 2012	FY 2013	FY 12-13
		<b>Reduce State Funding for the Basic Sliding Fee Child Assistance Program (CCAP) by 5%</b>	<b>0</b>	<b>(4,557)</b>	<b>(4,557)</b>	<b>(4,123)</b>	<b>(4,185)</b>	<b>(8,308)</b>
		Beginning July 1, 2010, state funding for BSF would be reduced by 5% of the annual state and federal funding base. Approximately 470 fewer families would be served each year beginning in 2011. This proposal interacts with the proposal to reduce maximum child care rates; the interactions are reflected in the savings calculations here.						
		<b>GF TOTAL</b>	<b>0</b>	<b>(4,557)</b>	<b>(4,557)</b>	<b>(4,123)</b>	<b>(4,185)</b>	<b>(8,308)</b>
GF	22	MFIP/TY Child Care cost of extending stay on TY	0	415	415	489	427	916
GF	23	Basic Sliding Fee Child Care 2% reduction	0	(4,972)	(4,972)	(4,612)	(4,612)	(9,224)

<b>Description and Brief Background</b>	<p>Effective July 1, 2010, the Governor recommends state funding for the Basic Sliding Fee (BSF) Child Care Assistance Program (CCAP) be reduced by 5% of the annual state and federal funding base.</p> <p>The Basic Sliding Fee (BSF) Program serves families who are low income (less than 67% SMI), working and/or in school and who do not receive MFIP. Counties receive BSF allocations on a calendar year basis, based on available state and federal dollars.</p> <p>BSF is funded with a combination of state, federal Child Care and Development Funds (CCDF), a transfer of funds from the Temporary Assistance for Needy Families (TANF) block grant and county funds.</p> <p>Beginning July 1, 2010, state funding for BSF would be reduced by 5% of the annual state and federal funding base. Approximately 470 fewer families would be served each year beginning in 2011. This proposal interacts with the proposal to reduce maximum child care rates; the interactions are reflected in the savings calculations here.</p> <p>Statutory Change: Rider</p>
---	---

<b>Agency Name</b>	<b>Department of Human Services</b>
<b>Business Area</b>	<b>Children and Family Services</b>
<b>Change Item</b>	<b>Reduce Funding for Basic Sliding Fee Child Care Assistance</b>

Fund	BACT	DESCRIPTION	FY 2010	FY 2011	FY 10-11	FY 2012	FY 2013	FY 12-13
		<b>Capture one-time BSF underspending by refinancing TANF</b>	(5,000)	0	(5,000)	0	0	0
		This proposal captures \$5 million of unspent calendar year 2009 funds in the BSF Child Care Assistance Program and refinances them to achieve general fund savings. Approximately 470 fewer families would be served under this reduction.				0	0	0
		<b>TANF TOTAL</b>	(5,000)	0	(5,000)	0	0	0
GF	22	MFIP/TY Child Care -Cost to be determined	0	0	0	0	0	0
TANF	15	TANF Basic Sliding Fee Child Care saving	(5,000)	0	(5,000)	0	0	0

<b>Description and Brief Background</b>	<p>The Governor recommends that \$5 million in Temporary Assistance for Needy Families (TANF) under-spending in the Basic Sliding Fee (BSF) Child Care Assistance Program (CCAP) in calendar year 2009 be refinanced for one-time general fund savings.</p> <p>The Basic Sliding Fee (BSF) Program serves families who are low income (less than 67% SMI), working and/or in school and who do not receive MFIP. Counties receive BSF allocations on a calendar year basis, based on available state and federal dollars.</p> <p>In CY2009, counties did not spend the full BSF amounts allocated. Allocations include a combination of state and federal funds, including a transfer of TANF funding. Under current law, unexpended funds are carried forward to the second year and added to calendar year allocations.</p> <p>This proposal captures \$5 million of unspent calendar year 2009 TANF funds and refinances those to the general fund. TANF funding in FY 2010 would be reduced, and the savings refinanced in FY 2011.</p> <p>Approximately 470 fewer families will be served under the BSF program under this proposal.</p> <p>Statutory Change: Rider</p>
---	--

<b>Agency Name</b>	<b>Department of Human Services</b>
<b>Business Area</b>	<b>Children and Family Services</b>
<b>Change Item</b>	<b>Count SSI Income for MFIP and Child Care Assistance</b>

