

**Change Item Title: Increase Access to Quality Care for Children with High Needs**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Fund				
Expenditures	6,985	13,230	15,176	15,574
Revenues	0	0	0	0
<b>Net Fiscal Impact = (Expenditures – Revenues)</b>	<b>6,985</b>	<b>13,230</b>	<b>15,176</b>	<b>15,574</b>

**Recommendation:**

The Governor recommends investing \$20.2 million in the 2014-15 biennium in the Child Care Assistance Program (CCAP) to increase access to quality child care for children with high needs by simplifying maximum rates and setting higher maximum rates for some providers, paying higher rates to providers who achieve a 3- or 4-star Parent Aware rating, ensuring that teen parents who are in high school or pursuing a General Equivalency Diploma receive child care supports, increasing continuity of care by allowing a reinstatement period for families served under the Basic Sliding Fee program, and allowing children to remain in quality care regardless of some changes in their parents’ schedules. Also included are changes that strengthen program integrity measures.

**Rationale/Background:**

Increased access to quality child care means children arrive for kindergarten prepared to learn, and low-income parents have a safe and stable environment for their children while they work or pursue work. These changes increase parents’ ability to choose a high quality provider and allow providers to offer higher quality child care. The policies support continuity of care for low-income children and ensure funds are directed to eligible families and providers.

**Proposal:**

Changes to CCAP include: 1) simplify maximum rates and set higher rates for some providers. Rates will be set at the greater of the 25th percentile or current maximums; 2) increase access to high quality care by including 3- and 4-star Parent Aware ratings as a measure of quality recognized by up to a 15% higher rate for 3-star and up to a 20% higher rate for 4-star programs; 3) serve families headed by a teen parent who does not receive Minnesota Family Investment Program (MFIP) benefits, under MFIP CCAP rather than Basic Sliding Fee (BSF) if a BSF waiting list exists in their county; 4) increase continuity of care by allowing a 30-day reinstatement period for families served by the BSF program and allow children to remain in high quality care regardless of some changes in parents’ schedules; and 6) strengthen program integrity by aligning disqualification periods, and refusing authorizations for up to three months to a provider in violation of licensing or CCAP rules.

Under these proposals, by 2017, 2,100 children on the program will receive care from providers participating in Parent Aware; and 520 children in 2017 in the Child Care Assistance Program will be able to remain in high quality care regardless of changes in their parents’ schedules; and 30 Basic Sliding Fee cases a month will remain open under the 30-day reinstatement change.

**Performance Measures:**

By setting higher maximum rates, families’ access to child care will improve. Access is defined as the percent of provider rates that are fully covered by CCAP maximum rates. Increasing maximum rates supports families’ access to more providers and to providers who offer higher quality care. The percent of children receiving CCAP in high quality programs is expected to increase. This is measured by the percent of families receiving Child Care Assistance who use 3- or 4-star rated child care providers. This change also provides a financial incentive for providers caring for children served by CCAP to engage in Parent Aware. This proposal incorporates goals related to Minnesota’s Race to the Top Early Learning Grant.

**Statutory Change:** Minnesota Statutes 2012 § 119B, 256.98

**2014-15 Biennial Budget**

***Human Services***

**DHS Fiscal Detail for Budget Tracking**

Net Impact by Fund (000's)			FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
General Fund			6,985	13,230	20,215	15,176	15,574	30,750
HCAF								
Total All Funds			6,985	13,230	20,215	15,176	15,574	30,750
Budget Detail	BACT#	Description	FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
GF	22	MFIP CC Grants	4,730	7,937	12,667	8,441	8,729	17,170
GF	42	BSF CC Grants	2,212	5,285	7,497	6,727	6,837	13,564
GF	11	Operations (MAXIS)	43	8	51	8	8	16
Requested FTE's								