



2024 Annual Report

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MN Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$4,494.

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Message from the Ombuds

Dear Stakeholders and Partners,

As we reflect on 2024 and look ahead to 2025, I am privileged to share this annual report, which highlights the efforts of this office to support and advocate for family child care providers. The work of family child care license holders is vital to the well-being of children, families, and communities, and it is my honor to be your advocate.

This year, the focus was on addressing the critical challenges facing family child care while celebrating the hard work and successes. From navigating the efforts to update regulations to working to ensure a fair regulatory process for all, the ombuds office partnered with providers and stakeholders to amplify voices and advocate for solutions that meaningfully align with family child care needs.

Key accomplishments include:

- **Advocacy and Resolution:** Successfully addressing provider concerns, including licensing issues, policy interpretations, and reimbursement delays.
- **Outreach and Engagement:** Hosting learning community groups, classes and listening sessions to better understand your experiences and provide direct support.
- **Policy Recommendations:** Collaborating with license holders, state agencies and stakeholders to identify solutions and propose changes that simplify compliance and enhance program accessibility.

Despite achievements, I recognize the persistent challenges many providers face, such as impending changes to the licensing rules and systems, financial sustainability of operating a child care program, and the ongoing impact of this tightly regulated work. These challenges fuel my commitment to fostering a supportive and inclusive system.

Looking ahead, we will continue working closely with providers, policymakers, and community partners to build on this year's progress. Your feedback and collaboration are essential in shaping our shared future. Thank you for your dedication to nurturing young minds and strengthening our communities. Together, we will create a stronger, more equitable landscape for family child care.

With gratitude and resolve,



Lisa Thompson

Lisa Thompson
Ombuds for Family Child Care Providers

About this office

The Office of the Ombuds for Family Child Care Providers (OFCCP):

- Educates and consults
- Refers and supports
- Investigates and identify resolutions
- Registers complaints
- Recommends change

The ombuds advocates on behalf of MN family child care providers to assist with licensing, compliance, and other issues. The OFCCP was established under [MN Statute 245.975](#) by the 92nd Legislature during its 2021 session. Although the ombuds is appointed by the Governor, the position is politically non-partisan. The ombuds must have held a family child care license for at least three years. The recommendation for the creation of this office was made in the [MN Family Child Care Task Force Legislative Report](#).

The Office of the Ombuds for Family Child Care Providers is tasked with the following duties:

- Advocating on behalf of family child care providers to address areas of concern including:
 - Monitoring and inspection activities,
 - Licensing actions and sanctions, and
 - Other interactions with state and county licensing staff;
- Providing recommendations for family child care licensing and education improvements;
- Answering questions, receiving complaints, and discussing agency actions when family child care license holders believe their rights may have been adversely affected;
- Assisting a license applicant to navigate the license application process.

The ombuds is mandated to report annually to the commissioner of the Department of Children, Youth and Families and the chairs and ranking minority members of the legislative committees with jurisdiction over child care. This report is to include the number and locations of child care providers served and the activities of the ombuds in carrying out these duties. In 2024, this ombuds office was staffed only by the appointed ombuds with limited administrative support from the DHS Agency Effectiveness and Organizational Integrity office.

Who this office serves

Family child care license holders (aka: *providers*) are the Minnesotans served by this office. Family child care programs are licensed under a state-to-county delegated system. This system is regulated by [MN Rule 9543](#). The state's Department of Human Services (DHS) holds the authority to issue licenses and sanctions, which are based on recommendations from counties. County agencies process license applications, perform the inspections and investigate complaints against programs. Individual native nations oversee child care programs on tribal lands.

Some counties administer their licensing functions under a shared resources model such as [Sourcewell](#) in the west-central part of the state or in partnership with other counties such as [MN Prairie County Alliance](#) in southern MN. DHS is responsible for overseeing the licensing functions of the counties, providing training

and technical assistance to county licensors, and for the consistent enforcement of rules for family child care programs. The Office of the Legislative Auditor's 2024 evaluation, [DHS Licensing Division: Support to Counties](#), examined how well the system was working.

Family child care programs are licensed under [MN Rules 9502](#) and [MN Statutes 245A](#). As a part of the new [Department of Children, Youth and Families \(DCYF\) and restructuring](#) of agencies, technical changes were made to statutes by the legislature related to family child care licensing and were renumbered to [MN Statutes 142B](#). The language of the statutes remained the same.

A family child care license allows for a mixed-ages group of up to 14 children in the license holder's private residence, whether rented or owned. Minnesota also allows for family child care licenses to be issued to programs in a house, apartment or condominium that is not the license holder's primary home; a church, synagogue, temple, mosque, or religious institution; or a commercial property. The [Human Services Background Studies Act, MN Statutes 245C](#), regulates background studies for licensed programs, and the [Maltreatment of Minors Act, MN Statutes 260E](#), applies to family child care licensed programs.

This office also supports family child care license holders when they need assistance with other programs, such as state-funded grant and resource programs, the federally funded food program, quality support systems, professional development, and other business-related issues.

Mission and purpose

The Office of Ombuds for Family Child Care Providers operates with a commitment to principles of equity and inclusion in pursuing fair treatment in the family child care licensing system and the advocacy for systemic improvements. The ombuds is an independent resource for support and guidance for MN's licensed family child care providers.

The OFCCP exists to educate and advocate alongside MN's family child care providers for fairness, transparency, and accountability in the regulatory system that governs licensed programs. Minnesota is the first state in the nation to implement this innovative approach in the efforts to help address the persistent shortage of available child care options for families.

Approach

Embedded in the foundational structure of the Office of the Ombuds for Family Child Care Providers, the approach of this office prioritizes:

- Inclusion
- Transparency, and
- Supportive advocacy.

The ombuds practices this approach by engaging the people who do the work so that the activities of the office are informed and directed by the needs of providers. The OFCCP's frequent engagement with license holders from varying cultural communities and geographic locations ensures that differing opinions and needs are considered when rules are enforced, license actions are issued, and new regulations are made.

An ombuds (*om-budz*), also known as ombudsman, ombudswoman, ombudsperson or public advocate, is a non-partisan government employee who investigates and works to resolve complaints, be it through direct support, system recommendations or mediation efforts. This role is vital in ensuring that these bodies operate within the boundaries of legality, fairness, and justice for those who use the system.

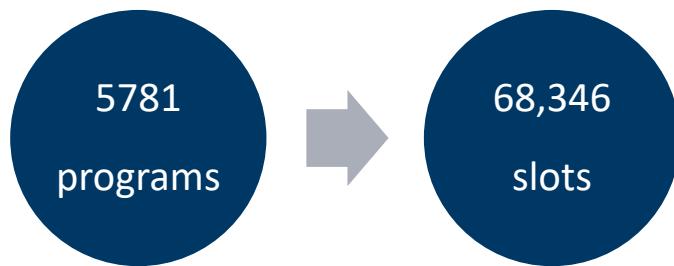
Equity commitments

The Office of the Ombuds for Family Child Care Providers has prioritized equity and inclusion in all aspects of its work. Language-specific community meetings and locally organized listening sessions are conducted by the ombuds in the effort to amplify the voices of family child care providers who are otherwise not part of important discussions but are impacted by the policies developed and decisions made.

This office respectfully acknowledges the indigenous peoples of the land from which we provide services. We recognize that Mni Sota Makoce (Minnesota), "the land where the waters reflect the sky," is the ancestral homeland of the Dakota, Anishinaabe and other Native Nations' peoples. We acknowledge the original stewards of this land, the cultural, spiritual, and economic practices of the indigenous populations that are intrinsically woven on this landscape.

This office works to recognize and counter the effects of historical and contemporary injustices, respect the sovereignty of Native Nations, and hold ourselves accountable for the lasting impacts. It is through this office's partnerships, policies, and practices that respect for the experiences of historically marginalized peoples is demonstrated.

Snapshot of family child care



Active programs

At the end of 2024, there were 5781 licensed family child care programs operating across MN¹. Those programs accounted for a capacity of 68,346 child care slots. Family child care programs were actively operating in all 87 counties across the state. Mahnomen County continued to have just 1 licensed program, the lowest in the state. Hennepin County has 488 licensed programs, which is the highest. Forty-four programs were operating under a license sanction, such as a conditional license (42) or a revocation under appeal (2).

Declining numbers

Minnesota experienced a decrease in the number of licensed family child care programs in 2024, continuing the trend that has been noted over the past several decades in every state across the country^{2,4}. The total

number of licensed family child care programs in the state decreased by 264 programs overall since December 2023. The overall rate of loss in the state was 4.4%, slightly higher than the loss of programs during 2023 (4.1%).

But the losses were not experienced equally across the state. While 55 counties showed a net decrease in the number of licensed family child care programs operating, 13 counties remained stable over the last year, and 19 counties showed a net increase. See Appendix A for rate of change by individual county.

The density of family child care programs across the state continued shifting in addition to the overall decline of licensed family child care programs. Only 32% of the total number of family child care programs are in the seven-county metro area despite the on-going general population growth in the metro area accounting for over 55% of the state's total population³. See Appendix B for complete list of counties in each region. The availability of family child care in the metro area (down 5.4% in 2024 and down 6.3% in 2023) is disappearing faster than any other region. Figure 1.1 shows the average rate of decline in each of the state's 4 regions and figure 1.2 shows the individual metro counties' details.

Figure 1.1
Average rate of decline by region.
See Appendix B, for complete list of counties in each region.

