MANAGEMENT AND BUDGET

Great Start for All Minnesota Children Task Force

Working Group Meeting #4: Family and Provider Affordability Working Group

May 12, 2022

ON AIR

- **Please be on video** as much as possible to help with overall engagement

- **Mute self** when not speaking

- Use **Chat feature or "raise hand" button** for questions or comments

- Technical issues can happen to anyone – **chat privately to Hannah Quinn for any needs**

- If you are experiencing an unstable connection - **switch to phone call or close other applications**

- Members of the **public can submit written feedback to** greatstart.taskforce.mmb@state.mn.us

- **Members attend meetings prepared and on time**
- **Engage in respectful dialogue**
  - Everyone's input is important
  - Assume best intent
  - Listen with an open mind, and for commonalities
  - Don't say or type anything you wouldn't want to have shared in public
- **Be actively engaged**
  - Don't just disagree, offer a doable alternative idea
  - Speak to the point on the floor
  - Apply your expertise and networks
- **Confirm decisions as we go**
  - Strike a balance between gathering input and moving forward

Protocols to ensure effective discussion

It is critical we use our very limited time together on topic.

- If conversation is **irrelevant to the topic at hand or becoming too narrow** for the scope of our work, *we will redirect with a gentle reminder of the topic at hand.*
- If conversation moves to **points already agreed to by the Task Force**, *we will redirect with a gentle reminder that the topic has been addressed.*

It is critical that all perspectives are heard.

- Please help us in ensuring all Task Force members have time in meetings to share their voice and input. *If you find you are speaking up often, pause to allow space for others.*
- Please let us know if you find it challenging, for any reason, to share your perspectives in our Task Force meetings.
- Reminder there are other opportunities to provide input outside of two-hour meetings, including 1:1 discussions with Task Force leadership, and by providing written input. Requests for individual time and any written input can be provided to greatstart.taskforce.mmb@state.mn.us.

Guiding Principles reflect the Task Force's values and beliefs, guide how it operates, and lay a foundation for decision-making

Promote Equity	Prioritize Family Perspectives, Needs, and Choices	Support the Power of Local Communities	Build Upon our Solid Foundation	Uplift and Diversify the ECE Workforce	Recognize Implementation Realities	Expect High Quality & Effectiveness	Design for Stability, Sustainability, and Positive Impact
We will prioritize a system that promotes equitable outcomes, with a specific focus on children of color and building cultural competency in ECE classrooms.	We will prioritize families' perspectives, needs, and choices as we make data driven and evidence informed recommendations, recognizing that all provider types and settings provide value to the system.	We will ensure local communities are able to define their own priorities and are supported to build the system that meets their children and families' needs.	We will build upon the successes of Minnesota's past and current system, lessons from other states, and the expertise and research in the field.	We will invest in our dedicated and capable early childhood professionals so that they have the opportunity to thrive and grow, and we will build and support a racially diverse workforce.	We will recognize inherent system constraints while remaining responsive to local, state, and federal landscape changes.	We will endeavor to create a high quality and effective ECE system that meets the needs of all of Minnesota's children and families, regardless of circumstance, knowing that the state's future workforce, economy, and resident welfare is dependent upon it	We will work to support funding stability for providers, educators, and staff across mixed delivery settings to ensure better service for families.

Welcome & Agenda

Family and Program Affordability Working Group

Voting Members	Non-Voting Members
Representative Liz Boldon	Janell Bentz, Minnesota Department of Revenue
Shakira Bradshaw, Parent Children Under 5	Summer Bursch, Minnesota Association of Child Care Professionals (MACCP)
Kath Church, Family Child Care Program	Deb Fitzpatrick, Statewide Advocacy Organization
Brook LaFloe, Tribal Representative	Missy Okeson, Minnesota Initiative Foundations (MIFs)
Jayne Whiteford, Parent Children Under 5	Clare Sanford, Minnesota Child Care Association
	Tonia Villegas, Minnesota Association of County Social Services Administrators
	Cindi Yang, Department of Human Services

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.

