

Subject Increasing child care assistance rates

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Overview

The child care assistance program (CCAP) is a federal-state program that subsidizes the child care expenses of eligible low-income families while parents are working or participating in a training or education activity. Under current law, the maximum CCAP rates are set at the 40th percentile of the 2021 child care provider rate survey for infants and toddlers and the 30th percentile of the 2021 survey for preschool and school-age children. Beginning in 2025, the rates will be based on the 2024 child care provider rate survey.

The bill increases the maximum rates for all CCAP-eligible children to the 75th percentile of the most recent child care provider rate survey. Modifying current law to provide that the rates are based on the “most recent” survey, rather than a survey year, means that the rates will automatically update every three years, as the Department of Human Services is required by statute to conduct the survey every three years.

The bill also adds language to statute to clarify that while child care providers who receive CCAP payments are prohibited from charging CCAP recipients higher rates than they charge private, full-paying clients, child care providers are allowed to offer discounts, scholarships, and other financial assistance to any clients.

Summary

Section	Description
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1	Subsidy restrictions.
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	Amends § 119B.13, subdivision 1. Increases maximum CCAP rates paid to child care providers and the maximum registration fee paid under the program to the 75th percentile of the most recent child care provider rate survey.
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This section is effective the day following final enactment.

Section	Description
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2	Rates charged to publicly subsidized families.
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Amends § 119B.13, subdivision 4. Clarifies that child care providers receiving CCAP payments are not prohibited from providing discounts, scholarships, or other financial assistance to any clients.

This section is effective the day following final enactment.



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