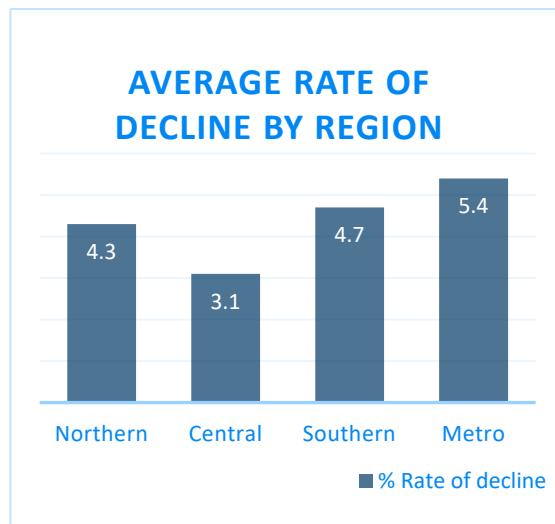
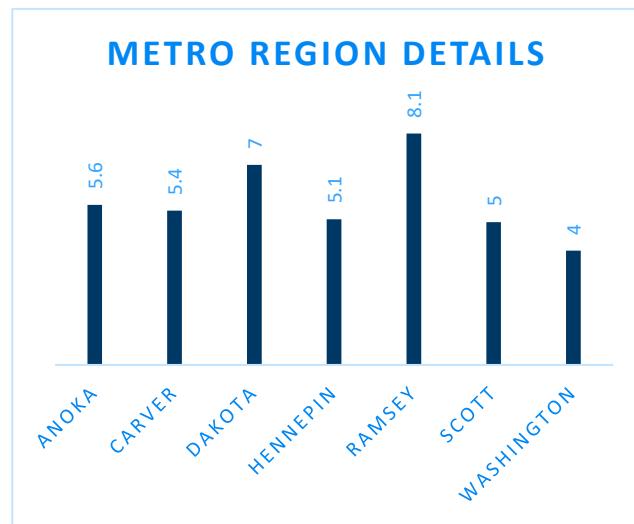


Figure 1.2
Average rate of decline in metro area counties.



All 7 metro area counties saw a net decline in the number of family child care programs. Ramsey County suffered the greatest decline in family child care, 8.1% in 2024 (20 fewer programs) on top of the 6.1% loss (16 fewer programs) in the previous year. Dakota County also suffered big losses. In 2024, Dakota suffered a net loss of 27 programs (representing a 7% decline) after suffering a net loss of 20 programs (5% decline) in the previous year. The rate of loss in Hennepin County edged up as well. Hennepin was down 26 programs (5.1%) in 2024 and 22 programs (4.1%) in the previous year. Anoka County's net loss was 17 programs (5.6%) in 2024 and 33 programs (9.9%) in the previous year. Scott County significantly slowed their rate of decline to 2.5% (translating to 5 fewer programs) in 2024, from 7.7% (17 fewer programs) in 2023.

Northern MN counties saw a mixture of changes in the number of licensed programs. Overall, the 803 licensed family child care programs in the region represents 4.3% fewer than last year. Seven of the counties remained stable or saw increases, while the other 14 counties experienced a decline in the number of

programs. Koochiching County suffered the greatest proportional lost in the state from 21 programs in 2023 to 16 in 2024, a 24% decline. Conversely, nearby Cook and Lake of the Woods Counties realized the greatest proportional gains. There were 4 programs in Cook County in 2023 to 6 in 2024, a 50% increase. Also on the United States' northern border, Lake of the Woods County, had 7 programs in 2023 and 9 programs in 2024, a 29% increase. Norman County was another area of growth, showing an increase of 22.2%.

Similarly, the number of programs in southern MN counties was also a mix of loss and gain. Watonwan (down 18.8%), Cottonwood (down 17.4%), Nicollet (down 16.2%) and Houston (down 16.1%) experienced significant losses. But the region's overall average rate of change was bolstered by the retention or growth of licensed programs in other nearby counties. Dodge County grew from 35 programs to 40 programs (up 14.3%) and Lincoln County grew from 16 programs to 18 (up 12.5%). Of the 37 counties in the southern part of the state, 9 counties grew the number of licensed programs, 6 remained the same, and 22 declined.

In the central region of MN, counties saw the smallest overall decline of licensed programs but the balance was uneven from county to county. Of the 22 counties in the central part of the state, half of the counties saw a decrease; 6 counties saw an increase; and 5 counties remained stable. Significant losses were experienced in Big Stone (-17.6%), Traverse (-14.3%), and Pope (-10%) Counties. But those losses were countered by the growth in other counties. For example, the number of programs licensed in Mille Lacs County grew from 26 programs in 2023 to 30 in 2024. Overall, the rate of change in the central region of the state was the lowest (-3.1%).

No single factor has been identified as the cause for the decline or the shifting density of family child care programs, but both external and internal factors have impact and must be considered to fully understand the trends^{4,8}.

External factors having impact include population shifts, area employer fluctuations, workforce participation rates, parental preferences, the availability of alternative options (e.g. free public preschool), and common misperceptions of services.

Such internal factors experienced by license holders that may be driving people out or causing people to not want to start in a family child care business include the high level of regulation, high-stakes violations, long hours, lack of benefits, high stress with limited support, daunting administrative tasks, rates of homeownership, availability of affordable rental options, and the availability of less stressful, less risky, higher paying jobs.

The consequences of the decreasing number of family child care programs are significant to communities and to families.

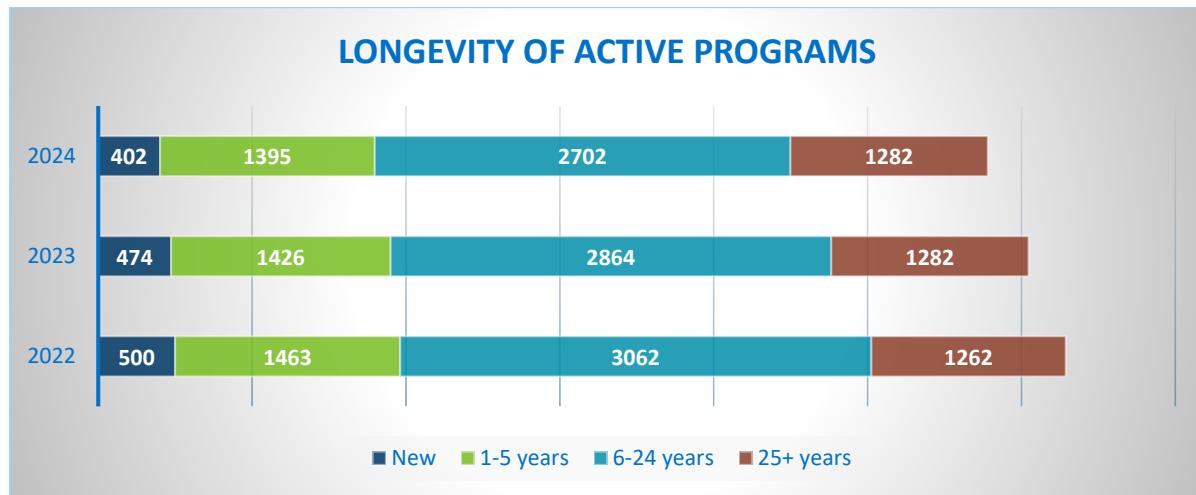
- Employers struggle to find workers when expanding or relocating to new areas.
- Needs-based child care assistance programs must account for higher costs at more costly center-based alternatives⁵.
- Families have fewer options finding the right environment for their needs.
- Communities lose small businesses and the personalized care delivered by trusted caregivers close to home.

Longevity

Of the 5781 active family child care licenses, 402 were newly issued in 2024. Of the programs operating at the end of the year, 31% have been licensed for less than 5 years. On the other end of the longevity scale, 33% have been continuously licensed for more than 25 years, and of those programs, 11% were licensed more than 30 years. Two MN family child care programs have been continuously licensed since 1989: one in Minneapolis and the other in Albert Lea, see figure 2.1.

Figure 2.1

Longevity of active licensed programs.



Retention efforts to support currently licensed family child care programs combined with vigorous recruitment of new programs are vital steps to slowing or reversing the stubborn decline of family child care options for parents. The issuance of new licenses will need to significantly increase in the coming years to make up the loss of available child slots as the license holders of long-standing, established programs reach the age of retirement. Nearly 6% of the current programs (335) will reach their 35-year anniversary over the next 2 years.

The loss of programs in the early years of licensure needs attention. Policy makers and support programs need specific and concrete data on the reasons people close their programs, and what factors might have enabled them to remain open. The considerable state, county and private-sector investments of resources and supports to recruit new programs are not fully realized if not in concert with retention efforts.

Gathering data on the reasons programs have decided to close is vital for meaningful retention strategies. In 2025, the Office on the Economic Status of Women (OESW), the Child Care Wayfinder network, and the OFCCP will partner to gather this specific data.

Closures

For a meaningful look at the declining availability of family child care, we must look deeper at the number of closing programs. The issuance of new family child care licenses in 2024 decreased to 406, down from 496 new programs in 2023, and down from 529 in 2022. Of the 406 new licenses issued during the year, 25 of those new programs closed before the end of the calendar year, see figure 3.1.

Figure 3.1
New programs closed in first year.



Overall, the state had 248 fewer family child care programs at the end of 2024 than at the end of the previous year. Of the 675 programs closed during the year, 639 were voluntary closures, 27 licenses were revoked, and 9 were under suspension (inactive) at the end of the year, see figure 3.2. Of the 25 initial applications for licensure that were denied, more than half were denied due to a household member's background study disqualification.

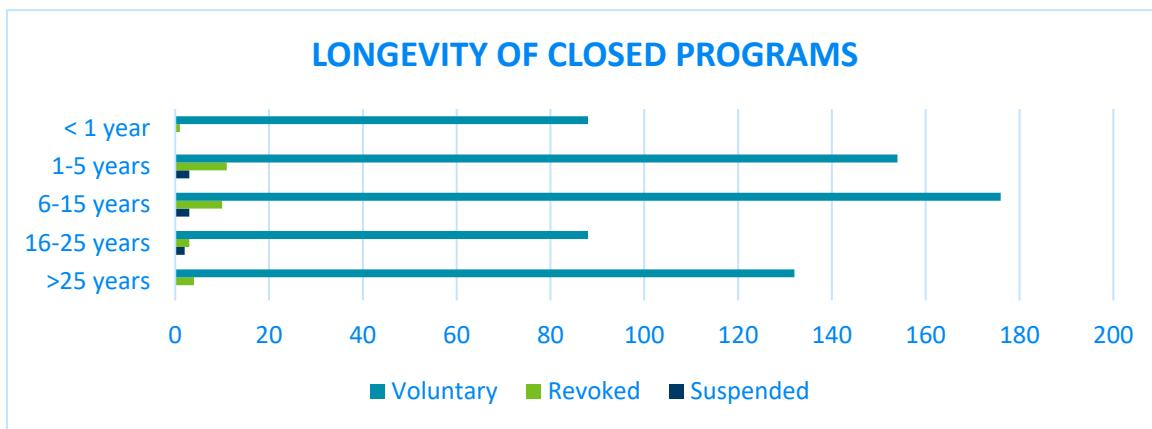
Figure 3.2
Type of closures.