Fund	BACT	DESCRIPTION	FY 2010	FY 2011	FY 10-11	FY 2012	FY 2013	FY 12-13
		<b>Count SSI Income for MFIP and Child Care Assistance Programs</b>	<b>0</b>	<b>(21,464)</b>	<b>(21,464)</b>	<b>(33,544)</b>	<b>(33,397)</b>	<b>(66,941)</b>
		Effective 11/1/2010, SSI recipients would be included in the MFIP grant and would have their SSI and MSA income counted when determining the MFIP benefit. Effective 3/1/2011 SSI income would also be counted toward child care assistance. The TANF savings generated will be refinanced to the General Fund. This change will move approximately 4,000 MFIP cases from cash and food benefits to food-only benefits and will result in about 500 cases being closed from the MFIP program. Impact on the child care assistance programs will be higher copayments for about 450 MFIP/TY cases and 350 BSF cases. In 2012-2013, it is estimated that there would be about 60-100 fewer average monthly cases receiving MFIP/TY and BSF.						
		<b>GF TOTAL</b>	<b>0</b>	<b>(116)</b>	<b>(116)</b>	<b>(1,506)</b>	<b>(1,918)</b>	<b>(3,424)</b>
		<b>TANF TOTAL</b>	<b>0</b>	<b>(21,348)</b>	<b>(21,348)</b>	<b>(32,038)</b>	<b>(31,479)</b>	<b>(63,517)</b>
TANF	20	MFIP/DWP Grants	0	(21,348)	(21,348)	(32,038)	(31,479)	(63,517)
GF	22	MFIP/TY Child Care - MFIP cash effect	0	(102)	(102)	(408)	(470)	(878)
GF	22	MFIP/TY Child Care	0	(25)	(25)	(313)	(412)	(725)
GF	23	BSF Child Care	0	(66)	(66)	(785)	(1,036)	(1,821)
GF	36	MAXIS	0	77	77	0	0	0

<b>Description and Brief Background</b>	<p>The Governor recommends that Supplemental Security Income (SSI) and Minnesota Supplemental Aid (MSA) benefits be counted when determining eligibility for the Minnesota Family Investment Program (MFIP) and that SSI income be counted when determining eligibility for the Child Care Assistance Programs (CCAP).</p> <p>Some MFIP households include members who receive SSI or SSI and MSA. Under current law, these members do not receive MFIP assistance and their SSI and MSA income and their assets are excluded when determining the MFIP benefits. Prior to FY 2004, no SSI benefits were counted as unearned income when determining the MFIP benefit. The 2003 legislature changed this provision to require that up to \$125 of SSI be counted when determining the MFIP benefit. The 2007 Legislature repealed this provision effective February 1, 2008.</p> <p>SSI income is currently excluded as income when determining eligibility under both the MFIP/TY and Basic Sliding Fee (BSF) Child Care Assistance programs,</p> <p>Effective November 1, 2010, this proposal would add family members, both adults and children, who receive SSI benefits to the MFIP household and count their SSI and MSA income and their assets. The SSI and MSA income would be counted in the same way other unearned income such</p>
---	--

	<p>as Retirement, Survivors, and Disability Insurance (RSDI) benefits are currently handled under the MFIP program. Affected cases would be those in which the SSI recipient is a mandatory assistance unit member and is MFIP ineligible solely due to their status as an SSI recipient. The SSI income and assets of optional relative caregivers would also be counted if they chose to be included in the MFIP assistance unit.</p> <p>Effective March 1, 2011, SSI income would be considered unearned income when determining eligibility for the child care assistance programs. This proposal would reduce the number of families eligible for CCAP and would increase copayments for some families.</p> <p>This change would simplify administration of programs by treating SSI and MSA income the same for MFIP and Child Care and would align with how SSI income is currently handled under the Supplemental Nutrition Assistance Program (SNAP). This also increases equity in the programs by treating all unearned income in the same manner.</p> <p>To achieve general fund savings, TANF would be refinanced in the Working Family Credit in FY 2011 and through MFIP Cash Assistance in FYs 2012 - 2013.</p> <p>This change will move approximately 4,000 MFIP cases from cash and food benefits to food-only benefits and will result in about 500 cases being closed from the MFIP program. Impact on the child care programs will be higher co-payments for about 450 MFIP/TY cases and 350 BSF cases. In 2012 – 2013 It is estimated that there would be about 60 - 100 fewer average monthly cases receiving MFIP/TY and BSF.</p> <p>Statutory Change: 256J, 119B.011</p>
--	---

