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Jo Anne Zoff Sellner
Director

Senate
State of Minnesota

S.F. No. 826 - Child Care Centers Licensing Fee

Author: Senator Cal Larson

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 11, 2005

S.F. No. 826 reduces by 25 percent the annual license fees paid by child care providers for a child care license.

JW:rdr

Senator Larson introduced--

S.F. No. 826: Referred to the Committee on Health and Family Security.

A bill for an act

relating to human services; modifying child care center license fees; amending Minnesota Statutes 2004, section 245A.10, subdivision 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 245A.10, subdivision 4, is amended to read:

Subd. 4. [ANNUAL LICENSE OR CERTIFICATION FEE FOR PROGRAMS WITH LICENSED CAPACITY.] (a) Child care centers and programs with a licensed capacity shall pay an annual nonrefundable license or certification fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee	Other Program License Fee
1 to 24 persons	~~$300~~ $225	$400
25 to 49 persons	~~$450~~ $340	$600
50 to 74 persons	~~$600~~ $450	$800
75 to 99 persons	~~$750~~ $565	$1,000
100 to 124 persons	~~$900~~ $675	$1,200
125 to 149 persons	~~$1,200~~ $900	$1,400
150 to 174 persons	~~$1,400~~ $1,050	$1,600
175 to 199 persons	~~$1,600~~ $1,200	$1,800
200 to 224 persons	~~$1,800~~ $1,350	$2,000
225 or more persons	~~$2,000~~ $1,500	$2,500

(b) A day training and habilitation program serving persons with developmental disabilities or related conditions shall be assessed a license fee based on the schedule in paragraph (a) unless the license holder serves more than 50 percent of the same persons at two or more locations in the community. When a day training and habilitation program serves more than 50 percent of the same persons in two or more locations in a community, the day training and habilitation program shall pay a license fee based on the licensed capacity of the largest facility and the other facility or facilities shall be charged a license fee based on a licensed capacity of a residential program serving one to 24 persons.

Fiscal Note – 2005-06 Session

Bill #: S0826-0 **Complete Date:** 03/08/05

Chief Author: LARSON, CAL

Title: CHILD CARE LICENSE FEES MODIFIED

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
General Fund	0	(217)	(217)	(217)	(217)
Net Cost <Savings>					
General Fund	0	217	217	217	217
Total Cost <Savings> to the State	0	217	217	217	217

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

NARRATIVE: HD 374/SF 826

Bill Description: The bill reduces the license fee for child care centers under Minnesota Statutes, section 245A.10 by 25 percent.

Assumptions: The revenue loss from the 25 percent reduction in child care center license fees continues in future years since it is the difference between current revenues and the revenues that will be generated if the reduction is enacted.

The revenue loss is based on the number of child care centers and their licensed capacity in October 2004, which is the billing for the 2005 license.

Expenditure and/or Revenue Formula

Licensed Capacity	Number of Programs	Current Fee	Current Revenues	Proposed Fee **HF 374**	Difference From Current	Revenues under **HF374**	Revenue Loss
1 to 24	499	$300	$149,700	$225	($75)	$112,275	($37,425)
25 to 49	370	$450	$166,500	$340	($110)	$125,800	($40,700)
50 to 74	265	$600	$159,000	$450	($150)	$119,250	($39,750)
75 to 99	158	$750	$118,500	$565	($185)	$89,270	($29,230)
100 to 124	106	$900	$95,400	$675	($225)	$71,550	($23,850)
125 to 149	60	$1,200	$72,000	$900	($300)	$54,000	($18,000)
150 to 174	42	$1,400	$58,800	$1,050	($350)	$44,100	($14,700)
175 to 199	14	$1,600	$22,400	$1,200	($400)	$16,800	($5,600)
200 to 224	9	$1,800	$16,200	$1,350	($450)	$12,150	($4,050)
225 or more	7	$2,000	$14,000	$1,500	($500)	$10,500	($3,500)
	1530		$872,500			$655,695	($216,805)

Long-Term Fiscal Considerations: The General Fund revenue loss will be ongoing.

Local Government Costs: There is no impact on local governments.

References/Sources: DHS, Licensing Division, 2005 Child Care Center billings

Agency Contact Name: Jerry Kerber 296-4473
FN Coord Signature: STEVE BARTA
Date: 03/08/05 Phone: 296-5685

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN
Date: 03/08/05 Phone: 286-5618

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State of Minnesota

S.F. No. 873 - Child Care Assistance Provider Reimbursement

Author: Senator Cal Larson

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 11, 2005

The child care assistance rates were frozen in 2003, and the Department of Human Services modified the reimbursement rates for providers based on a regional maximum rate prior to implementing the freeze, which resulted in a decrease in some provider rates. S.F. No. 873 requires that the commissioner restore the rate for those providers who received a decrease in reimbursement after the rates were frozen in 2003.