Taking a closer look into the voluntary closures in 2024, we see that 88 (14%) programs closed before their first anniversary; 56 programs closed in their second year; 49 programs closed in the third year; and 21 programs were shuttered in their fourth year. These losses make up largest cluster of voluntary closures. In all, 242 programs (38%), were licensed for 5 years or less. This significant cluster should be considered as retention efforts are planned and policy changes are discussed. The voluntary closure of programs licensed for more than 25 years accounted for 132, or 20.7%, of the total. This cluster could be significant in predicting future availability of family child care options when weighed against the comparable number of newly issued licenses and the large percentage of programs operating more than 25 years, see figure 3.3.

Figure 3.3

Longevity of closed programs by type of closure.



The MN Legislature has invested heavily in recent years to address the shortage of available child care options in the state including [Great Start Compensation Support Payments](#), [Facility Revitalization Grants](#), [Child Care Wayfinder](#) start-up and support services, mentoring and workforce-building programs, [systems transformation initiatives](#) and [licensing modernization efforts](#). See the MN's Children's Cabinet report, [Legislative Wins for Children and Families](#), for specific programs funded and funding levels in 2024 that affected family child care. A mix of direct financial resources and funding for supportive services were combined in the efforts to stem the declining access to quality child care.

Trending

Modernization initiatives

Multiple child care licensing modernization projects progressed in 2024. The multi-year projects were spearheaded to simplify and streamline processes for child care programs. The projects include developing a system for abbreviated inspections using key regulation compliance indicators, a risk-based tiered system for violations, and a revision of the state's licensing standards. For further details, visit the DHS [modernization projects webpage](#).

The [Systems Transformation initiative](#) continued its work to modernize the child care information technology systems and processes. The vision as described on their webpage is to “create a seamless, tailored, and intuitive experience that inspires confidence and boosts satisfaction through enhanced transparency, efficiency, and consistency.” Dubbed simply the “Hub,” this online platform is designed to streamline interactions between providers and agency workers at both the state and the county levels. The Hub is predicted to reduce the administrative burden of outdated and redundant manual paperwork, and improve communication between license holders, licensors, and the state. Training, information sessions, and technology grants are part of these on-going projects.

For child care centers, the Hub launched in 2023. In 2024, the Early Learning Scholarships, enrollment and attendance options, and the Great Start Compensation (GSC) program was moved to the Hub. Expected in Spring 2025, registration for the Child Care Assistance Program (CCAP) and a GSC “use of funds” report will

move to the Hub. The inclusion of family child care licensing in the Hub was delayed throughout 2024 and is expected to begin its 6-month rollout in the summer of 2025. The [DHS Licensing Information Lookup](#) system is also expected to be rolled into the Hub with a new look and some changes to the information displayed.

In December 2024, licensed family child care providers received a guide, [Preparing For The Provider Hub](#), by mail with information about the licensing functions that will move to the Hub and how license holders can prepare. The guide also helped to clarify some of the administrative changes ahead.

Licensing standards revision

The revision of licensing standards is a major part of the DHS modernization efforts and was top news around the provider community in 2024. The aim of the revisions was to bring all family child care regulations under a single statute in state law, be organized for ease of use and aligned with the legislative directive to be child-centered, family friendly, fair to providers, and grounded in regulatory best practices by the [National Association for Regulatory Administration](#) (NARA).

In October 2022, NARA conducted an online survey to gather input from child care providers, parents, licensors and other stakeholders. Their summary, [Survey to Guide Revised Licensing Standards Report](#), highlighted 5 areas of greatest concern to be addressed in a revision of the standards for family child care licensing:

1. Ratios/capacity
2. Qualifications/substitutes /training
3. Paperwork
4. Oversight
5. Corrections process

Unfortunately, few of these concerns were addressed in the [Draft Revised Family Child Care Licensing Standards \(245J\)](#) released to the public in April 2024. The survey's most commonly noted concerns were ratios and capacity limits, but these remained unchanged in the draft. There were no changes to the requirements for substitute caregivers that would help to ease the related challenges, but an existing definition was narrowed. Training requirements were reorganized but no revisions were made to address concerns about content, options or experience-based credit. Several unrelated additional training requirements and restrictions were added. Contrary to the input gathered from the survey, paperwork requirements were substantially increased and made more complicated. The concerns about oversight were wholly unanswered, and no changes were made to address the concerns about the corrections processes.

Included in the draft but unrelated to the 2022 survey report, were many changes, revisions and additions to current regulations. Some examples of what was added:

- Multiple new requirements were added for documentation and tracking, such as documenting when and how insects are removed, maintaining specific types and quantity of toys, and obtaining copies of the city's public water test results.
- Multiple new requirements were added for written policies, such as children's use of media screens, pest control methods and plans, detailed descriptions of behavior guidance, and a written policy from a community health board about animal bites and scratches.

- Detailed cleaning instructions, schedules and requirements for written documentation were added, such as cleaning children's outdoor space and equipment, sanitizing refrigerators monthly and freezers quarterly, mopping and vacuuming daily, removing any toys that come into contact with a child's mouth until sanitized, and shampooing home carpet every 6 months.
- Requirement to keep all areas "free" of animal hair and animal odors.
- Environmental testing mandates, such as requiring radon testing every five years and requiring mitigation, testing water for various chemicals, testing bare soil for lead or covering any bare soil that children have access to, and maintaining 9-inches of mulch under playsets.

The draft contained typographical errors that caused confusion and raised unnecessary alarm among the various stakeholders offering feedback on the draft. One example: the definition of a toddler in center-based child care was mistakenly included as a change to the family child care definition of a toddler.

The family child care regulations from [MN Rules 9502](#) and [Statutes 245A](#) were combined in the draft and named 245J. Minor revisions were made to existing regulations, such as renaming Special Family Child Care to be Community-based Child Care and adding to the list of allowable medical practitioners who can provide a physical exam of the license applicant. Updates were made to the eligibility requirements for a group license. And reorganization of the training requirements in statute for the different caregiver roles was intended to help better identify the training required by the caregiver type.

The reaction from license holders, parents and county licensing agencies was immediate and resounding, eventually resulting in a delay for the projected timeline to introduce a legislative proposal to make the revisions law.

DHS conducted listening sessions for license holders and other stakeholders in Grand Rapids, St. Cloud, the Twin Cities, and St. Peter over the following months. Additional listening sessions were scheduled in multiple communities around the state in cooperation with partnering organizations. DHS conducted 6 focus groups with county licensors. The OFCCP partnered with DHS to hold listening sessions with Spanish and Somali interpreters. The OFCCP also held 10 small-group sessions to give license holders the opportunity to better understand the ways in which the proposed changes would affect their programs.

The series of DHS listening sessions was followed by additional input-gathering with an online survey and anonymous interviews with family child care providers conducted by a non-profit research and evaluation group. The key themes were compiled and made public in a November DHS report, [Key Themes of Feedback on Family Child Care Draft Revised Licensing Standards](#).

The commonly reported concerns about the draft included:

- Worries about the substantially increased level of regulatory details license holders would be required to conform to and the potential for more sanctions that would be untenable for this workforce.
- Regulations that are difficult, inappropriate or impossible to meet in a home setting.
- Excessive and redundant administrative tasks taking time away from the children.
- Substantially increased documentation and monitoring requirements.
- Increased operation costs resulting in higher costs to parents.
- Imposing institutional-level expectations inappropriate for small, mixed-age family settings.

- Behavior guidance language that is excessively detailed and infringes on the individualized care in the family setting.

The next step for the revision of licensing standards is the anticipated release of a new draft in early 2025 from DHS after their consideration of the input gathered. Following the release of the revised draft, DHS is expected to gather feedback from stakeholders to help shape a final version. The final version is expected to be proposed during the 2026 Legislative session.

Agency transitions

During 2024, the state's departments that issue licensing actions and support child care programs started their transition from the Department of Human Services (DHS) to the Department of Children, Youth and Families (DCYF). Major reorganization is underway. In July 2024, multiple agencies and programs moved from DHS, the Department of Education and the Department of Health to the new DCYF. For a complete look at this transition and the affected programs, refer to the [Transition Implementation](#) website and the [MN Human Services Department Transition Overview](#). All transitions are expected to be completed by July 2025.

The OFCCP is under a separate transition after being made permanent by the legislature in 2024. This ombuds office was reassigned to be a stand-alone agency outside of DHS or DCYF much like other ombuds offices in the state.

Alternative models

The unrelenting decline of people seeking new family child care licenses and the increase of child care centers in the larger population areas has resulted in a significant impact on the landscape balance of available care options for families of early care and learning systems. The reasons for the decline are varied and solutions are elusive. Alternative family child care models could help in the efforts to preserve families' options for the care of their young children. Non-traditional models can still maintain the essential characteristics that make family child care a uniquely important part of the system.

As a response to the declining numbers and challenges facing family child care programs, the MN Legislature looked at alternatives to the traditional models. The 2023 report [Alternative Child Care Licensing Models](#) concluded that non-traditional family child care models could help address the shortage, workforce challenges and the high costs of providing care.

The traditional model is a licensed program operated from the residence of the license holder. One license is allowed per person. As an alternative, MN statutes allow a family child care program in a dwelling that is not the license holder's primary residence, or in a commercial setting. Up to 4 family child care licenses can be held by a business or organization when an individual is the primary caregiver. These alternative models are labeled "Special Family Child Care" in [MN Statutes 142B.41 Subd. 4](#).

Alternative models have filled gaps in some communities, creating access to family child care that otherwise may not exist. An example is the New Ulm Economic Development Authority's Westridge Place pods project where a commercial property was repurposed for 4 individual programs to share. Allowing programs to operate outside of the license holder's home can help to lessen burnout and alleviate the interference that running a child care from home can have on the caregivers' family. Potential benefits to families include the

convenience of a program centrally located in areas that are otherwise rural; programs operated near large employers; lower cost-of-care could mean lower costs to families; and fewer barriers to operating with assistants being outside of the license holders' private residence. The inherent benefits of family child care stay intact, too, like the mixed-age group ratios that allow siblings to stay together and the strong nurturing relationships with a consistent caregiver throughout the critical early years of development.

