



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

Thursday, October 13, 2022

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

Virtual Meeting: Microsoft Teams

**Working Group Members Present:** Janell Bentz, Shakira Bradshaw, Kath Church, Deb Fitzpatrick, Brook LaFloe, Clare Sanford, Tonia Villegas

**Working Group Members Absent:** Representative Liz Boldon, Summer Bursch, Missy Okeson, Jayne Whiteford, Cindi Yang

**Task Force Consultants Present:** Katie Reed, Afton Partners, Ashley Brooks, Children’s Funding Project; Kate Ritter, 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 finalizing program funding mechanism recommendations, a discussion on implementation planning, and a discussion of revenue raising examples. As this was the final scheduled Working Group meeting, the agenda also included time to reflect on and celebrate the work of the group.

**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"> <li>• Eligibility</li> </ul>

	<ul style="list-style-type: none"> <li>• Co-payments</li> <li>• Accessing Benefits</li> </ul>
June - August	Provider Sustainability: <ul style="list-style-type: none"> <li>• Determining provider pay levels</li> <li>• Provider pay process challenges</li> </ul>
September	Administration <ul style="list-style-type: none"> <li>• Streamlining funding and reducing complexity</li> <li>• Roles in plan administration</li> </ul>
October	Finalize Recommendations

### Program Funding Mechanism Recommendations

Slides 14-15 include Task Force survey feedback on the latest version of the draft program funding mechanism recommendations package. Slides 16-18 include the draft language for the recommendations, including edits based on feedback, and slide 19 includes reflection questions for the group to consider. Working Group members reviewed these slides and discussed the feedback and proposed edits.

Discussion themes included:

- Task Force feedback included three remaining questions, and members discussed the below answers and responses:
  - How does 'braiding' work with federal funds?
    - This term refers to multiple funding sources that are separate being brought together to pay for more than what any one source can support, then pulled back apart to report to funders on how that money is spent. Funds can be used for the same service, and then administrators need to be able to pull the sources back out to ensure no duplication.
  - Is there a need to mention an administrative role for keeping rates charged to parents in alignment with our affordability standard?
    - In discussions, this Working Group has said that we will leave this function of program administration to future administrators. The affordability standard approved by the Task Force is what will be included in the Task Force plan.
  - What is meant by the bullet point that says "Funding that is not provided as a per child rate, such as base funding, must be equitable across settings based on their intended purpose"?
    - The Task Force has proposed that a portion of program funding come from a base operational amount, in addition to per-child rates. This base funding should be determined based on cost modeling, and should be equitably accessible.
- Two Task Force members submitted feedback that included concerns around providing funding based on enrollment rather than attendance. Working Group members discussed these concerns, and decided to leave the recommendation as is. Discussion points included:

- Accountability for funding is important, and there would need to be a mechanism with this model that would not allow a child to be double-enrolled, with the state paying twice for services to different providers.
- Funding based on enrollment would provide stability for providers in a way the current system does not. Stability for providers is important to stability for children and families, and would allow for more providers to enter the field.
- Schools are already able to have enrollment-based funding, so there are lessons to learn from that model if implementing this recommendation.
- This recommendation is connected to others which touch on accountability for use of public funds.
- Providers are already taking attendance and will continue to do so – including for the federal food program – so accountability will remain, even if funding isn’t tied directly to days that children attend.
- One idea offered was a proposal to use fingerprint data from parents or caregivers when dropping off and picking up children from ECE. Other Working Group members were concerned that a program like that could cause issues of privacy concern and loss of trust in many communities that could cause them not to seek ECE services.
- Another point raised through the feedback process was regarding the ways different provider types currently receive funding in different ways. Working Group members discussed those differences, and suggested an edit to the proposed language on slide 18 to strike the language in a sub-bullet, and adding “to the extent possible” to the recommendation that starts with “where a significant portion of the funding follows the child”.

The Working Group is comfortable with these recommendations, incorporating the edits discussed, being brought for a vote at the October 25 Task Force meeting.

### **Administration**

The group briefly discussed slide 21 and slide 22, which includes considerations for roles and program administration. Slide 22 includes a draft format for the implementation timeline, with the major affordability-related recommendations sequenced out by year. A sub-group of the full Task Force will be reviewing the initial draft of the full plan and implementation timeline and offering feedback.

### **Revenue Examples**

Members reviewed slides 25-27, which include an overview of previously-approved Task Force fiscal impact recommendations, an overview of the Minnesota state budget process, and a few examples of federal funding in the early care and education field. While it is not this Working Group’s or the full Task Force’s role to identify financing options, members have expressed interest in discussing what those options could look like. Olivia Allen from Children’s Funding Project joined to present slides 28-32, which include information on various revenue-generating mechanisms, guiding questions states may want to use when selecting a method of generating revenue, and examples from around the country of funding initiatives dedicated to early care and education. As next steps, the Task Force plan can include a list of revenue options that other states are considering or have implemented. There is also a connection to ongoing work happening at Children’s Defense Fund, which is working with technical assistance to develop a list of Minnesota-specific revenue options that the state could consider. That work is separate from the work of the Task Force, and will be released in 2023.

Discussion themes included:

- Support for considering these examples, discussing this content with the full Task Force.
- Clarification on the Maryland example of a digital advertising tax – this is a tax on ads displayed on web pages in Maryland.
- Looking at the projected funds raised from taxing high-income earners in Washington, D.C. is interesting.

#### **Next Steps and Close Out**

Working Group members celebrated their progress and work together. Deb Fitzpatrick will report out from this meeting at the next full Task Force meeting. There are no remaining scheduled Working Group meetings.