For many Minnesota families, child care is a necessity, yet a growing number of Minnesotans can’t access it because it simply does not exist. Lack of affordable, quality child care is a significant barrier to workforce participation that can create further spillover impact on job and wealth creation, business expansion and retention, and new business location. The safety, well-being, and early education of children, as well as support for their families, are critical to the overall health of our state.

The Child Care Assistance Program (CCAP) helps approximately 15,000 Minnesota families pay for child care so parents can work or go to school. It also helps ensure 30,000 children are well cared for and enter school ready to learn. Funding and legislative changes are needed to improve children’s access to stable, predictable, high-quality early childhood resources, as well as to enhance CCAP integrity. The Governor’s budget proposes $44 million to expand this program, helping keep children in child care with fewer disruptions and more consistent schedules.

**INCREASE INVESTMENT IN CHILD CARE ASSISTANCE**

- **Make Necessary Changes to CCAP to Improve Child Care for Families**
  Changing eligibility requirements, prioritizing homeless families, ensuring health and safety, and offering expanded due process rights for providers will improve experiences that children and families have with CCAP. Governor Walz’s proposal will help keep children in child care with fewer disruptions and more consistent schedules.

- **Increase CCAP Rates for Providers**
  Increasing payments to many child-care providers will help make child care more affordable and accessible to families. The Governor’s budget raises the CCAP maximum rates and registration fees and changes the frequency of the child care provider market rate survey to every three years.

**IMPROVE ACCESS FOR FAMILIES WAITING FOR CHILD CARE**

- **Expand Access for Families on Basic Sliding Fee Waiting List**
  Governor Walz’s budget includes increased funding to buy down the waiting list for families who need child care assistance through the Basic Sliding Fee program. This will make an additional 1,000 families eligible to receive assistance for child care.
ENSURE ACCOUNTABILITY AND PROGRAM INTEGRITY

Strengthen Attendance Record-Keeping Requirements
Requiring child-care providers to keep accurate records for children receiving CCAP increases program accountability and provides accurate justification for billing. The Walz-Flanagan proposal requires providers to keep daily attendance records.

Clarify Billing and Ensuring Overpayment Accountability
Clarifying absent-day billing requirements, establishing a method for calculating attendance record overpayments, allowing a penalty for failure to report decreases in attendance and limiting retroactive eligibility improve both provider and agency accountability. Governor Walz’s proposal helps ensure the financial and administrative integrity of CCAP.

INCREASE SUPPLY OF QUALITY CHILD CARE

Provide Grants for Families to Receive Access to Child Care
The Childcare Economic Development Grants program at the Department of Employment and Economic Development provides grants to communities to increase the supply of quality child care to reduce regional child care shortages, support increased workforce participation, business expansion and retention and new business development. Funding this program could result in up to 2,400 new child care slots across Minnesota.

Target Areas of Minnesota with the Greatest Demand
Priority will be given to communities that have a documented shortage of child care providers in their area, and are experiencing above average workforce shortages and lower than average prime-age workforce participation rates.

Build on Proven Results
Over the course of the two previous rounds of funding in State Fiscal Year 2017 and 2018, DEED received 39 proposals totaling $3 million in requests for $1 million in available funds. A total of 15 awards were made leveraging a total local match of $2.6 million. Awards range from $1,500 to $150,000, with $75,000 as the average sized award. These projects are projected to provide child care services to an additional 2,131 children when facilities reach their full licensed capacity.