A benefit to taxpayers should be considered by legislators as another advantage of improving alternative licensing models because the tuition costs for family child care are significantly lower than child care centers that accept child care assistance payments. Recent market rates survey results can be found on pages 7 and 8 in the [2024 Child Care Market Price Analysis](#).

The most common alternative model was a license held by individuals operating their program in a residential dwelling that was not their primary home. There were 255 programs using this alternative. Several notable projects around the state are included in this category, such as [the pods in Stevens County](#).

A family child care program can operate in a school building, a place of worship, and commercial spaces. The non-residential spaces must conform to the more stringent fire and building codes as described in the [MN Statute 142B.41 Subd. 4](#), but the other family child care rules and ratios must be followed regardless of the setting. At the end of 2024, 40 programs were operating in a commercial setting; 36 of those licenses were held by an individual, and 4 of the licenses were held by a business or organization.

Traditionally, a family child care license holder must be the primary caregiver. Minnesota law allows several alternatives. An employer, a religious organization, a not-for-profit organization, or a community collaborative can hold a license, but each license must have its own primary caregiver. Fifty-three family child care licenses were held by a business or organization.

The employer-based structure requires that the program's primary purpose is to provide child care services to the children of the license holder's employees. Eleven programs were using the employer-based model. A religious organization can hold a family child care license in their building; eleven programs were using this model. The not-for-profit agency model requires that the license holder maintain at least two contracts with a community action agency, and 2 programs were licensed under this model. The community collaborative structure requires a program to participate in a cooperative agreement with a community action agency. No licenses were using the community collaborative structure model in 2024.

An organization can hold a license when the program is operated from a residential home with a primary caregiver named. Twenty-five programs were operating under this model. Another alternative allows a business or organization to hold up to 4 licenses. At the end of 2024, 6 organizations held more than one license: Benilde St. Margarets School in Hennepin County, Birch Grove Community School in Cook County, Holland Center with locations in Dakota and Hennepin, Liberty Classical Academy with locations in Ramsey and Washington, St. Phillips Church in Beltrami County, and St. Agnes Church in Ramsey County.

The state's statute allowing alternatives to traditional models needs more clarity and direction to licensing agencies to better support these options. As the state continues to draft new regulatory standards for licensed child care programs, changes to the regulations for alternative models should be considered. Some changes to consider are:

- Add a license class that allows the alternative models and remove the problematic and confusing “special” distinction in the title.
- Remove the organizational requirements, such as requiring contracts with employers or community agencies, for an organization holding a family child care license.
- Detail clearly the required steps for zoning and building codes by engaging the state fire marshal and local inspectors.
- Provide detailed guidance to county licensing agencies or require the state to directly license alternative models to eliminate the additional challenges associated with county-delegated licensing.

Improvements to the rules in statute and supportive guidance from DHS/DCYF would better position local communities and individual applicants to meet their specific needs using alternative licensing models and help to ease the problematic administrative burdens involved in working with multiple agencies and regulatory authorities.

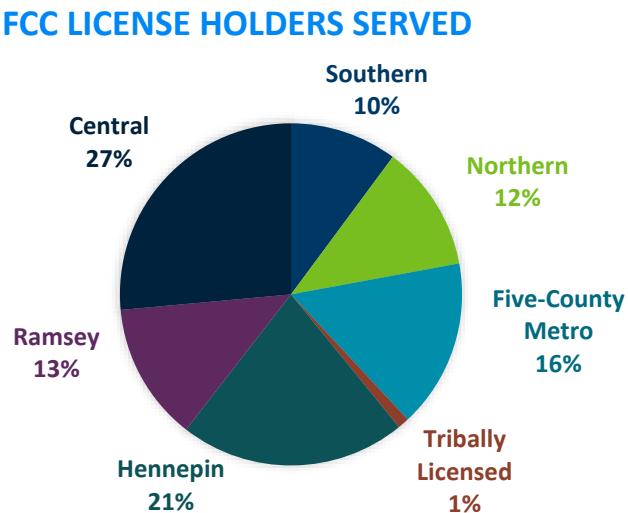
Summary of activities

Responding to inquiries

The Ombuds is required to report activities each year to the commissioner of the Department of Children, Youth and Families and the chairs and ranking minority members of the legislative committees with jurisdiction over child care. The report is to include the number and locations of child care providers served and the activities of the ombuds in carrying out the duties under this section.

The OFCCP received 424 unique queries for information or assistance. Comments and questions regarding the revision of the licensing standards draft accounted for 127 of those contacts in a combination of phone calls and emails from license holders, parents, licensors and other stakeholders. Most of these contacts occurred between April and July. Of the 297 other contacts, the largest percentage came from the central part of the state, figure 4.1. Appendix B shows the complete list of counties by region.

Figure 4.1
Location of family child care license holders served by OFCCP in 2024.



The issues brought forward ranged from requests for assistance applying for a child care license to concerns about negative licensing actions. The issues most frequently brought to this office were regarding correction orders and rule disputes, and temporary immediate suspension orders. The process for appealing a correction order, revocation, conditional license and fine orders were common requests for continued OFCCP assistance.

- **Licensing action appeals:** Questions about correction orders, maltreatment investigations and sanctions against a license and requests for support with appeals accounted for half of the ombuds' work during the year. Each type of sanction has its own appeal process and requirements, but few license holders are familiar with the rules, especially for administrative law hearings. License holders report depleting their family's savings or accumulating unmanageable debt to hire an attorney to argue against their county attorney office when their child care license is in jeopardy, or they believe they have been sanctioned unfairly.
- **Special Family Child Care:** Inquiries regarding the Special Family Child Care license were the most common single-topic question and request for support. Requests included issues such as license holders requesting support when they don't agree with the licensor's understanding of a rule, and requests for ideas on how to best match the statute to meet an applicants' needs. More published guidance is needed from DHS to support alternative licensing models. This office also received inquiries about the impact of new Special Family Child Care programs opening. There were some misconceptions about the differences in requirements and concerns about unfair competition. These concerns were mostly alleviated when misconceptions were clarified.
- **Regulation guidance:** Clarification on licensing rules was another common inquiry handled by this office. License holders were looking for resources and assistance to better understand a regulation or clarify their licensor's interpretation of a rule. License holders shared that they preferred the option of talking to the ombuds because the office is not connected to DHS or the licensors. Several license holders explained that asking their licensor a regulation question resulted in a correction order or negative action. DHS-sanctioned training on regulations and compliance for license holders does not exist beyond the basic orientation video modules that primarily read through the statutes.
- **Supervision violations:** The most frequently questioned rule was about how to maintain compliance with supervision requirements. Correction orders and negative actions are issued when a licensor believes a supervision violation has occurred. The rule requires that a caregiver be within "sight or hearing" of a child and be "capable of intervening" to keep children safe. The troublesome part of the rule was applying the standard for being able to intervene. License holders consistently report that they cannot get a clear explanation from their licensor or DHS of how to reliably implement the expected standard. Correction orders, temporary immediate suspensions, maltreatment determinations and fines have been issued for violations of the supervision requirements despite the license holder being present with the children.
- **Difficulties with county licensing agencies:** License holders who contacted this office reported difficulty finding reliable information online, unanswered calls and long delays for licensors' response in several counties, inconsistent or inaccurate information from their county licensing agency, and fear of additional regulatory scrutiny and sanctions when bringing questions to licensors. For example, license

sanctions were issued as a result of the license holders asking their licensor for clarification on a rule when the program was incorrectly applying a regulation.

Several notable situations include one county's policy to prohibit or severely restrict programs from offering overnight care options despite it being permitted under state licensing rules. In Ramsey County, a fire marshal inspection was routinely being required despite it only being mandated by state law under certain specific situations, adding cost and time delays for programs operating. Some county licensors have imposed their own rules for considering a license class change for a program despite the license holder being eligible for a higher license class under state law.

- **Long delays processing applications:** This office has received reports and concerns about long processing times for family child care license applications at the county level. Reports originated from multiple counties, but several of the largest counties are the most frequently mentioned. Applicants have asked for help from the OFCCP after some have been in process for as long as 1-2 years. The most frequently cited reason by applicants for the extended delays was unreturned calls and messages to licensing staff and the staff losing documents that were submitted requiring applicants to resubmit them. Several complainants reported resubmitting documents multiple times.

A specific case to note involved a licensor failing to submit the relicensing documents for a program to DHS, resulting in the expiration of the program's license. The 25-year-old program was forced to close until the licensor completed the renewal after it was brought to attention. In Ramsey County, a license holder reported that the licensor delayed submitting the date she closed her program to DHS, causing the person to pay an extra month for liability insurance because she wasn't able to demonstrate the accurate date of closure.

- **Fear of retaliation:** At least one-third of license holders contacting the OFCCP wanted their identities to remain confidential when speaking to the OFCCP. There is widespread concern about retaliation from regulators for questioning or challenging the authority and decisions of their licensor or DHS, and that worsening sanctions by DHS or retaliatory over-enforcement of rules could result. Anti-retaliation protections are needed and could support better compliance by license holders.
- **Child Care Assistance Program (CCAP):** Inquiries were received for assistance with county agencies for assistance with CCAP from license holders who were experiencing difficulties with the program. For example:
 - In one county 4 license holders requested help with payments that were incorrect or denied. One license holder reported a 4-month delay getting billing forms for a family in care. Another reported derogatory and unhelpful responses when attempting to contact the county's accounting and billing department.
 - License holders in several metro area counties raised concerns about the conduct of their county's CCAP payment processing staff. The complaints cited unreturned phone calls, months-long delays processing paperwork, concerning interactions with CCAP staff and neglectful handling of documents.
 - The state's CCAP department is developing a plan for delivering face-to-face orientation classes to help with proper billing practices and is expected to be available in 2025.

