



May 8, 2021

RE: Child Care Assistance Provisions in Conference

Dear Health and Human Service Conferees,

On behalf of the Minnesota Child Care Association (MCCA) we are pleased to offer thoughts on the Child Care Assistance proposals currently in conference committee. Below are items of significant importance to our Association and its members, and that we believe are necessary for the benefit of children, their families, and the child care professionals who support them. COVID-19 has shown us the critical nature of child care, and we must take steps not only to ensure the field survives the pandemic but is strengthened for the good of all our state. We all benefit from child care whether we use it as individuals or not – we are the workforce behind the workforce.

Child Care Assistance Program (CCAP)

Investment

Minnesota was long one of few states still out of compliance with 2014 federal law governing the Child Care and Development Block Grant (CCDBG), and came into only minimum compliance in September 2020. Unfortunately that compliance was only temporary, and will expire again in September 2021 without legislative action on CCAP reimbursement rates. Reimbursement rates impact both center and family child care providers in all counties of the state, and have a direct impact on provider supply, family choice, and child care provider compensation. The federal recommendation is to set them at the 75th percentile of the most recent Market Rate Survey.

Maintain and improve upon minimal federal compliance by moving CCAP rates to the 50th percentile (House Article 9, Section 6).

We are pleased to see the Senate proposal allocating CCDBG funds to Basic Sliding Fee (BSF) CCAP, a move that would fund waiting lists. We support this move but only *after* the wait list reprioritization described in the following section. Unless that reform is complete before additional funds are put into BSF those funds will not go nearly as far in meeting the Senate's goal of serving new families. We do not want to see a good investment in BSF go to waste – without wait list reprioritization that investment will go to fund many families *already* receiving CCAP through the Minnesota Family Investment Program (MFIP) instead of helping eligible families currently on wait lists.

Add additional funding to BSF CCAP to address wait lists AFTER those lists are reprioritized (Senate Article 10, Section 5 and House Article 9, Section 1).

Reform

For too long families eligible for CCAP have been told that no help is available and wait lists are sometimes as long as two years. Two years is half a young child's life, and an incredible missed opportunity in brain development, not to mention the missed opportunity of having that parent in the workforce. Part of the

answer lies in funding for CCAP, but a surprisingly large part of the issue lies in the way Basic Sliding Fee (BSF) CCAP's wait lists are prioritized in statute.

A family accessing MFIP qualifies for and receives CCAP support immediately, as this portion of the program is forecasted. A low-income family not accessing MFIP but still eligible for BSF CCAP is often placed on a waiting list. Due to current statutory wait list priorities families already receiving MFIP CCAP are prioritized ahead of most others – so these families already benefitting from CCAP continue receiving it, and are simply moved from one funding stream (the forecasted one) to the other (the capped BSF allocation). As there is a consistent flow of families transitioning off of MFIP, these families take the place of others already on the BSF wait list. It's as though BSF families are waiting in line while unbeknownst to them others keep entering the line ahead of them.

A reform championed by counties feeling the negative effects of this policy (BSF families languishing on wait lists while MFIP families are moved ahead of them) would solve this issue: reprioritize the BSF wait list so that MFIP families are moved behind general income-eligible BSF families. No family is harmed by this change – families already receiving MFIP CCAP will remain in the forecasted program for longer, with no interruption to their child care services, and be shifted to the BSF funding stream when space is available. Families on the BSF wait list will be served sooner. This reprioritization will have the effect of more efficiently using BSF dollars and getting the maximum number of families served as possible at any given time.

There is a cost to having MFIP families remain on the forecasted side of CCAP for longer, though we believe that the recent federal increase to mandatory child care entitlement funding (which appears permanent, unlike other American Rescue Plan Act funds) would be a prudent way to finance this change.

Reprioritize BSF CCAP wait list to serve eligible families more quickly (House Article 9, Section 1).

The federal government has consistently raised ongoing CCDBG funding in every year since 2017. Unlike many states where CCAP rates are changed administratively, Minnesota's rates are in statute. This can significantly slow the process of deploying available federal funding. In fact, up until September 2020 only Arkansas had not changed its reimbursement rates for as long as Minnesota. If this function is transferred to the Commissioner of Human Services (with appropriate guardrails), future federal funding can be operationalized more quickly, and the legislature can maintain its CCAP oversight authority without having to affirmatively ensure ongoing federal compliance.

Transfer rate-setting function to Commissioner of Human Services within available federal CCDBG allocation (House Article 9, Section 6).

We are grateful to have such attention on the issue of child care. Our board and statewide network of providers is available for questions or assistance as you work through the reconciliation process. Together we can pursue both necessary reforms and necessary investment in this field. Our current and future community and economy are depending on us.

In Partnership,

Clare Sanford
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