

5/2/2023

To: Chair Wiklund and Chair Liebling and members of the Health and Human Services Conference Committee

RE: Child Care Provider Retention Payments

Our organizations represent nonprofit, faith, childcare, and business advocates in the early childhood care and education community. We want to thank both the Senate and the House for putting together this omnibus budget bill with significant investments for early childhood and childcare. We especially applaud the creation of a new Department for Children, Youth, and Families.

This new department represents a foundational step in prioritizing key programs in DHS, MDE and other agencies – especially in the areas of early care and education. In addition, this bill raises the Childcare Assistance Reimbursement rate to the 75th percentile, a long over-due investment for this program that provides access to childcare for thousands of low-income families.

However, despite these important investments, we are alarmed by the funding amount for Child Care Provider Retention Payments. The governor proposed \$280 million in the first biennium and \$331 million in the tails for this program and neither the house nor senate match this position. Monthly stabilization payments, the precursor initiative to the retention payment program, have recently been cut in half and providers are feeling the effects. The median wage of childcare workers still hovers around \$13.00 an hour, and underfunding retention payments would exacerbate this crisis.

If cuts to these payments remain permanent, childcare teachers, staff, and the families they support will suffer. Providers will be forced to cut compensation for their teachers and staff, or raise rates significantly for families, both untenable options.

We urge conferees to help ensure these essential workers do not see a pay cut when this new retention payment program is implemented.

ISAIAH / Kids Count on Us

Greater Twin Cities United Way

West Central Initiative

Think Small

Bethesda All Stars

The Sheltering Arms Foundation

Minnesota Child Care Association

New Horizon Academy

The Family Partnership

Trinity Lutheran Church Preschool

Montessori Center of Minnesota

Jewish Family and Children's Service of
Minneapolis

YMCA of the North

Doctors for Early Childhood

People Serving People

YMCA Early Childhood Learning Centers

Montessori American Indian Childcare
Center

MN Community Education Association

Start Early Funders Coalition

All Nations Rise

People Serving People

Little Learners Academy LLC

First Children's Finance

Minnesota's Prenatal to Three Coalition

Bloom Early Learning and Child Care

ABC123 Child Enrichment Center

Center for Inclusive Child Care