JW:rdr

Senator Larson introduced—

S. F. No. 873 Referred to the Committee on Health & Family Security

A bill for an act

relating to human services; modifying child care reimbursement rates.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [CHILD CARE REIMBURSEMENT RATES; DIRECTION TO COMMISSIONER.]

The commissioner of human services shall modify the child care assistance provider reimbursement rate setting methodology used to implement the provider reimbursement rate freeze under Laws 2003, First Special Session chapter 14, article 9, section 34. Any child care provider who received a reimbursement rate decrease due to the creation of regional or statewide maximum reimbursement rates must have their reimbursement rate restored to the level at which it was set as of June 30, 2003.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S0873-0 **Complete Date:** 03/08/05

Chief Author: LARSON, CAL

Title: CHILD CARE REIMBURSEMENT RATES

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

f 26

NARRATIVE: HF 522/SF 873

Bill Description

This bill modifies the Child Care Assistance Program (CCAP) maximum reimbursement rates for any child care provider who received a reimbursement rate decrease due to the creation of a regional or statewide maximum reimbursement rate based on the method used by the department to implement the provider reimbursement rate freeze. (Laws 2003, First Special Session, Chapter 14, Article 9, Section 34). The bill would restore the child care assistance program reimbursement rate for these providers to the level at which it was set as of June 30, 2003.

Assumptions

Any child care provider who received a rate decrease due to the creation of regional or statewide maximum rates would have their reimbursement rate restored to the level at which it was set June 30, 2003. Under current law, the effective maximum rate tables (based on the 2001 market survey) are frozen through June 30, 2005. Beginning in FY2006, the child care maximum rate tables will be updated to reflect the most recent analyzed market rate survey (e.g. the maximum rate tables effective in FY2006 will be based on the 2004 market rate survey). Since the language in this bill specifically addresses the maximum rate tables based on the 2001 market rate survey which will no longer impact maximum rates beginning in FY2006, there is no fiscal impact under current law.

If this language were treated as a modification of the Governor's proposal to extend the freeze of the maximum rate tables through June 30, 2007, the fiscal impact would be a cost of approximately $100,000/year for MFIP/TY child care and $160,000/year for BSF child care. If this bill were to be enacted prior to July 1, 2005, monthly costs would be $8,000 for MFIP/TY and $13,000 or BSF.

Expenditure and/or Revenue Formula

Long-term Fiscal Considerations

Local Government Costs

References/Sources

Shawn Welch,
Reports & Forecasts Division
MN Dept of Human Services
651.282.3932

Agency Contact Name: Jenny Ehrnst 282-2595
FN Coord Signature: STEVE BARTA
Date: 03/07/05 Phone: 296-5685

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN
Date: 03/08/05 Phone: 286-5618

Reinstating the Half-Day Rate

House File No. 1056

Half-Day child care reimbursement rates were eliminated in 2003. Some of the impacts are as follows:

FAMILIES' STRUGGLES:

- Part time families cannot afford the new hourly rates that have been placed up them with restricted hours of care
- Parents may be leaving children in care longer than needed to avoid having the limited subsidies taken away
- School age children are being left at home alone unsupervised
- This puts children at risk for committing crimes, dabbling in drugs, and becoming victims of crime
- Children are uprooted from their safe familiar programs for care elsewhere
- Children are put in inconsistent patchwork care not knowing where they are to be from day to day

CHILD CARE CENTER'S STRUGGLES:

- Some child care centers reported loosing up to 50% of their school age programs
- Jobs were lost and stresses increased on the job
- Quality of care is being compromised
- Child care centers have closed (as many as 30 centers) and will continue to close if the half-day rates are not reinstated
- Child cares are struggling with unpaid bills as families try to keep up with increased child care costs

We as members of the West Central Minnesota Child Care Center Director's Association support the reinstatement of the maximum imbursement for the ½ day rate.

Developed By:
West Central Minnesota Child Care Center Director's Association

The year 2003 was a critical turning point for our center. We were aware that the legislation was going to freeze rates to the child care sliding fee program. We did **not** expect however that the Department of Human Services would take the word "freeze" and change it to cut. Our program saw a substantial cut in 2003.