A specific case of note involved a license holder who requested OFCCP assistance with the online CCAP system, [MEC² PRO](#), after being denied meaningful assistance by the county. A fraud referral was made by the county because of a billing inconsistency. The OFCCP investigated the license holder's billing practices and discovered that several mistakes on the invoices were made, but that the mistakes actually resulted in an underpayment to the program.

- **Early Learning Scholarships:** In June/July, the DCYF contract for administering the [Early Learning Scholarships](#) program was awarded to a new vendor. The transition presented delayed payments and some confusion for license holders.
- **Background studies:** Thirteen calls to the OFCCP involved complaints about the background studies or the state's fingerprinting vendor's services. The concerns were about long waits for some background studies to be completed by DHS, long waits for DHS notification of disqualification, and problem using the NetStudy 2.0/IDEMIA system. Multiple complaints were received about the severely limited hours for fingerprinting appointments [at IDEMIA service locations](#). License holders reported needing to close their programs to complete fingerprinting requirements. Others reported needing to remove their teenagers from school or a spouse needing to take off time from their jobs to complete household members' fingerprinting. Locations and daytime hours are very limited in areas of the state, and Saturday hours are rarely available. Many areas around the state must drive long distances.

Conflicting rules in MN law were identified regarding the requirement for a background study of a teenage household member. While helping a license holder appeal a correction order for not completing a background study for a household member, it was discovered that a household member cannot complete fingerprinting before the 18th birthday. But the background studies for household members expire on the 18th birthday and there was no allowable grace period in MN law for the license holder to stay in compliance.

- **Legislative and regulatory input:** This office frequently receives calls from license holders with suggestions and insight for addressing the challenges they face operating their businesses. Some licensing rules create regulatory burdens running a successful child care business. This office made record of the suggestions for changes to policies or state licensing rules that would help for family child care license holders while maintaining safe programs for children and their families. Those suggestions have been incorporated as a part of the recommendations in this report. This office will continue to work with stakeholders to bring their input to policy makers and agencies.

The most commonly suggested topic brought to this office was related to child age ratios and capacity, especially with the license classes that require an additional caregiver, extra experience and training. For example, a class C-3 family child care license adds a second adult but only allows one additional child under 2 years old. The financial benefit of an additional child does not cover the expense of adding a second staff person.

Programs struggle to respond to their community's child care needs because the ratio for children under 2 years is very limited. In communities where free and reduced-cost public preschool programs are available, the child care programs struggle to maintain sustainable enrollment because the preschool age-group accounts for the majority of the license's child slots in ratio limits.

- **Maltreatment investigations:** Eight license holders contacted the OFCCP when they found their program under investigation for child maltreatment. Investigations are especially frightening for family child care

providers who usually work alone in their home, and struggle to offer verifiable evidence when something did not happen. Maltreatment by neglect has been determined by county workers when a license holder was found to have violated a licensing requirement. Coupled with the lack of clarity around the definition of “capable of intervening” in the supervision rule, this is a source of concern for license holders.

- **Professional development:** Professional development support requested included assistance locating the required pre-service classes for new staff, finding a face-to-face training to better understand licensing and CCAP rules, accessing technology training [to prepare for the licensing Hub](#), connecting experienced providers with the resources to become a trainer, creating professional development opportunities delivered in languages other than English, and understanding the significant changes to the vehicle passenger restraints training.
- **Business supports:** Business supports requested include assistance with completing an emergency preparedness plan, how to describe family child care experience on a résumé when leaving the field, concerns about the tiered reimbursement rates on the federal program [CACFP](#), and assistance with the repayment of state grants funds when a health condition forced a provider to close her program before completing the 2-year commitment.
- **Policy and miscellaneous questions:** Policy and other questions that this office fielded included backyard chicken coop regulations, complying with a conditional license, identifying which rules apply when grandmas want to visit, homeowners associations (HOA) and how to encourage a property owner to allow a family child care in a rental unit, seeking help with the county’s variance policies, the new proposed rules for notification of firearms in the household, when a physician’s report is required for staff, the permanent prohibition of non-licensed child care after receiving a fine or other license sanction, describing the uniqueness of family child care, the reportedly damaging effects on the children when local law enforcement officers escort county staff to personally deliver licensing orders, the ways in which over-regulation distracts from the care of children, the transition to automatic Parent Aware 1-star rating, and the data about violations being publicly displayed with reportedly misleading auto-populated description of the violations.

Child Care Wayfinder

[Child Care Wayfinders](#) is a legislatively mandated ([MN Statute 142E.31, Subd 5.](#)) program of the child care resource and referral, [Child Care Aware of MN](#), to assist people wanting to start or grow child care programs in the state. A team of 30 child care consultants covering all 6 of the Child Care Aware of MN districts offers assistance to people going through the licensing process and connecting them to resources for building and retaining child care businesses.

The work of the Wayfinders and the OFCCP partner where there is overlap of duties and mission, such as assisting new applicants. This office meets regularly with the program administrators to ensure that our work is complimentary and avoids areas of duplication for efficient use of taxpayer funds and effective support to license holders and applicants.

Stakeholder engagement

Family child care license holders are the primary stakeholder of the OFCCP. This office serves family child care license holders from all 87 counties and [Native Nations that grant licenses](#) in conjunction with the state.

The ombuds engaged with license holders at events across the state presenting information about the office and current topics at family child care networks, county licensor-sponsored events, conferences, and have included language-specific sessions.

In addition to inquiries from family child care license holders, 47 inquiries were fielded from community stakeholders, such as families with young children using child care; county licensing agencies; local, state and federal legislators; [MN Initiative Foundations](#) and other local support organizations; [Child Care Aware of MN](#) regional agencies, such as [Milestones](#), [Think Small](#), [Lakes and Prairies Community Action Partnership](#) and [Families First](#); [Child Care Wayfinder Navigators](#); [National Association for Family Child Care](#); various other local and national organizations; and for consultation on private and state-funded projects. Topics ranged from requests for information on how to support family child care providers, referrals for supportive services, and questions about family child care systems.

This office continued supporting the development of learning community groups for Spanish and Somali language speakers. Early childhood educators, license holders, and potential license holders, whose primary language is Spanish or Somali meet monthly to share their experiences as license holders, learn new strategies working with young children, collaborate on problem solving ideas, and offer support to each other. The monthly sessions are designed to provide professional development credit with a [Develop-endorsed](#) trainer while building and sustaining connections with others in the field. Sessions are fully conducted in their primary language. The OFCCP provided ongoing support to these groups.

Statewide professional conference

This office sponsored a statewide professional development and training conference for family child care providers. This second annual event was held in the centrally located area of St. Cloud. The conference details were driven by a diverse committee of licensed family child care providers making the conference specifically relevant to their work and meaningfully supportive. Partnering organizations and supporters volunteered their time to help make the conference an enriching professional growth opportunity. Partnering organizations donated training sessions, scholarships to help participants with registration fees, and door prizes.

The conference's focused purpose was to celebrate and show appreciation for family child care providers, addressing the need for high-quality professional development, make professional connections with others working in the field, and provide opportunities to be heard and give input on issues facing the profession. Due to the changing timeline for required training in 2024 with the transition to continuous licenses for family child care, attendance was lower than the previous year. Attendance was 102 participants, with just 6 who only attended one of the two days.

The conference again took place the third Friday and Saturday in October. The [Governor's Children's Cabinet](#), the [Department of Human Services](#), the [Department of Children, Youth and Families](#), and the [Office of Inspector General](#) gave presentations and introduced the new leadership from the transitioning

departments; they discussed information regarding recent changes to licensing rules, upcoming changes to regulations, and updates on the [child care modernization projects](#).

The conference offered participants the opportunity to fulfill training hour requirements. Training was offered in multiple languages. Spanish and Somali interpreters were available to support license holders in their primary languages. Early education materials were available from vendors and professional resources and service exhibitors throughout the event. The annual conference is anticipated to continue each year on the third weekend in October 2025 in the St. Cloud area.

Recommendations

Providing recommendations for improvements to the family child care system and education for family child care providers is one of the four duties of the OFCCP. The following recommendations are based on provider input and the reported provider experiences. The recommendations include some solutions that have systemic impact, policy solutions that do not need legislative action, and legislative solutions that will relieve some of the regulatory requirements burdening the work of family child care.

Many of the recommendations are carried over from the [OFCCP 2022 Annual Report](#) and the [OFCCP 2023 Annual Report](#). Others are newly identified or edited to reflect updated information or insights. Notations are made where there was progress on past recommendations, or progress that is anticipated in the near future. The recommendations are divided into subgroups: CACFP, regulations, enforcement, training, application, CCAP, and this ombuds office.

CACFP – Food Program

While the majority of the work of this office involves issues on the county or state level, the [Child and Adult Care Food Program](#) (CACFP) is an example of a federal program that directly impacts family child care providers. In MN, the CACFP is a federally funded program administered through four nonprofit sponsoring organizations by [the Nutrition, Health and Youth Development Division at the MN Department of Education](#).

This office was contacted by license holders and other stakeholders with the following CACFP concerns:

- Eliminating tiered reimbursement rates so all programs receive the same level of support for meals they serve to children in care.
- Increasing the reimbursement rates per meal served to account for rising food prices.
- Allowing family child care programs in MN licensed in a non-residential building to be eligible for the meal reimbursements under the family child care rules.

A federal bill, the [Early Childhood Nutrition Improvement Act](#), was introduced to address these issues and other improvements to the program for family child care. Family child care advocates have called for the state to consider providing supplemental funding to implement these CACFP solutions on the local level.

Regulations

1. **Restructure adult/child ratios** – The OFCCP recommends that the MN Legislature restructure the child age ratios for family child care licenses and increase the total capacity for licenses with two caregivers. Ratio change is the most commonly suggested policy issue received by this office.

Changes that allow flexibility in the [age distribution ratios](#) would better position communities to respond to their everchanging local child care needs. MN ratios limit most family child care licenses to only 1 or 2 infants and require that 50%-80% of the total child slots be filled by preschool-aged children.

The increased availability of free public preschool programs leaves family child care programs with many vacant preschool slots despite a shortage of overall child care slots⁷, and years-long waiting lists for infants because of the age category distribution limits. The stubborn persistence of the shortage in child care access is most profound for infants and toddlers. The need for child care services varies significantly from one community to another and changes over time, the age category ratios would better serve the needs of families and family child care programs if restructured to allow flexibility.