<b>Agency Name</b>	<b>Department of Human Services</b>
<b>Business Area</b>	<b>Children and Family Services</b>
<b>Change Item</b>	<b>TANF Refinancing to the General Fund</b>

Fund	BACT	DESCRIPTION	FY 2010	FY 2011	FY 10-11	FY 2012	FY 2013	FY 12-13
		TANF Refinancing to General Fund	0	0	0	0	0	0
		TANF Refinancing to various general fund budget programs						
		<b>GF TOTAL</b>	<b>(5,172)</b>	<b>(49,580)</b>	<b>(54,752)</b>	<b>(32,270)</b>	<b>(31,711)</b>	<b>(63,981)</b>
		<b>TANF TOTAL</b>	<b>5,172</b>	<b>49,580</b>	<b>54,752</b>	<b>32,270</b>	<b>31,711</b>	<b>63,981</b>
TANF	15	SSI Eligibility TANF Refinance	0	21,348	21,348	32,038	31,479	63,517
TANF	15	Basic Sliding Fee Child Care refinance	5,000	0	5,000	0	0	0
TANF	15	Working Family Credit (WFC) Payment to Dept. of Revenue GF	0	28,000	28,000	0	0	0
TANF	35	TANF Administration	172	232	404	232	232	464
GF	20	MFIP DWP Grants	0	(21,348)	(21,348)	(27,038)	(26,479)	(53,517)
GF	22	MFIP Child Care Grants	0	0	0	(5,000)	(5,000)	(10,000)
GF	23	TANF refinance of BSF balance	(5,000)	0	(5,000)	0	0	0
GF REV2		Working Family Credit; DHS Transfer to Dept. of Revenue	0	(28,000)	(28,000)	0	0	0
GF	35	TANF refinance of Administrative saving	(172)	(232)	(404)	(232)	(232)	(464)

<b>Description and Brief Background</b>	<p>The Governor recommends refinancing general fund spending with federal Temporary Assistance for Needy Families (TANF) funds in 2011 by transferring a corresponding amount of TANF funds to offset costs of tax credit programs for low income families, and to reduce general fund spending in the Minnesota Family Investment Program (MFIP) and the MFIP/Transition Year Child Care Assistance Program (MFIP/TY CCAP) in fiscal year 2012 and 2013.</p> <p>In 2011, \$49 million in TANF revenues, including \$28 million in one-time revenues earned through TANF Emergency Funds would be used to offset general fund costs related to the Working Family Credit. These revenues are available through TANF ARRA and are earned based on increases in expenditures made in the tax credit programs.</p> <p>In 2012 and 2013, the general fund appropriations for the MFIP and MFIP/TY CCAP programs would be reduced to achieve the general fund savings resulting from the program changes in this budget. TANF transfers would be made to the MFIP/TY CCAP program to offset the general fund reduction.</p> <p>Federal TANF law requires that states maintain a certain level of non-federal spending on related activities; this is referred to as TANF maintenance of effort (MOE). Sources of MOE are limited by law and include MFIP cash assistance, child care assistance, state and county administration, qualifying working family credit expenditures and several other smaller programs.</p> <p>The reductions in general fund spending for MFIP and MFIP/TY CCAP will need to be replaced by other eligible MOE spending. To meet TANF MOE requirements, this proposal would amend state law to increase the use of the Working Family Credit as a source of MOE. These are</p>
---	--

	<p>existing state expenditures.</p> <p>This refinancing proposal would not alter the forecasted nature of, nor eligibility criteria for MFIP or MFIP/TY CCAP. Program recipients would not be affected by this change in financing.</p> <p>Statutory Change: Rider</p>
--	--





## **Reduce Child Care Assistance Program**

### **Issue:**

Minnesota is facing a \$1.2 billion budget shortfall for the fiscal year (FY) 2010-2011 biennium. This is one of several human services proposals that reduce projected spending to help balance the budget.

### **Proposal:**

- **Child Care Assistance Program rate reduction**  
The governor's budget proposal reduces the maximum rates paid to child care providers under the Child Care Assistance Program by 5 percent, effective March 1, 2011.
- **Basic Sliding Fee Child Care base funding reduction**  
The governor's budget proposal reduces state funding for BSF Child Care Assistance Program by 5 percent of the annual state and federal funding base, beginning July 1, 2010.
- **Basic Sliding Fee Child Care one-time savings of unspent funds**  
The governor's budget proposal recommends that \$5 million in Temporary Assistance for Needy Families (TANF) underspending in the Basic Sliding Fee Child Care Assistance Program in 2009 be used for one-time General Fund savings. TANF funding in FY 2010 would be reduced, and the savings refinanced in FY 2011.