Over 50% of our families are low income and are on the sliding fee program. We charge $27 a day for a full day toddler or $135 a week. In 2003, the county reimbursement rate was $27 a day for toddlers. In 2003, the "freeze" cut our reimbursement rate to $21 per day for our toddler program. We also lost dollars in our preschool and school-age program.

Our program is only licensed for 49 children. This "freeze" instantly cut $28,000 out of our budget or the year. Parents were expected to make up the difference for this drastic cut. This meant an extra $120 a month plus their co-pay. The following things happened as a result of this nightmare:

- Families left to find cheap care. Quality was set aside because they couldn't afford anything else.
- Children were uprooted because parents couldn't afford it.
- We lost over 50% of our toddler program and 50% of our school-age program. (Many of the school-age were now staying home alone)
- Families that stayed racked up huge bills
- We had to terminate families because they couldn't afford to pay their bills. We lost money from uncollected debts. Families got poor credit because of this occurrence of the "freeze"
- You will see more child care centers close
- Quality staff will not be able to get pay increases because there will be no money to pay them.

Please consider restoring the dollars to this program. I don't even want to imagine what this has done to child care centers and families in out-state Minnesota. I know the terrible consequences it has had on our program. I know this was not the intent of the 2003 freeze. An error occurred, and cuts were made when they were not supposed to. We teach our children in our program that is they make a mistake, to admit it and try to make it better. We hope that the Department of Human Services will do the same.

Thank you for your time,

Tammy Anderson
Children's Corner Child Care Center
218-739-2847
tam@prtel.com

Our Redeemer Christian Children's Center
1000 S. 14th St.
Moorhead, MN 56560
233-8270

Dear Representative Lanning,

I am writing about my concerns that further cuts may be made to the Childcare Assistance sliding fee. We have parents who are seriously considering having their school age children go home alone after school because they can not afford childcare. One of the students is just in second grade. His Mother works a low wage job. At $9.00 an hour it is not possible to cover childcare, food, and housing and raise 2 boys. She always makes an effort to pay as much as she can towards her childcare bill. I know she has chosen between daycare payment or buying food for her family. It really upsets me that she is working hard and is a viable working member of our community; yet she struggles daily to make ends meet. After last year's cuts to Childcare Assistance the amount she receives has dropped to anywhere from no assistance to paying $12.00 per month for her $190.00 bill. We currently have 10% of our enrollment using the Childcare Assistance program. It is a God-send to these parents. Unfortunately, the cuts made last year have caused hardships, especially for the parents of our School age children. I am frightened that the choice these parents will make is to have their child go home alone after school. Our children thrive on the social interactions, and the guidance they receive when in an after school program. Please help our parents, so that they do not have to make the difficult choice of leaving their child home alone. Our children are the future, we need to help those families that are working, not punish them for not making enough money to cover living costs. The $1.83 per hour rate that is reimbursed is not enough to cover the cost to the Childcare Centers.

We rely on tuition to cover costs, as well as a monthly reimbursement from the CACFP food program. Our staff is underpaid for the incredible job that they do. We give pay raises only when we have increased our tuition rates. Early childhood educators are a group often forgotten, yet we are imprinting lifelong attitudes toward learning and being loved with the children we serve. Please feel free to call me if you have any questions, or need further information. God Bless you for the work you do. It is refreshing and reassuring to have a strong advocate for children representing us in St. Paul. Thank you for all you do.

Sincerely,

Lisa Bennett, Director
Our Redeemer Christian Children's Center

The case of Amy O.

Amy O. was a young mother who came to our program in October of 2004. Amy had recently left a destructive relationship down in Minneapolis, and moved back to Barnesville to live with her parents. She called us in desperation trying to find a place for her 3 children Isaiah, a toddler, Aries, a 3 year old, and Isaac a 5 year old.

She took the first employment she could find at a Bath and Body works here. She was nearly done with her beautician training, and wanted to finish and enroll in school here, but had to find some work. In addition she took a job at Timber Lodge steak house in the evenings to try make ends meet. She rarely got to see her children, and when she could she would try to take at least one of them out for the day. (Which county frowns upon if too many days in a row or in a month are used.) Her first month take home pay was $186.00!