Additional experience or education is required for the class of licenses with two caregivers (C and D classes) and special focus for restructuring would be best placed on these licenses to find a solution that allows for flexibility while still maintaining high standards for children's safety and learning.

2. **Require counties to consider ratio/capacity variances** – This office recommends the MN Legislature act to require counties to follow consistent policies and a standard process for variance requests to ratio and capacity regulations.

Multiple counties have a policy to not even consider requests for variances of ratio or capacity limits. Other counties regularly issue variances but add complicated and burdensome conditions. But some counties' variance policies are working well and are responsive to the community needs. Variances to ratio or capacity limits allow siblings to stay together in one program and allow license holders to adjust their program enrollment to match the needs in the community.

3. **Eliminate BGS preponderance of evidence** – This office recommends that the MN Legislature act to prevent the use of "preponderance of evidence" to disqualify an individual from child care when conducting background studies.

Background studies are conducted by DHS/DCYF and determine if an applicant for licensure or household member is disqualified from contact with children under [MN Statutes 245C.15](#). By allowing disqualifications to be based on a preponderance of evidence, DHS/DCYF is given the authority to bypass and ignore court findings, jury decisions and due process protections.

4. **Expand fingerprinting locations** – The OFCCP recommends that DHS expand the locations approved to collect fingerprints necessary for background studies.

Locations for collecting fingerprints are severely limited across most of the state under the current system. License holders, staff and household members must repeat background studies every five years. The fingerprints used for the study must be collected at approved locations. Most locations only offer very limited week day hours, forcing programs to close for the day to complete this task. Suggestions include allow fingerprinting at law enforcement agencies in local neighborhoods, eliminate the need to repeat fingerprinting by allowing DHS to store the information, or train licensors to collect fingerprints during site visits.

5. **Eliminate grey areas in regulations** – This office recommends the elimination of grey areas in licensing regulations. Several examples of the problematic grey areas identified: when a crib sheet fits "tightly," when a hazard is "inaccessible" or "out of reach" and when a caregiver is "able to intervene."

Areas in family child care licensing rules that rely on the interpretation of the individual county licensor must be removed or clarified. License holders frequently report that negative licensing actions are issued for violations of rules that they had followed for years. The rule did not change but the licensor's interpretation of the rule changed, or a new licensor sees a rule differently than a predecessor enforced the rule.

Grey areas are an unreliable and ineffective standard for gaining licensing holders' compliance. The license holder must meet an invisible or fluid standard. Violations result in correction orders, steep fines and negative licensing actions. Responsibility for correctly interpreting and complying to the rules remains solely on the shoulders of the license holder to the standards of the licensor.

License holders consistently report that the regulations for safe programs are welcomed but that without clear and consistent application or interpretation of the rules they are unwittingly vulnerable to licensing sanctions and a tarnished public reputation.

6. **Eliminate sanctions for arbitrary regulations and self-reported violations** – This office recommends that the MN Legislature act to prohibit sanctions for violation of regulations that have been identified as "nuanced" or open to the licensors' or DHS interpretation.

Issuing sanctions for regulations that cannot be consistently and definitively defined is problematic and an ineffective method to gaining license holders' compliance. Examples include when a person should be considered a "caregiver" or when the license holder's discipline of their own child should be regulated by licensing rules.

Licensors and state regulators must bear more of the responsibility for helping license holders know and understand the regulations before imposing sanctions. Family child care providers commonly express fear about asking their licensor questions about specific regulations because they can be issued a sanction for describing an incorrect practice.

7. **Update and clarify requirements for physician's report** – It is this office's recommendation that the MN Legislature take action to require an update to the 33-year-old [form for a physician's report](#) on the physical fitness of an adult working in a family child care program, and only require a physician's report for license holders.

The requirement should be confined within the Americans with Disabilities Act (ADA) protections and the Health Insurance Portability and Accountability Act (HIPAA) privacy protections for people applying for licensure. Any additional caregivers working in the program with the license holder are employees of the license holder and should expect to have ADA and HIPAA protections from their employers.

State law contains problematic language for when a physician's examination is required for additional caregivers. If legislators see fit to keep the requirement for additional caregivers, the statute needs to specifically allow ample time post-hire to complete the requirement.

Problems with this requirement include counties requiring that the rule be met by all substitutes and intermittent caregivers even when not required by state law, and counties creating forms that ask questions about private medical data that is not required by law.

8. **Protections against prohibition and restrictions** – This office recommends that the MN Legislature expands its protections for family child care to be an allowable use of any residentially-zoned dwelling.

During the 2024 legislative session, [MN Statute 500.217](#) was made law and prohibits homeowners' associations (HOA) from restricting family child care when located in a single-family home. The new law prohibits private entities from restricting or refusing to permit a homeowner from providing licensed family child care.

Family child care has been protected from land use and zoning regulation restrictions since the 1980s in [MN Statute 142B.41](#), as a permitted use of a residential property. Family child care is fundamentally structured to resemble the characteristics of families. The license allows for a small, mixed-ages group of young children with one or several consistent caregivers. It is recognized as a permitted use of a residence and is not comparable to the use of a home for other business types.

Extending the protections to rental properties would be beneficial to the recruitment and retention of family child care programs. [The rate of homeownership](#) is lowest for those under 35 years of age which is the group most likely to be new license holders. Homeownership inequities among [minority population families](#) persist and make renting a reality for more applicants in communities best positioned to provide the culturally responsive care so important to young children's development.

9. **Update criteria for group family child care licensure** – The OFCCP encourages the MN Legislature to take action to update the qualifications for the group family child care licenses.

[MN Rule 9502.0355 Subp. 3](#), regarding caregiver qualifications for the larger “group” licenses is outdated. The Rule uses obsolete titles for early childhood related certifications and teaching licenses required to qualify a person to hold a group family child care license.

Some improvements are expected to be made in the revision of licensing standards but special attention should be made to ensure programs can expand without barriers when eligible.

Enforcement

10. **Reduce paperwork burdens and eliminate sanctions for administrative errors** – This office recommends that the MN Legislature act to consolidate and reduce the paperwork requirements place on family child care programs and eliminate the use of sanctions when administrative errors are identified. An approach that prioritizes education over punishment would help to retain existing family child care programs.

Paperwork requirements serve an important role in ensuring the safety of children in licensed programs and for protecting families' rights. But over the years numerous legislative mandates have been added for family child care causing a disconnected array of very specific recordkeeping and documentation maintenance. Dozens of forms must be completed by the license holder or parents and updated regularly, multiple notices are required to be given to parents, posted on the wall or be “readily available,” and a long list of required written policies must be created according to legislative language.

When a parent misses checking a single box on an admissions form, the license holders can be saddled with publicly listed correction orders, or in other cases paperwork errors can result in steep fines and negative licensing actions. It is this office's recommendation that the regulations for administrative tasks are simplify and require the licensors to give assistance rather than punishments.

For everyone's efficiency, no documents should require license holders to enter duplicate information.

***Continuous license** - A [continuous family child care licensing process](#), effective January 1, 2025, is expected to reduce some of the repetitive and time-consuming paperwork burden of renewing licenses every 2 years. But no statewide system for paperwork reduction has been implemented and counties are allowed to create their own paperwork processes. Launch of the Provider Hub is also expected to reduce some of the burden, but use of the Hub does not require counties to reduce the burden.

For example, in anticipation of the transition to continuous licenses, one county emailed 25 pages of documents and questionnaires for license holders to complete. The packet came with the instructions to return the completed forms to their licensor in order to help prepare their licensor for the annual inspection or risk consequences. The packet of documents were in addition to the legislatively required DHS forms.

11. **Ease the use of correction orders and fines** – This office recommends the MN Legislature better situate county licensing regulators to operate in a supportive role and to partner with license holders for compliance to regulations.

As a part of the DHS child care licensing modernization work, a Weighted Risk System (WRS) was made law in MN during the 2024 legislative session. Under the weighted risk system expected to be implemented in 2026, a list of specific inspection items would qualify for technical assistance instead of a correction order. This office recommends ongoing evaluation of the inspection items that would be appropriate for technical assistance and support compliance education over punishment.

There are over 100 different licensors across the state employed by different agencies interpreting hundreds of rules and statutes in 6000 different home environments. Licensors cannot reasonably be expected to know every rule and statute's language. But without a common DHS/DCYF guide to the regulations for both licensors and license holders, the regulatory burden cannot solely fall on the shoulders of the provider. Wrong information and varying interpretations should be accounted for in the regulatory system.

12. **Limit the prohibition on legal non-licensed (LNL) care after sanctions** – The OFCCP recommends that the MN Legislature act to revise [MN Statute 142B.05, Subd. 4](#), to only apply while the license is under a suspended or conditional license and limit the prohibition on LNL care to five years after a revocation or for the period of time that a household member's disqualified is in effect.

The limits on LNL care to the children from a single family currently have no expiration and apply to all sanction types regardless of the violation. For example, a provider who received a fine order for a training renewal violation would be forever banned from LNL care.

13. **Exit interview and dispute process** – The OFCCP recommends that county licensing agencies be required to communicate their exit interview comments in writing before leaving the site after an inspection. Additionally, it is recommended that the legislative language for disputing a licensor's interpretation following an inspection be reformed for clarity and transparency.

[Minnesota Statute 142B.10, Subd. 11c](#), requires an exit interview be conducted between the licensor and the license holder before the inspection is complete and prohibits correction orders from being issued for violations not discussed before ending an annual inspection. [Minnesota Statute 142B.10, Subd. 11d](#), outlines the process for license holders to follow when they disagree with a licensor's rule interpretation.

The exit interview and dispute process are interconnected. The processes would be more effective and fairer to license holders when allowing 5 days for a license holder to express their dispute of a correction and require that the licensor complete the section of the dispute form that asks for a description of the licensor's interpretation.

14. **Evaluate the use of “imminent danger” determinations** – This office recommends that the application of the standard for “imminent danger” determinations be independently evaluated with the children and families’ best interest prioritized. The stability of the family child care industry would be better supported if the MN Legislature required the use of temporary immediate suspensions be used only after investigations determine a danger to children.