### **Fiscal impact:**

#### **Child Care Assistance Program rate reduction**

- FY: 2010: \$0
- FY: 2011: \$1.93 million

#### **Basic Sliding Fee Child Care base funding reduction**

This proposal interacts with the proposal to reduce maximum child care rates; the interactions are reflected in the savings calculations here.

- FY: 2010: \$0
- FY: 2011: \$4.56 million

#### **Basic Sliding Fee Child Care one-time savings on unspent funds**

- FY: 2010: \$5 million
- FY: 2011: \$0

### **Number of people affected:**

- **Child Care Assistance Program rate reduction:** 29,900 children receive Child Care Assistance Program services in an average month.
- **Basic Sliding Fee Child Care base funding reduction:** Approximately 470 fewer families would be served each year beginning in 2011.
- **Basic Sliding Fee Child Care one-time savings on unspent funds:** Approximately 470 fewer families would be served under the BSF program under this proposal.

**Related information:**

- Supplemental budget information for human services: [www.dhs.state.mn.us](http://www.dhs.state.mn.us)
- Child Care Assistance: Facts and figures:  
<http://edocs.dhs.state.mn.us/lfservlet/legacy/DHS-4745-ENG>
- Child Care Assistance Web page with Basic Sliding Fee information:  
[http://www.dhs.state.mn.us/id\\_008688](http://www.dhs.state.mn.us/id_008688)

*DHS Communications: February 2010*



## **Include SSI and MSA benefits in determining MFIP eligibility**

### **Issue:**

- Minnesota is facing a \$1.2 billion budget shortfall for the fiscal year (FY) 2010-2011 biennium. This is one of several human services proposals that reduce projected spending in order to help balance the budget.
- Some Minnesota Family Investment Program (MFIP) households include members who receive Supplemental Security Income (SSI) and Minnesota Supplemental Aid (MSA).
- Under current law, these clients do not receive MFIP, and their SSI and MSA income and assets are excluded when determining the MFIP benefits for other members of the household.
- SSI income is currently excluded as income when determining eligibility under both the MFIP/Transition Year and Basic Sliding Fee Child Care Assistance programs.

### **Proposal:**

The governor's budget proposal counts SSI and MSA as unearned income when determining benefits for MFIP clients, and counts SSI as unearned income when determining eligibility for the Child Care Assistance Program. (MSA benefits are already considered.) This includes:

- Adding family members, both adults and children, who receive SSI benefits to the MFIP household, and counting their SSI and MSA income and assets, effective Nov. 1, 2010.
- Counting SSI and MSA income in the same way other unearned income, such as Retirement, Survivors, Disability Insurance benefits, is currently handled under the MFIP program.

### **Rationale:**

This proposal would:

- Simplify administration of programs by treating SSI and MSA income the same for MFIP and the Child Care Assistance Program, and align with how SSI income is currently handled under the federal Supplemental Nutrition Assistance Program (SNAP), also known as Food Support.
- Increases equity in the programs by treating all unearned income in the same manner.
- Provide savings to help balance the state budget.

### **Fiscal impact:**

- FY: 2010: \$0
- FY: 2011: \$21.46 million

### **Number of people affected:**

- Approximately 4,000 MFIP cases would lose cash benefits but continue to receive food benefits.
- Approximately 500 MFIP cases would be closed.
- Approximately 450 MFIP/Transition Year (TY) cases and 350 Basic Sliding Fee (BSF) child care cases would have higher child care co-payments.

- Approximately 60 to 100 fewer average monthly cases would receive MFIP/TY and BSF in 2012-2013.

**Related information:**

- Supplemental budget information for human services: [www.dhs.state.mn.us](http://www.dhs.state.mn.us)
- Welfare in Minnesota: Facts and figures:  
<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4737-ENG>
- Child Care Assistance: Facts and figures:  
<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4745-ENG>
- Minnesota Supplemental Aid Web page: [http://www.dhs.state.mn.us/id\\_004114](http://www.dhs.state.mn.us/id_004114)
- Basic Sliding Fee Child Care Assistance Web page: [http://www.dhs.state.mn.us/id\\_008690](http://www.dhs.state.mn.us/id_008690)

*DHS Communications: February 2010*