She applied for Child Care Assistance and was granted assistance which she was very excited about. She loved our program and felt the children were given a stability and fun learning activities. They were happy and excited to be at our school. Unfortunately the realities of this assistance program were soon the overwhelm her and lead to her having to pull out of our program. Amy's first bill for the amount that county would not pay in co-pay and differential rates from what we charge was for $226.00. As you can see, it wasn't paying her to work and she continued to fall behind in her payments. I had to have a talk with her and find out how she planned to make payments. She said that she was going to have to find a home daycare or somewhere much cheaper because she just wasn't making ends meet. She had enrolled in school to finish her career training and was going to be making even less.

Amy left without turning in her final voucher and I have been unable to reach her, no phone, no longer at her work place. I have mailed bill to her family and requested them to please have her call, which she hasn't done.

This impacts not only Amy, but my center which is now $1617.00 short between Amy and county payments.

This is a repeated story over and over again in childcare. The rates the county pays do not meet the need of families and centers are left with debts owed to them.

These cuts/ freezes are hurting some very important programs, and some very vulnerable people and must be repealed.

Tammy Anderson

From: "Sister Judy Moen" <judymoen@hotmail.com>
To: <tam@prtel.com>
Sent: Monday, February 07, 2005 6:14 PM
Subject: county sliding fee program

If there is no increase in the sliding fee program the impact on our center will be devastating. Our enrollment suffered a 30% drop this year because most of our low-income families no longer qualified or had to pay such a steep co-pay in addition to paying what the county doesn't cover. We are not doing well at keeping on budget this year--each month expenses exceeds revenue. We would not be able to withstand another two years of this.

Our percentage of low-income families has decreased dramatically simply because many had to leave. We used to have at least 50% low-income families but now fewer than one-third are low-income.

Our schoolage program was particularly hard hit. It is an expensive program for us but the county will only pay for the actual time the child is on the premises--so if a child leaves early the parent is supposed to pay the rest of what we charge--and can't. This changed when the state eliminated the half say method of payment which I have to have as the cost is the same to the center whether the child is in attendance or not. Most of the parents on child care assistance who had schoolagers went to family child care homes -- ones that charge a low rate and by the hour.

Tammy Anderson

From: "Sister Judy Moen" <judymoen@hotmail.com>
To: <tam@prtel.com>
Sent: Monday, February 07, 2005 6:24 PM
Subject: county reimbursement

The families suffering the most are those with rotating schedules as Polk County will pay by the hour and only those hours the child needs to be at the center according to parent's work schedule. I have to charge the full-time rate and the parent has to cover the difference. That is almost impossible.

I have given up on trying to figure out what the county is doing and how they are paying. I used to know exactly what they did and I could catch any errors in their payments and be an advocate for the family. But now I have given up as none of it makes any sense. In fact more vouchers are returned stating that the family has to cover all the fees for the month.

I also have a problem with how the county rates were set in the first place. The rate surveys were not returned by everyone and therefore the capped rates are often below what most of us charge. An adjacent county can have very high reimbursement rates and ours very low. Polk County's toddler hourly and full day rates are less than the preschool and schoolage rates! I don't know any center that charges less for a toddler than for older children! So how did that happen?

FERGUS FALLS
ECONOMIC IMPROVEMENT
COMMISSION

January 31, 2005

I am writing to you concerning the Governor's proposed budget cuts to Health and Human Services, specifically regarding the cuts to **the childcare sliding fee program**. This program is very important to Otter Tail County, and to Fergus Falls. Many of our local daycare providers and the families that they provide care for participate in this program. For some daycare providers, 60% of their families rely on this program.

Many low to moderate income households are working hard to get educated, keep decent jobs, stay off of welfare and provide for their families. Having quality affordable childcare allows them to better themselves and provides them with the peace of mind that their children are being well cared for. Without childcare assistance, many parents would not be able to work outside their home, they simply could not afford childcare. Without childcare assistance, many good quality daycare providers would not be able to keep their doors open for those families that need them the most. Without childcare assistance many local employers would not be able to hire enough employees to work in jobs that are an integral part of the economy in West Central Minnesota. If we are to tell people that they are responsible to go out and make a decent living and not rely on the government for income, then we simply must keep the programs, such as the childcare sliding fee program, along with other resources to help them climb out of poverty.

I strongly encourage you to **NOT** cut funding for the childcare sliding fee program any further. This program is vital to low to moderate families and to the overall economy of Otter Tail County and Fergus Falls. Your time and support is greatly appreciated.

Sincerely,

Colleen J Winter
Economic Development Specialist

112 Washington Avenue West
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Phone: 218.739.0118
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Mark Bezek, Superintendent
mbezek@fergusfalls.k12.mn.us

January 27, 2005

Dear Legislator,

Your proposed $70 million dollar budget cut out of the child care assistance program has me very concerned. I think this will have a devastating impact to the children of our state and to our local community of Fergus Falls.

