

**Great Start for All Minnesota Children Task Force
Family and Provider Affordability Working Group Meeting**

Thursday, March 10, 2022

1:00 p.m. to 3:00 p.m.

Virtual Meeting: Microsoft Teams

Working Group Members Present: Representative Liz Boldon, Shakira Bradshaw, Kathleen Church, Janell Bentz, Summer Bursch, Missy Okeson, Clare Sanford, Tonia Villegas, Cindi Yang, Deb Fitzpatrick

Working Group Members Absent: Brook LaFloe, Jayne Whiteford

Task Force Consultants Present: Katie Reed, Afton Partners; Gerald Liu, Afton Partners; Brytain Tate, Afton Partners; Kate Ritter, Children’s Funding Project, Ashley Brooks, Children’s Funding Project

Children’s Cabinet Staff Present: Hannah Quinn

Welcome and Agenda

Working Group members reviewed virtual meeting protocols, Task Force Guiding Principles, and went over the agenda for the meeting. The agenda included a review of Working Group charge and goals, a review of the brainstorming activity from the February meeting, and a discussion of the current CCAP and Early Learning Scholarship programs.

Review

Members reviewed the Working Group Charge:

Define what an affordable ECE system that *works for families* and that *providers want to be part of* looks like in Minnesota and how it can be achieved.

Legislation determines that the Task Force must consider:

- The maximum percentage of income that families must pay for ECE
- The process through which families will access financial assistance for ECE (infrastructure, benefit mechanisms, and financing mechanisms)
- How provider payment rates for childcare will be determined and updated
- How to streamline funding and reduce complexity in plan administration
- Roles in administering the plan (including state agencies, local agencies, and community-based organizations)
- How to maintain and encourage the further development of Minnesota's mixed-delivery system in the plan

Planned sequencing of discussions:

February	Introductions & Overview
March - May	Family Affordability: <ul style="list-style-type: none"> • Eligibility • Co-payments • Accessing Benefits
June - July	Provider Sustainability: <ul style="list-style-type: none"> • Determining provider pay levels • Provider pay process challenges

August	Administration <ul style="list-style-type: none"> • Streamlining funding and reducing complexity • Roles in plan administration
September – October (TBD)	Finalize Recommendations

Brainstorming Activity Review

During the first Working Group meeting, members participated in a brainstorming activity to share what comes to mind as members think about what they like, wish, and wonder about family benefits and provider funding. Please see slides 14-20 to see a summary of that activity.

Understanding Current Policies

Family Eligibility for CCAP

The Child Care Assistance Program (CCAP) helps low-income families pay for child care by making payments directly to child care providers. Cindi Yang, DHS representative on the Task Force and Director of Child Care Services Division, presented slides 24-30, an overview of the CCAP program eligibility levels.

Discussion themes included:

- CCAP eligibility levels are based on higher incomes than other benefit programs, so more families are able to access. The entrance level is lower for CCAP, and the exit level is higher. This is meant to provide room for family income to grow while still maintaining financial support before needing to exit the program and lose access to benefits.
- The eligibility requirements are based on gross income. Members want to discuss a potential different model which could provide support to more families:
 - One way to expand the program may be to calculate requirements based on net pay or cost of living, rather than gross pay.
 - Another way may be to allow families who fall within the exit level income requirements (but not entrance) to access benefits. Given current economic conditions and inflation, it seems like the current rates are not realistic to reach people and provide enough support.
 - Child support paid to households could be taken out of what counts as income.
- Families with the lowest incomes pay a much higher percentage of their income to pay for transportation, housing, and bills.
- Eligible activities currently include working, looking for work, or attending school. CCAP only pays for care during regular hours of eligible activity, and it is hard for families to cover the cost for the remaining hours. If someone is working 20 hours a week, it is hard to find child care for just those 20 hours.
- Minnesota offers a wide group of eligible activities. There may be Federal rules and requirements in statute that we cannot adjust, but some potential ideas to explore include:
 - Allowing longer hours over time
 - Allow up to 40 hours for job search activity
 - Including commute time in eligible hours
 - Include addiction treatment as an eligible activity
 - Consider experience of domestic violence or mental health issues as eligibility for program (similar to the policy for those experiencing homelessness)