- 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

Family Contributions

Family Benefit Mechanisms

Provider Funding

Administration

Family Contributions
- What are today's family co-pay policies for child care financial assistance, and how is it working for families?
- What alternative co-pay policies might we consider and why? What would potential changes mean for affordable access and equity for families within the system?
- What financial impact would a change in family co-pay rates have?

Family Benefit Mechanisms
- How should families access financial assistance in the future system (what are the "benefit mechanisms")?
- How can we ensure family choice of care setting is maintained and further supported?
- How can we make the system more transparent and accessible to families?

Provider/Program Funding
- What changes are needed in provider/program pay for a stable, sustainable system for all programs types?
- How should provider/program funding be determined and updated?
- How can we ensure provider/program pay is equitable across the mixed delivery system?

Administration
- How should the system of provider pay and family benefits be administered to best meet our goals?
- What roles might exist for state agencies, local agencies, community-based organizations, and other entities in the future plan?
- What infrastructure needs exist to set this future system up for success?

Planned Sequencing of Discussions

Month	Anticipated Topics
February	Introductions & Overview
March - May	Family Affordability: • Eligibility • Co-payments • Accessing Benefits
June - July	Provider Sustainability: • Determining provider pay levels • Provider pay process challenges
August	Administration • Streamlining funding and reducing complexity • Roles in plan administration
September – October (TBD)	Finalize Recommendations

Definitions:

- **Eligibility** – The criteria needed for a family to be designated as eligible to receive payment assistance for care and/or services.
- **Co-payments** – Payments required from families to pay for services.
- **Family Benefits** – Resources or in-kind services families receive from the state.
- **Programs/Providers**: The entities where services are being provided (businesses, family child care homes, school districts, etc.).
- **Workforce**: The people who provide early care and education, including licensed family child care providers, teachers, paraprofessionals, and assistants.
- **Administration** – Government management and oversight of benefits, services, and resources.

*Family Child Care owners are both providers and workforce

Working Group Meeting #4 Agenda – 2 hours

1:00 – 1:15 p.m.   Goals and reminders

1:15 – 2:15 p.m.   Discuss draft Family Affordability Improvements

2:15 – 2:45 p.m.   Discuss current family benefits process and ideas to improve

2:45 – 3:00 p.m.   Where we're going next, wrap up and close out

Our Equity Commitments

In all our conversations, we will strive to:

- **Center children and families**

- Pay **particular focus to the needs and priorities** of historically disenfranchised children and families and their communities

- Specifically contemplate **how our decisions may benefit or harm** historically disenfranchised children and families and their communities

- Seek the **expertise and input from stakeholders** already doing the work in historically disenfranchised communities

- Where possible, consider **data that provides insight** into the relative impact on historically disenfranchised children and families and their communities

Draft Package of Family Affordability Improvements

- The Working Group meeting on April 14 focused on a discussion of the themes that arose from the March meeting around benefit programs for families, including the Child Care Assistance Program (CCAP) and Early Learning Scholarships.

- The group also contemplated recommendations through a 'system of abundance' lens.
    - How can we braid funding sources in a way that **serves more families**? Can we **shift that burden to the state**, away from individual families who are working to apply to multiple programs and parse different eligibility requirements?

    - Figuring out how to **raise rates and lower co-pays** in all areas of the state is important. This could be through a whole-system change, or incrementally.

    - **Simplifying the benefits system** is also a workforce recruitment and retention issue. It is challenging for providers and families alike, which does not invite new people to the field.

Ideas discussed: CCAP

- Expand eligibility by **adjusting income requirements** or **increasing eligible activities**
- **Reduce co-payments** to improve affordability for lower- and middle-class families
- Address variation in program administration through **clear policy, process, and training**.
    - Could we build from the Preschool Development Grant (PDG) regional hubs or the Early Learning Scholarship area administrators to administer CCAP? Is there a regional administration model that could work in conjunction with county administration? The goal could be to create multiple points of entry for families seeking assistance.
- The **CCAP waitlist needs permanent reprioritization** as a short-term solution to serve more families. The long-term goal should be forecasting the program so all eligible families who want to take part in the program are able to.
- This group is thinking of solutions that could provide **immediate, incremental change, as well as longer-term ideas that would change things drastically**.