Over 670,000 children are in child care in Minnesota. As you know, Minnesota has the highest number of working families in the entire country. For this reason, quality child care is the **key** ingredient to keep our state economy strong. The last thing we need to do is pull more money out of the very thing that keeps families working.

You may be wondering why a superintendent cares about child care. As the superintendent, I see what quality child care can do for children. Studies show that the critical time for brain development is from birth to five years old. Children in quality child care are much more likely to come to school ready to learn. There is also evidence that shows children in high quality early learning programs, such as child care, are less likely to need special education later on. That is great news for our school district and for districts around the state.

Affordability, accessibility, quality child care is very important in preparing Minnesota's children for success. The Minnesota Department of Education School Readiness assessment in 2003 revealed that in 5 out of 6 developmental areas a majority of Minnesota children are not "ready for kindergarten." This number is alarming for a school district to hear.

Ensuring that all children are ready to learn by the time they reach kindergarten should be high government priority. Cutting dollars directly out of child care is only going to make the problem worse, not better.

I know the cuts made to child care in 2003 forced many providers to close. Your proposed $70 million dollar cuts in child care for 2005, will force many more to close. Please consider the ramifications of these cuts before it is too late.

Sincerely,

Dr. Mark Bezek
Superintendent of Schools

Dear Representative Nornes,
I am the Executive Director of Young People's Place Childcare (an early childhood education/childcare program) in Alexandria, MN. We have two childcare centers which provide care to infants, toddlers, and preschool children. We also have a school-age program which provides before school and after school care along with all day programs when school is not in session. Young People's Place has been a part of the Alexandria community for the past twenty-six plus years. I have been a part of the Young People's Place staff for the past twenty-two years. I can tell you from experience that the budgets cuts/budget freeze which went into effect in 2003 has had a monumental impact on our program. Since the elimination of the half-day rate (the county will pay hourly only) and the freeze on the toddler rate (the county not paying the full day rate charged by programs) we have seen devastating losses. Our organization has lost on average $3,500 per month due to these cuts. The FY 2003-2004 budget is the worst I have seen while employed with Young People's Place. We were forced to not give even the cost of living raises to our hardworking, dedicated staff. This is extremely detrimental, due to the fact that finding good qualified staff is difficult in itself.
We have seen families leave our program or not be able to choose and attend our program due to the budget cuts. Families that were using the half-day rate such as those attending before and after school and early intervention programs were unable to keep their child/ren in our programs due to the added cost to them by the county not paying for the half day rate and only paying the hourly rate. Our program was forced to charge the parents/guardians the cost of what the county would not pay. Oftentimes, these are the same families whose co-payments nearly doubled or tripled.
The bottom line is that these families are severely struggling to pay their childcare and our organization is severely struggling to stay ahead. If the families cannot pay the added cost, then we do not get paid either for the childcare services already provided. Many school-age children are going home alone in order for the family to make ends meet and avoid any additional childcare costs due to budget cuts.
I am sure that you are aware of the fact that over thirty childcare centers have closed since the implementation of the 2003 freeze. That, in itself, is devasting to our economy and early childhood system. I am requesting you consider re-instating the half-day rate and to end the full day rate freeze. We need the half-day rate reinstated and the freeze to end in order for our center to get back on track to financial stability and for the families' hardships to end. We need to take care of our youngest members of society and reducing the early childhood budget is not the way to do it.
Thank-you

Dawn Block
Executive Director
Young People's Place, Inc.
320-763-7252

Hi Tammy,
Here are my personal nightmare stories.
No increase in the sliding fee program will shut down our program. We are the only Rule 3 childcare and early education center in Clearwater County. Fifty percent of the families we care for have traditionally been on sliding fees. Because of the changes in eligibility in the sliding fee program, that percentage has dropped. One family decided to let grandpa watch their eighteen month old when he wasn't on the sentence to serve crew. One family had to take their children with medical problems (that we were trained to deal in), to a home provider. The provider didn't know when the two year old was having a seizure. The elimination of the half day rates have been especially hard on the families who have children enrolled in other early education programs that are supposedly free- (Head Start or ECSE) these programs are "Half day" leaving another half of the day, (or more, with before school also) of childcare needs. Sliding fees only pay a percentage of our rates, so these families who can barely afford their co-pays, fall even farther behind.
Childcare workers are already subsidizing parents childcare needs through their low wages and no benefit jobs. Shall we start asking them for blood too? (Hey great fundraising idea huh?)
Speaking of fundraisers, can you name other businesses that subsidize their clients through both low wages for employees and constant fundraising?? Maybe we could afford health care if the health care industry copied us.
Sure we can save money this year by cutting back on access to high quality early education programs. But ciety will be paying the price for years to come in various other programs, and we have sacrificed not only those ldren, but the infrastructure we already have in place.
My thought is that this quality rating system should be tied to an increase in sliding fees. Eliminate payment to unlicensed providers where licensed providers are available, freeze the rates of the providers who don't want to participate in the rating system, and increase the highest rated providers- with home providers held to the same scale as centers.
Our licensing fees are ridiculous. What do we get for that? We can't raise rates, and our costs are sky rocketing.
There, I feel better now.
Ellen Boyd