- It's good that both parents can receive CCAP if living in separate households. Parents with joint custody can both apply and receive assistance based on income and custody arrangements.
- Eligibility is reconsidered every 12 months, which provides some stability for families.
- When we get to talking about provider pay, important to know that rates paid out to each provider are different by county. The maximum per county rates for CCAP shows each county is allotted a different amount based on market rate.
- Though program is statewide, there is uneven administration, across counties. Workers may interpret things differently, and families and providers are treated differently.

Family Contributions for CCAP

Cindi Yang, DHS representative on the Task Force and Director of Child Care Services Division, presented slides 32-33, an overview of family contributions under the current CCAP program. Slide 34 shows a graph representing the benefit cliff, when a small raise can mean loss of all subsidy.

Discussion themes included:

- There is support for capping family contributions at a max of 7% of income. This would require an increase of eligibility for subsidy and adjustments to provider pay. It would be good to map the 7% idea onto the current table of family contributions under CCAP.
- The income percentage of co-pays at the highest levels of eligibility seem too high. Those families should get more assistance. When a family loses assistance, their market rate should be 7%.
- There is a bill in the MN House looking to address the benefit cliff – HF3861. The idea is to raise income eligibility limits to the highest level. The federally allowed cap for use of the funding stream is 85% of the State Median Income (SMI). The entry level is not mandated at the federal level, and the current entry level in Minnesota is 67%.
- Co-pays don't increase as soon as someone gets a raise, that increase happens at redetermination (every 12 months).
- As families are applying, it is hard for them to pay providers. Families should be supported during this time, and providers need support as well.
 - One idea could be creating a debit card analogous to an EBT card – linking CCAP to an individual provider ID with a preloaded benefit amount. This could be a way to pay providers upfront, would be trackable, and would provide accountability and responsibility.

Early Learning Scholarships

Slides 36-38 provide an overview of the Early Learning Scholarships program, including eligibility and program requirements.

Discussion themes included:

- Families can choose how much of their scholarship is used each week. They can use the entire amount right away, which may last a few months, or can use it to pay a smaller amount throughout the year. There are pros and cons with both approaches. If a family uses the entire amount up front, they may be able to pay nothing for a few months, but then may need to withdraw their child if they cannot pay. On the other hand, the scholarship amount may not be enough to allow families to use it throughout the year if they are unable to make up the difference.
 - An approach that allows children to stay enrolled in a program is best. Stability and continuity are important.
- Scholarships can be used in conjunction with CCAP, which can provide extra support. But outside of scholarship and CCAP dollars, parents pay the difference.

- Providers could meet with families they serve to be very clear about financing and budgeting for care. It can be complicated to navigate cost of services and how benefits are applied, and hard to tell bills and payment responsibilities apart.
- Scholarships are currently focused on 3- and 4-year-olds (and children with priority status aged 0-4, along with younger siblings of scholarship recipients). Given what we know about brain development, scholarships should be eligible for children aged birth to five, because the earliest years are so developmentally important.
- Scholarships can only be used at Parent Aware rated programs. Some families may not find those programs are the best fit for them, and QRIS is not the only way to determine quality.
- The Parent Aware Parent Toolkit can be a helpful tool for families.

Next Steps and Close Out

Tonia Villegas will report out from this meeting at the next full Task Force meeting. Future meetings will occur on the second Thursday of each month (listed below), from 1pm-3pm.

- Thursday, April 14
- Thursday, May 12
- Thursday, June 9
- Thursday, July 14
- Thursday, August 11
- Thursday, September 8
- *October TBD*

Next Working Group Meeting: April 14, 2022, 1:00 p.m. – 3:00 p.m.