Ideas discussed: Early Learning Scholarships

- Increase scholarship funding to **cover the full cost of care**, or, in the absence of increased funding to cover the full cost of care, **promote stability and continuity of care**
- **Expand age eligibility** to include birth-3 for all eligible families
- **Simplify the administrative system and reduce burden**
    - There should be uniform administration of scholarships through area administrators
- As we explore potential changes to CCAP and Early Learning Scholarships, we need to keep in mind they are two parallel programs that serve overlapping populations but have different administration and eligibility requirements. To best serve the most families, we need to keep in mind:
    - **If CCAP were fully forecasted, scholarships may not be as needed.** An exception is that Early Learning Scholarships can serve families who cannot meet the activity requirements of CCAP (working, looking for work, or schooling).
    - If CCAP were fully funded, how can we re-work the early learning scholarships program to serve those who aren't eligible for CCAP? Can we think of **creative and flexible solutions to get support to the most number of families**?

Feedback from the Full Task Force (4/26 Meeting)

- Consider Paid Family Leave as a family affordability mechanism

- Important to consider Early Learning Scholarships Pathways 1 and 2 separately because they have different distribution and impact

- Consider the impact of Voluntary PreK on provider/program sustainability

  - *To be covered in Full Task Force discussions on Effectiveness and our Working Group provider and program discussions upcoming*

  - Consider the impact on Family Child Care sustainability with a concern there may be fewer full day preschool-eligible children (look to data to understand uptake)

  - https://education.mn.gov/MDE/fam/elsprog/vpk/

Draft Recommendations Package and Impact Assessment survey

A written document with draft recommendations was shared with this Working Group with the following survey questions:

- Taken together, **how well would these recommendations improve the current state of affordability for families**?

  - What is missing?

  - What would you change?

  - Out of this package of improvements, what would you prioritize?

- What impact would this package of improvements have on **historically disenfranchised children and families and their communities**?

- How would **other stakeholders** be impacted by these recommendations?

- What could be **unintended consequences** to these recommendations?

Draft Recommendations Package
Path Forward

- **TODAY!** Go over feedback received from members of this Working Group

- **TOMORROW Friday May 13th**– Send out the same report with any necessary changes from today's conversation

- **Friday May 20th** – Feedback on report due via survey

  - Changes necessary for your support

  - Impact assessment questions

- **Tuesday May 24th** – Feedback will be incorporated into a draft package of slides for Task Force share out and sent to this Working Group in advance

- **Tuesday May 31st** – Go over draft recommendations package for Task Force consideration

Draft Recommendations Package Impact Assessment

- Taken together, **how well would these recommendations improve the current state of affordability for families**?

  - Survey responses indicate we are headed in the right direction! There was overall support for these recommendations and how they would improve the current state of affordability. Some quotes:

    - "Fully funding, expanding eligibility and simplifying CCAP and Scholarships would drastically improve affordability for families."

    - "These recommendations would be big steps in the right direction."

    - "If we adopt all suggestions, we can widen the group of recipients and ease the burden for more families."

- What is missing?

  - How are we recommending funding these changes? (x3)

  - We should prioritize these recommendations and recommend a sequence/order of changes. We will need to think through infrastructure (IT, staffing) needed to implement.

Draft Recommendations Package Impact Assessment

What would you change in the existing document?

- Would not support changing CCAP eligibility to be based on net income (rather than gross). Net income varies by what benefits are paid and not paid by an employer, amount of contributions tied to "voluntary" deductions, such as a 401K, how many dependents a person claims for tax purposes, etc. **The real issue is that the income limits should go up.**

    - CCAP does reduce what counts toward household income by deducting child support paid out and medical/dental premiums. Adding complexity to how income is calculated also makes work at the local level more complicated (and adds time to getting applications done).