When a [Temporary Immediate Suspension](#) is [ordered](#) against a family child care license, “imminent danger” is the standard applied. Because the DHS standard for imminent danger is usually applied before investigations, immediate suspensions are unnecessarily overused, causing excessive use of the [Administrative Law contested case appeal process](#), and harmful disruptions for the children, families and the child care businesses.

15. **Restrict departure from administrative judges’ findings** – This office recommends that a judge’s findings following a contested case hearing be final.

When a license holder appeals a licensing action, the appeal is conducted under the rules for [contested case proceedings](#). An Administrative Law Judge then makes a [recommendation](#) to the Commissioner for the department’s final ruling. The Commissioner’s departure from the Administrative Law Judges’ recommendations is allowed. Because the recommendations from a contested case hearings are based on evidence presented before a judge, departures interfere with license holders’ right to a fair appeal.

16. **Enact measures for transparency and accountability** – This office recommends enacting measures that would ensure transparency and accountability in the licensing activities of regulatory agencies. Increased oversight of county licensing agencies is sorely needed to improve consistent application of regulations.

When DHS or counties licensing agencies make errors, there is no transparent system to track or respond to these errors. Misconduct by DHS or licensing agencies is rare, but there are no measures in place for accountability when license holders experience problems or have complaints.

17. **Establish timelines for DHS actions and responses** – Timelines for action by counties licensing agencies and DHS’s administrative decisions should be established to ensure that applications are processed with reliability and license holders can run their businesses dependably.

License holders have strict timelines under MN law for responding to licensing orders and complying with regulations at risk of penalties or loss of rights, but no timelines exist for the departments’ actions or decisions. Providers have experienced extraordinary delays as a result. One license holder reported waiting over 1 year to receive a response to their appeal of a correction order. Another license holder reported receiving a fine order 1 ½ years after an alleged violation, seriously hindering the license holder’s ability to appeal.

Training

18. **Implement cultural dynamics training requirements** – This office recommends that the commissioner develop appropriate cultural dynamics training courses and add the topic to the annual training requirements.

Since 2007, [MN Statute 142B.70 subd 9a](#), has required training in cultural dynamics and disabilities for people working in licensed family child care. This requirement has not yet been implemented. There is no legislative direction on the number of hours annually required or for specific [Knowledge and Competency Framework](#) content area.

Minnesota continues to have one of the widest achievement and opportunity gaps in the country. Research consistently identifies culturally competent and relevant early care and learning experiences to be a profoundly significant strategy to affect the gaps in equity.

19. **Improve required topical training** – This office recommends that DHS annually update the required topical content for family child care caregivers and consolidate required topical training into a one course option.

The annual [topical training requirements](#) for licensing compliance of commissioner-approved courses are not updated to reflect current information. For example, the annually required training on the prevention of sudden unexpected infant death includes outdated statistics and trends and includes outdated licensing rules.

20. **Credit for topical training for trainers** – The OFCCP recommends that [MN Statute 142B.70, Subd. 8](#), be amended to account for the trainer's expertise and allow trainers who are also license holders to meet the topical requirements for any DHS/DCYF curriculum they deliver.

The revision of licensing standards is anticipated to include this change. License holders who are also approved trainers of DHS/DCYF curricula are a vital part of our state's child care professional development system. License holders are required annually to complete 6-10 hours of topically specific training of the required minimum 16-hours of on-going training. Trainers of DHS/DCYF curricula are experts on the course content and deliver the courses multiple times each year.

21. **Create regulation compliance training** – This office recommends that DHS/DCYF develop, deliver, and regularly update regulations training sessions for license holders, and partner with counties licensing agencies to deliver regular regulatory communication to license holders.

License holders have very limited opportunities for learning accurate information about the rules and policies that affect their businesses. Providers have few consistent, clear and up-to-date written guidelines or training to support their licensing regulation compliance. This void leaves license holders vulnerable to negative licensing actions and does not well serve the intent of regulations to keep children safe in licensed programs.

22. **Ensure county licensing agencies provide language support** – This office recommends that the DHS/DCYF translate all forms for providers, all forms used by parents, and guidance to rules in the common non-English languages in the state. Easily accessible interpreters are needed by phone for licensing functions and when working with families whose primary language is other than English.

Language support is vital for expanding access to child care for providers and families whose primary language is not English. Currently, no forms or rules are available in any language other than English. Ensuring that license applicants and license holders have language support related to licensing rule compliance will contribute to reduced negative licensing actions and retention of currently licensed programs.

To better serve families whose primary language is not English, the state-required child care forms should be made available in other languages. The challenges faced by these families is heightened when the child care provider's primary language is also not English. It should be noted here that because verbal language comprehension fluency and written fluency are not interchangeable, simply making translated written materials available will not fully address this problem and interpreter services should be made easily available for license holders and families using licensed child care services.

Some language support is available for certain supportive services to child care programs, such as the participants of the Child Care Wayfinder programs, either by multilingual staff or the [Think Small Language Access Line](#). But language support is not available for licensing functions unless the county employs multi-lingual licensing staff.

23. **Recognize family child care in practicum experiences** – The OFCCP recommends that family child care be included as a part of practicum experiences for Early Childhood Education post-secondary preparatory programs.

The focus in most post-secondary programs is primarily on school-based and center-based environments. Family child care is a valuable early childhood educational setting and should be included in practicum experiences required for students. Long-term survival of family child care as an important care option for families will benefit from recognition in early childhood preparation programs.

Application for licensure

24. **Establish mandatory timeline for processing applications** – This office recommends that the MN Legislature establish a 30-day maximum for counties to process new applications and enact specific steps for counties to follow ensuring a predictable and timely start-to-finish process for licensure.

The time it takes to complete the process for licensure varies significantly across the state. A new application can take between one month to well over a year for approval depending on the county. Without a reliable timeline for licensure, new applicants face an unpredictable process to opening a family child care program. This office has received complaints from applicants about the financial impact of the delays. With the continued decline of family child care programs, the impact of long and unpredictable application processing timelines has been reported to this office as a factor that needs to be addressed.

25. **Remove barriers to innovative facility alternatives** – This office recommends restructuring of the Special Family Child Care [MN Statutes 142B.41 Subd. 4](#), to better support innovation that can be responsive to local needs and conditions. Removing the “special” classification from statute and including the alternative models as a license class instead, will help to preserve the traditional characteristics of family child care and more clearly outline the differences between the models.

Several of the specific barriers identified that interfere with innovative solutions include the DHS policy to prohibit family child care programs from sharing outdoor equipment or interacting with children from other programs while in shared spaces. These policies drive up the costs that shared child care spaces are intended to reduce and make licensure under the Special Family Child Care statutes challenging. Operating as a “distinctly separate program,” as described in [MN Statutes 142B.41 Subd. 4b and 4c](#), should be restricted to the staff/child ratios and capacity, administrative responsibilities and the care provided to the enrolled children of a program. Interactions among children are an essential part of healthy development and should be encouraged under the expert supervision of the license holders.

Another obstacle to using the alternative models is the limiting language in statute about organizations holding up to 4 licenses. Current statute allows an organization with a very specific purpose (employer-based, non-profit, religious-based and community collaborative) to hold a license and only an organization can hold more than one license. These limitations prohibit many of the ideas for child care solutions this office receives.

Multiple suggestions have come from people who have extensive experience as a license holder but have reached a point in their career that they are ready to move on from directly providing the services. Ideas providers have shared include allowing a person with experience as a license holder to hold multiple licenses with different people as the primary caregiver. This model would support people new to the field, provide administrative support for running a family child care, and would provide a platform that utilizes the expertise of veteran providers. This model would help to utilize the expertise of long-time license holders even after they have decided to retire from direct client care while supporting new programs avoid violations and burnout in the first few years of operation.

Refer to the section of this report titled “Alternative models” for further details about Special Family Child Care and the associated regulations. The continued loss of family child care programs throughout the state may be positively impacted when barriers to innovation are removed.

***Streamline family child care application process** – With the rollout of the [FCC Provider Hub](#) for licensing expected to begin its launch in the summer of 2025, it is expected that the application process will be more consistent across the state using this new online system. This office will monitor for unintended barriers and obstacles as the new system is implemented and communicate with the modernization team as issues arise.

26. Require consistent orientation for applicants – This office recommends the MN Legislature require county licensing agencies to use an orientation process created by DHS/DCYF, and any additional orientation program created by counties be supplemental so as not to slow the application process.

The licensing process by county licensing agencies includes an orientation session to give applicants information about holding a child care license. DHS developed [instructional orientation video modules](#) for family child care applicants that are easily accessible online. Few counties are using this tool and instead have orientation processes developed on their own. Using the DHS modules will speed up the licensing process, provide consistent information and free licensors to provide more individualized support.

Child Care Assistance Program

Update: The following recommendations from previous OFCCP annual reports may be included in the DCYF's future legislative proposals.

- Allow CCAP eligibility for employees of family child care programs
- Allow CCAP payments for closed days
- Require counties to offer online CCAP billing

One item not requiring legislation is moving forward. When CCAP provider registration is centralized at DCYF beginning April 28, 2025, all providers statewide may opt into electronic CCAP billing through MEC² PRO.

Office of the Ombuds

Update: Ongoing funding for the OFCCP—this office was made permanent by the MN Legislature in 2024 and funding for the 2025-2026 fiscal year with federal funds.

27. **Protecting confidentiality** – It is this office's recommendation that language be added to explicitly protect the identity of complainants working with this office to ensure protections.

This ombuds office was created by the legislature in response to a recommendation of the [MN Family Child Care Task Force](#). In the task force's discussions, confidentiality for complainants was a significant concern, and continues to regularly be a concern for license holders seeking assistance from the ombuds.

Authorizing legislation

[MN Statute 245.975 OMBUDSPERSON FOR FAMILY CHILD CARE PROVIDERS.](#)

Subdivision 1. Appointment.

The governor shall appoint an ombudsperson in the unclassified service to assist family child care providers with licensing, compliance, and other issues facing family child care providers. The ombudsperson must be selected without regard to the person's political affiliation and must have been a licensed family child care provider for at least three years. The ombudsperson shall serve a term of four years, which may be renewed, and may be removed prior to the end of the term for just cause.

