Children and families: Invest in child care quality, integrity

High-quality, affordable child care is essential for children’s physical, social and emotional development. Children who participate in high-quality early care and education are more likely to succeed in school and life.

Minnesota counties provide child care assistance services for almost 30,000 children in an average month. However, many counties have waiting lists for Basic Sliding Fee Child Care, and the Child Care Assistance Program’s current maximum rates do not fully cover costs of care for many families. Partly due to low wages, programs struggle to retain qualified providers, leading to child care shortages in many areas. In addition, Minnesota is currently out of compliance with several requirements of the federal Child Care Development Block Grant, including increasing child care access for families experiencing homelessness and expanding due process rights for child care providers.

Child care provider fraud and program integrity continue to be significant concerns because fraud exploits taxpayer funds and harms families the program is intended to help. Following a recent Office of Legislative Auditor review, Governor Tim Walz stepped up efforts in his supplemental budget proposals to strengthen Child Care Assistance Program (also known as CCAP) integrity and program oversight.

To meet children’s developmental needs and ensure providers are attracted to careers in child care and can continue providing quality child care, Minnesota must update the maximum rates paid to child care providers; provide additional funding for the Basic Sliding Fee Child Care program; and make improvements to the Child Care Assistance Program to strengthen program integrity, support family stability and improve the safety and school readiness of children served in child care settings across the state.

Proposals:

Governor Tim Walz advanced these proposals for FY 2020-21:

- **Increase maximum Child Care Assistance Program rates** paid to reflect the 2018 market rate survey.
- **Increase the registration fee maximums covered by the Child Care Assistance Program**: The program covers some of these fees on behalf of families.
- **Change the frequency of the child care provider market rate survey**: Conduct the market rate survey every three years instead of every two years.
- **Increase funding for Basic Sliding Fee Child Care**: Provide additional funding for child care assistance to approximately 1,000 families on the waiting list.
- **Expand due process for providers**: Add due process rights for adverse licensing actions the Child Care Assistance Program may take against providers; transfer appeal rights from families to providers; and give providers facing adverse action the right to a fair hearing or an administrative review.
• **Ensure that families do not lose assistance during their 12-month eligibility for the Basic Sliding Fee Child Care program:** Eliminate the six-month limit on the Basic Sliding Fee Child Care Portability Pool, which assists families who move from a county where they received child care assistance to a county with a waiting list. Make it easier for families who received Minnesota Family Investment Program/Diversionary Work Program benefits to continue receiving child care once those benefits end.

• **Make child care available and accessible to more children experiencing homelessness:** Create an expedited application process for homeless families. Exempt families experiencing homelessness from activity requirements for three months after they apply for the Child Care Assistance Program.

• **Require out-of-state providers to meet federal health and safety requirements to receive Child Care Assistance Program payments:** Bring Minnesota into federal compliance.

• **Strengthen integrity and oversight of the Child Care Assistance Program by:**
  o Enhancing attendance record-keeping requirements; clarifying billing for absent days and holidays.
  o Establishing a method for calculating attendance record overpayments.
  o Establishing a penalty for failure to report decreases in attendance.
  o Shortening the retroactive eligibility period for the Child Care Assistance Program.
  o Planning for improvements to provider registration and oversight, including an electronic record-keeping system and registration controls.
  o Funding a case tracking system for child care assistance fraud investigation activity.
  o Adding licensors to more frequently inspect and monitor new and high-risk child care centers.
  o Adding data analysts to increase DHS’ ability to identify, detect and prevent CCAP fraud.
  o Contracting for additional BCA agents to conduct criminal investigations in CCAP cases.
  o Defining the CCAP disqualification process and the entities and individuals who can be disqualified.
  o Establishing preponderance of the evidence as the burden of proof in administrative hearings for disqualifying CCAP providers to bring it in line with standards for other providers in public programs.
  o Making payment or receipt of a kickback a crime for both recipients and providers.
  o Allowing DHS to disenroll or exclude any provider who has committed an intentional violation in one program for all other DHS programs.
  o Requiring license holders to disclose certain changes in business and ownership structures; clarifying the process for new licenses with an ownership change; allowing for a temporary immediate suspension when a license holder is criminally charged with fraud or theft against a DHS program.

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**Related information:**

- Child assistance: Facts and figures: [https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4745-ENG](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4745-ENG)
- Monitoring Licensed Child Care: [https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6385-ENG](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6385-ENG)

**DHS Communications: April 2019**