- The current ELS form seems to accomplish what we want in terms of making sure families and providers understand budgeting for care.

Out of this package of improvements, what would you prioritize?

- Increasing income limits, expand program to serve more families (x5)

- Simplifying programs (x4)

  - Modernizing the electronic system to support future changes, expand eligibility, serve more families

  - System for payment to providers analogous to EBT card

- Decreasing co-pays/7% cap for payment for all families (x3)

  - Address the benefits cliff

- Expanding eligibility of ELS to birth-3

- Increase scholarship funding to cover full cost of care

Draft Recommendations Package Impact Assessment

- What impact would this package of improvements have on **historically disenfranchised children and families and their communities**?

  - The demographics already served by these programs include high numbers of historically disenfranchised communities. Increasing funding would allow for more children to be served from these communities.

  - These changes do not address the needs of families who choose informal caregivers.

- How would **other stakeholders** be impacted by these recommendations?

  - Costs to taxpayers

    - Increased funding for infrastructure to administer programs: more workers needed to help reach and monitor families

  - Programs may need help serving more children (more staff, updates to spaces and equipment)

Draft Recommendations Package Impact Assessment

What could be **unintended consequences** to these recommendations?

- Higher taxes for Minnesotans.

- We could potentially create a more complicated system.

- Program infrastructure:

    - Expanding access without support to local agencies could result in poor customer service if there are not enough staff.

    - Checks and balances needed to avoid misuse of funds.

Draft Recommendations Package Impact Assessment

Additional Comments:

- We should look at licensing modernization as it relates to increased access.

- Transportation costs should be considered and programs should assist families, especially in rural areas.

- Our solutions should ensure self-employed people qualify for benefits.

- We should look at ways to make sure increased funds get to the workers and providers of care.

    - Note: we will be addressing funding streams to programs in future meetings, and our workforce working group is working on recommendations regarding how to get the whole workforce to at least a living wage, setting compensation in reference to elementary school teachers.

- **TOMORROW Friday May 13th**– Send out the same report with any necessary changes from today's conversation

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The Process to Access Family Benefits

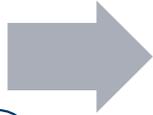For this discussion, put yourself in the shoes of parents and families

- Expand CCAP entry points beyond County Administrators to offer multiple points of entry and meet families where they are (ex: PDG hubs, ELS Area Admins, what else?)

- Streamline access to CCAP and Early Learning Scholarships so families don't have separate processes and entry points to access and utilize benefits for the same purpose

- Consider the impact on administrative processes if access expands dramatically

Accessing CCAP

Determine eligibility

- Check income level limits
- Ensure you are working, going to school, or looking for work
- Check child age requirements

Find child care program

- Online resources (Parent Aware)
- Visit in person, check availability
- Assess needs (hours, transportation, language, etc.)

Gather information and apply for CCAP

- Application form can be mailed, submitted online, or in person
- MNBenefits.mn.gov can be used to apply for multiple benefits

- The CCAP application collects information about household income, members of household, custody, financial assets, child care schedule, and intended child care program. Families submit documents for verification.

- Families can choose any legal provider, including licensed and legally non-licensed. This includes center-based care, preschool settings, and family child care.