Subd. 2. Duties.

(a) The ombudsperson's duties shall include:

- (1) advocating on behalf of a family child care provider to address all areas of concern related to the provision of child care services, including licensing monitoring activities, licensing actions, and other interactions with state and county licensing staff;
- (2) providing recommendations for family child care improvement or family child care provider education;
- (3) operating a telephone line to answer questions, receive complaints, and discuss agency actions when a family child care provider believes that the provider's rights or program may have been adversely affected; and
- (4) assisting a family child care license applicant with navigating the application process.

(b) The ombudsperson must report annually by December 31 to the commissioner of children, youth, and families and the chairs and ranking minority members of the legislative committees with jurisdiction over child care on the services provided by the ombudsperson to child care providers, including the number and locations of child care providers served and the activities of the ombudsperson in carrying out the duties under this section. The commissioner shall determine the form of the report and may specify additional reporting requirements.

Subd. 3. Staff.

The ombudsperson may appoint and compensate out of available funds a deputy, confidential secretary, and other employees in the unclassified service as authorized by law. The ombudsperson and the full-time staff are members of the Minnesota State Retirement Association. The ombudsperson may delegate to staff members any authority or duties of the office, except the duty to provide reports to the governor, commissioner, or the legislature.

Subd. 4. Access to records.

(a) The ombudsperson or designee, excluding volunteers, has access to any data of a state agency necessary for the discharge of the ombudsperson's duties, including records classified as confidential data on individuals or private data on individuals under chapter 13 or any other law. The ombudsperson's data request must relate to a specific case and is subject to section 13.03, subdivision 4. If the data concerns an individual, the ombudsperson or designee shall first obtain the individual's consent. If the individual is unable to consent and has no parent or legal guardian, then the ombudsperson's or designee's access to the data is authorized by this section.

(b) The ombudsperson and designees must adhere to the Minnesota Government Data Practices Act and must not disseminate any private or confidential data on individuals unless specifically authorized by state, local, or federal law or pursuant to a court order.

(c) The commissioner of human services; the commissioner of children, youth, and families; and any county agency must provide the ombudsperson copies of all fix-it tickets, correction orders, and licensing actions issued to family child care providers.

Subd. 5. Independence of action.

In carrying out the duties under this section, the ombudsperson may, independently of the department, provide testimony to the legislature, make periodic reports to the legislature, and address areas of concern to family child care providers.

Subd. 6. Civil actions.

The ombudsperson or designee is not civilly liable for any action taken under this section if the action was taken in good faith, was within the scope of the ombudsperson's authority, and did not constitute willful or reckless misconduct.

Subd. 7. Qualifications.

The ombudsperson must be a person who has knowledge and experience concerning the provision of family child care. The ombudsperson must be experienced in dealing with governmental entities, interpretation of laws and regulations, investigations, record keeping, report writing, public speaking, and management. A person is not eligible to serve as the ombudsperson while running for or holding public office or while holding a family child care license.

Subd. 8. MS 2022 [Repealed, [2024 c 115 art 16 s 47](#)]

Subd. 9. Posting.

- (a) The commissioner of children, youth, and families shall post on the department's website the mailing address, email address, and telephone number for the office of the ombudsperson. The commissioner shall provide family child care providers with the mailing address, email address, and telephone number of the ombudsperson's office on the family child care licensing website and upon request of a family child care applicant or provider. Counties must provide family child care applicants and providers with the name, mailing address, email address, and telephone number of the ombudsperson's office upon request.
- (b) The ombudsperson must approve all postings and notices required by the department and counties under this subdivision.

Appendix A: Individual counties' rate of change

Number of licensed family child care programs rate of change by county

| County | 2024 | 2023 | Rate of change |
|-------------------|------|------|----------------|
| Aitkin | 16 | 19 | -15.8% |
| Anoka | 285 | 302 | -5.6% |
| Becker | 56 | 59 | -5.1% |
| Beltrami | 77 | 80 | -3.8% |
| Benton | 103 | 109 | -5.5% |
| Big Stone | 14 | 17 | -17.6% |
| Blue Earth | 67 | 73 | -8.2% |
| Brown | 67 | 68 | -1.5% |
| Carlton | 36 | 38 | -5.3% |
| Carver | 88 | 93 | -5.4% |
| Cass | 32 | 36 | -11.1% |
| Chippewa | 22 | 22 | 0.0% |
| Chisago | 57 | 55 | 3.6% |
| Clay | 126 | 135 | -6.7% |
| Clearwater | 16 | 16 | 0.0% |
| Cook | 6 | 4 | 50.0% |
| Cottonwood | 19 | 23 | -17.4% |
| Crow Wing | 72 | 72 | 0.0% |
| Dakota | 357 | 384 | -7.0% |
| Dodge | 40 | 35 | 14.3% |
| Douglas | 94 | 89 | 5.6% |
| Faribault | 18 | 20 | -10.0% |
| Fillmore | 25 | 25 | 0.0% |
| Freeborn | 44 | 42 | 4.8% |
| Goodhue | 60 | 64 | -6.3% |
| Grant | 17 | 17 | 0.0% |
| Hennepin | 488 | 514 | -5.1% |
| Houston | 26 | 31 | -16.1% |
| Hubbard | 41 | 42 | -2.4% |
| Isanti | 31 | 29 | 6.9% |
| Itasca | 62 | 66 | -6.1% |
| Jackson | 18 | 18 | 0.0% |
| Kanabec | 24 | 26 | -7.7% |
| Kandiyohi | 78 | 78 | 0.0% |
| Kittson | 13 | 13 | 0.0% |
| Koochiching | 16 | 21 | -23.8% |
| Lac Qui Parle | 12 | 13 | -7.7% |
| Lake | 8 | 9 | -11.1% |
| Lake of the Woods | 9 | 7 | 28.6% |
| Le Sueur | 59 | 64 | -7.8% |
| Lincoln | 18 | 16 | 12.5% |
| Lyon | 63 | 68 | -7.4% |
| Mahnomen | 1 | 1 | 0.0% |
| Marshall | 20 | 23 | -13.0% |
| Martin | 55 | 54 | 1.9% |
| McLeod | 71 | 68 | 4.4% |
| Meeker | 30 | 29 | 3.4% |
| Mille Lacs | 30 | 26 | 15.4% |
| Morrison | 84 | 83 | 1.2% |
| Mower | 52 | 59 | -11.9% |
| Murray | 21 | 22 | -4.5% |
| Nicollet | 31 | 37 | -16.2% |
| Nobles | 35 | 35 | 0.0% |
| Norman | 11 | 9 | 22.2% |
| Olmsted | 227 | 247 | -8.1% |
| Otter Tail | 121 | 129 | -6.2% |
| Pennington | 41 | 43 | -4.7% |
| Pine | 31 | 31 | 0.0% |
| Pipestone | 32 | 30 | 6.7% |
| Polk | 76 | 72 | 5.6% |
| Pope | 18 | 20 | -10.0% |
| Ramsey | 227 | 247 | -8.1% |
| Red Lake | 10 | 11 | -9.1% |
| Redwood | 44 | 45 | -2.2% |
| Renville | 23 | 24 | -4.2% |
| Rice | 72 | 80 | -10.0% |
| Rock | 26 | 26 | 0.0% |
| Roseau | 38 | 44 | -13.6% |
| Scott | 199 | 204 | -2.5% |
| Sherburne | 152 | 157 | -3.2% |
| Sibley | 32 | 33 | -3.0% |
| St. Louis | 112 | 114 | -1.8% |
| Stearns | 257 | 279 | -7.9% |
| Steele | 88 | 86 | 2.3% |
| Stevens | 22 | 22 | 0.0% |
| Swift | 18 | 19 | -5.3% |
| Todd | 36 | 38 | -5.3% |
| Traverse | 6 | 7 | -14.3% |
| Wabasha | 56 | 59 | -5.1% |
| Wadena | 20 | 19 | 5.3% |
| Waseca | 28 | 26 | 7.7% |
| Washington | 216 | 225 | -4.0% |
| Watonwan | 13 | 16 | -18.8% |
| Wilkin | 17 | 17 | 0.0% |
| Winona | 76 | 81 | -6.2% |
| Wright | 203 | 212 | -4.2% |
| Yellow Medicine | 23 | 24 | -4.2% |
| Total | 5781 | 6045 | |

Appendix B: County list by region

Counties listed by region.

| Southern | Central | Northern | Metro |
|-----------------|------------|-------------------|------------|
| Blue Earth | Benton | Aitkin | Anoka |
| Brown | Big Stone | Becker | Carver |
| Chippewa | Chisago | Beltrami | Dakota |
| Cottonwood | Crow Wing | Carlton | Hennepin |
| Dodge | Douglas | Cass | Ramsey |
| Faribault | Grant | Clay | Scott |
| Fillmore | Isanti | Clearwater | Washington |
| Freeborn | Kanabec | Cook | |
| Goodhue | Mille Lacs | Hubbard | |
| Houston | Morrison | Itasca | |
| Jackson | Pine | Kittson | |
| Kandiyohi | Pope | Koochiching | |
| Lac Qui Parle | Sherburne | Lake | |
| Le Sueur | Stearns | Lake Of The Woods | |
| Lincoln | Stevens | Mahnomen | |
| Lyon | Swift | Norman | |
| Marshall | Todd | Otter Tail | |
| Martin | Traverse | Pennington | |
| McLeod | Wadena | Polk | |
| Meeker | Wilkin | Red Lake | |
| Mower | Wright | Roseau | |
| Murray | | St. Louis | |
| Nicollet | | | |
| Nobles | | | |
| Olmsted | | | |
| Pipestone | | | |
| Redwood | | | |
| Renville | | | |
| Rice | | | |
| Rock | | | |
| Sibley | | | |
| Steele | | | |
| Wabasha | | | |
| Waseca | | | |
| Watonwan | | | |
| Winona | | | |
| Yellow Medicine | | | |

Note: Color denotes the stability of licensed family child care in the county. Red denotes counties that experienced a decline in licensed programs. Counties shown in black remained stable. Green denotes counties that increased the overall number of licensed programs.

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