

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

Thursday, August 11, 2022

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

Virtual Meeting: Microsoft Teams

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

Working Group Members Absent: Kath Church, Jayne Whiteford

Task Force Consultants Present: Katie Reed, Afton Partners, Gerald Liu, 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 finalizing the provider pay determination recommendation and exploring updates to the draft long-term family benefits recommendations based on feedback, and developing goals for funding mechanisms improvements.

Review

Members reviewed the Working Group Charge:

Define what an affordable early care and education (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 - August	Provider Sustainability: <ul style="list-style-type: none"> • Determining provider pay levels • Provider pay process challenges

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

Provider Pay Determination

Members reviewed Task Force feedback on the draft recommendation for setting provider pay determination, as well as the language of the recommendation itself (slides 14 and 15). There were no proposed edits, and the Working Group is comfortable with the current version being brought for a vote at the August 30 Task Force meeting.

Long-term Family Benefits Recommendations Package

Slides 16-18 include Task Force survey feedback on the latest version of the draft long-term family benefits recommendations package. Slides 19-24 include edits to that package based on the feedback. Working Group members reviewed these slides and discussed the feedback and proposed edits.

Discussion themes included:

- Appreciation for the clear full vision that all families should pay no more than 7% of income on ECE. After reviewing feedback and legislative language, why limit recommendations with an income eligibility cap?
 - Asking families to pay 7% of their income for care is still a significant amount, and we know price of care will go up.
 - The reasoning behind the 250% of State Median Income (SMI) eligibility is based on current price of care. As that price increases, the SMI level where a benefits cliff levels off will also be higher. It might not make sense to propose an eligibility level based on current prices.
 - Many higher-income families would still be required to pay for the full price of care, because prices will not exceed 7% of their income level.
 - The legislative language asking for an affordability standard does not specify the need for an income level eligibility limit.
- Instead of an income eligibility cap at 250% of SMI, could we propose a phased-in approach of adjusting the percent of income families must pay over time? Starting with a higher percentage of income for higher-income families and moving towards 7% would have the same effect as starting with a maximum income eligibility level, but would allow for families not to experience a benefits cliff based on income as prices increase. The vast majority of public funding would still go to low- and middle-income families.
- Data visualization will be helpful in illustrating this new proposal.

Because the Working Group is suggesting significant changes to the draft recommendations based on feedback and discussion, they are no longer recommending this package be voted on at the August 30 Task Force meeting. Instead, the group will present revised recommendations for discussion at that meeting. The vote on the revised recommendations will likely occur at the September Task Force meeting.

Program Funding Mechanisms

Members reviewed slides 31-38, which include a reminder of what program funding is, a recap of previous discussions and ideas shared around program funding, highlights of areas where program funding is already addressed in Task Force recommendations, and information about the current stabilization base grants program. Attributes identified for a future program funding system include:

- Funding is stable

- Funding is equitably accessible across all settings
- The funding process is transparent
- Administration is simple
- Administration is consistent
- There is accountability for use of funding

Slides 42-46 include information about various approaches to funding mechanisms, including examples from other states. Working Group members participated in a brainstorm activity around system improvement ideas for program funding.

Discussion themes included:

- There is support for continuing and expanding a base level of support for providers.
- An aspect of the family affordability system that has support is having funding follow the child, with payment going directly to providers. A future system could utilize multiple types of funding.
- Slide 43 contains a graphic from the Transforming the Financing of Early Care and Education publication. Members liked the way the harmonized financing mechanisms are shown, with a base of institutionalized provider support, family assistance, and family contributions all making up the types of funding that pay for high-quality ECE.
- A future system should likely not use the same label as the “child care stabilization base grant”, as the goal wouldn’t be stabilization of the workforce during the pandemic. A new program could learn lessons from that implementation and carry forward the pieces that have worked well.
- Workforce compensation accounts for the biggest amount of money spent across settings. Stable funding that allows for equitable compensation would be transformational to the system.
- Guard rails and accountability for use of public funds will be important.
- Simplifying administration would help providers and families.

Next Steps and Close Out

The group will identify someone to 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, September 15
- Thursday, October 13

Next Working Group Meeting: September 15, 2022, 1:00 p.m. – 3:00 p.m.