Application is processed

- Agencies verify documents and eligiblity
- Agencies verify payment with child care program

Send child to child care

- CCAP will pay program directly
- Family will pay program copay directly

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Accessing Early Learning Scholarships – Pathway I

Gather information and apply for scholarship

- Parent/guardian fills out application through one of 12 Area Administrator organizations (AA; MDE grantee, list on MDE website)

Process application, determine eligibility

- AA checks income eligibility by household income OR participation in one or more of a set of public programs
- AA checks child age eligibility

Scholarship awarded

- AA awards available funds to eligible children
- Priority considerations
- If no funds, added to wait list

Identify eligible early childhood program

- Must be a program participating in Parent Aware
- Family makes the selection/identifies the program

Inform early childhood program of scholarship

- Family presents their award letter to the program
- AA contacts program about invoicing and collects required forms

Scholarship used in early childhood program

- Program invoices AA for payment as services are provided
- AA makes direct payment to program

Accessing Early Learning Scholarships – Pathway II

Identify Pathway II-funded early childhood program

- All programs with Pathway II funding are Four-Star Parent Aware rated
- Family finds program with availability that also meets their needs

Identify scholarship applicants

- Pathway II programs ask families who have either expressed interest in financial supports or who the program has identified as eligible (or possibly eligible) to complete scholarship application

Gather information and apply for scholarship

- Parent/guardian applies directly with program offering Pathway II scholarship

Pathway II program determines eligibility

- Check income eligibility by household income OR participation in one or more of a set of public programs
- Check child age eligibility

Scholarship awarded

- Pathway II program awards available funds to eligible enrolled children
- Priority considerations
- If funds not available, may hold application

Scholarship used in Pathway II program

- If child care, program invoices MDE's statewide administrator grantee for payment
- If public program, requests payment from MDE

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Accessing Benefits Inquiry Questions

- **What do we like about current systems?**

- **What challenges do we see?**

- **If we could redesign, what would the process look like?**

- **If we were to serve dramatically more families, what would have to change?**
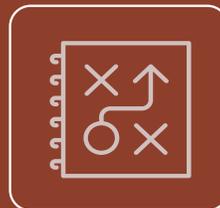
Keep in mind we must:

Center the needs of children and families but remain cognizant of the needs of other stakeholders
- Within this, centering historically disenfranchised group

Support all providers and settings
- We have validated our support for the Mixed Delivery System

Acknowledge implementation realities
- Long-term vision and near-term goals (within the current economic and political context)

Next Steps

Family Contributions
- What are today's family co-pay policies for child care financial assistance, and how is it working for families?
- What alternative co-pay policies might we consider and why? What would potential changes mean for affordable access and equity for families within the system?
- What financial impact would a change in family co-pay rates have?

Family Benefit Mechanisms
- How should families access financial assistance in the future system (what are the "benefit mechanisms")?
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- How can we make the system more transparent and accessible to families?

Provider Funding
- What changes are needed in provider pay to have a stable, sustainable system for providers of all types?
- How should provider funding be determined and updated?
- How can we ensure provider pay is equitable across the mixed delivery system?

Administration
- How should the system of provider pay and family benefits be administered to best meet our goals?
- What roles might exist for state agencies, local agencies, community-based organizations, and other entities in the future plan?
- What infrastructure needs exist to set this future system up for success?

Thoughts we've already raised on Provider/Program Pay and Sustainability

- Simplify the system so that new providers and programs are not intimidated by the complexity

- Have consistent policies and requirements for billing and payment across administrators

- Ensure consistency in billing and payment practices across counties

- Provide more transparency, in accessible language, as to how CCAP rates are set today, including county differences

- Understand impact of geographic differences in market rates and if these should be reconsidered given current inflation

- Set rates on what it actually costs to provide care

- Pay up front rather than on a reimbursement basis

Monthly meetings through September 2022

- *TODAY:* May 12| 1:00 - 3:00 PM

- June 9| 1:00 - 3:00 PM

- July 14| 1:00 - 3:00 PM

- August 11| 1:00 - 3:00 PM

- September 8| 1:00 - 3:00 PM

- *October TBD*

- Revised family benefits recommendation report to be sent tomorrow; feedback by Friday, May 20th

- Who can volunteer to present an update for our group at the next taskforce meeting on May 31st?

- Our next meeting will take place on Thursday, June 9th from 1:00-3:00pm

- Anticipate pre-readings for our discussions on provider and program pay and sustainability

- Share your reflections at GreatStart.TaskForce.MMB@state.mn.us