Senate Counsel, Research,
and Fiscal Analysis

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Jo Anne Zoff Sellner
Director

Senate

State of Minnesota

S.F. No. 1119 - Modifying Child Care Assistance Provider Reimbursement Rate Categories

Author: Senator Cal Larson

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 11, 2005

S.F. No. 1119 expands the categories of maximum child care rates that the commissioner must determine by adding a half-day child care rate. Currently, the commissioner is required to determine the maximum rate for hourly, full-day, and weekly child care.

JW:rdr

Senator Larson introduced--

S.F. No. 1119: Referred to the Committee on Health and Family Security.

A bill for an act

relating to human services; modifying child care assistance provider reimbursement rate categories; amending Minnesota Statutes 2004, section 119B.13, subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY RESTRICTIONS.] The maximum rate paid for child care assistance under the child care fund may not exceed the 75th percentile rate for like-care arrangements in the county as surveyed by the commissioner. A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision. The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, <u>half-day,</u> full-day, and weekly basis, including special needs and handicapped care. Not less than once every two years, the commissioner shall evaluate market practices for payment of absences and shall establish policies for payment of absent days that reflect current market practice.

When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

Fiscal Note – 2005-06 Session

Bill #: S1119-0 **Complete Date:** 03/14/05

Chief Author: LARSON, CAL

Title: CHILD CARE ASST PROV REIMB RATE CAT

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund	0	1,156	1,542	1,571	1,590
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund	0	1,156	1,542	1,571	1,590
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund	0	1,156	1,542	1,571	1,590
Total Cost <Savings> to the State	0	1,156	1,542	1,571	1,590

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

NARRATIVE: HF 1056/SF 1119

Bill Description
This bill would allow payment for child care assistance to be made in a half-day unit. MN Rules 3400.0020, defines a half-day as less than or equal to five hours per day.

Assumptions
See attached

Expenditure and/or Revenue Formula
See attached

A change would be needed to implement this change in the child care computer system. The cost would be $3,200, of which 55% or $1,760 would be the state share. The Agency would absorb these costs.

Long-term Fiscal Considerations

Local Government Costs

References/Sources
Shawn Welch,
Reports & Forecasts Division
MN Dept of Human Services
651.282.3932

Minnesota
CHILD CARE ASSISTANCE PROGRAM
Fiscal Analysis of House File 1056

This bill would give child care providers the option of charging half-day rates under the Child Care Assistance Program (CCAP). Under current law, child care providers are only eligible for reimbursement based on hourly, full day, and weekly rates within CCAP. The addition of half-day rates would lead to increased CCAP payments for children who would shift from an hourly rate to a half-day rate and who are typically in care for less than 5 hours per day. Legal non-licensed providers would not be eligible to charge half-day rates.

Based on department data from March 04, it is projected that about 2% of MFIP/TY and 5% of BSF children would be shifted from an hourly rate to a half-day rate. This assumes that 25% of children in licensed centers, licensed family, or license exempt centers who pay an hourly rate and use five hours or less of care per day would shift to a half-day rate. It is also estimated that the increase in average monthly payments for these children would be about $97 and $99 per child for MFIP/TY and BSF in FY2006, respectively. These additional payments are projected to increase proportionately with forecasted average monthly payments.

This fiscal analysis uses a base forecast which assumes a declining caseload in the BSF program based on the projected average monthly number of children that can be served under base level funding. If BSF funding is not adjusted to reflect the costs in this fiscal note, it will result in fewer families being served in the program.

The effective date is assumed to be July 1, 2005. A phase-in is assumed in FY2006 for establishment of new provider agreements, family notification and redetermination, and billing lags.

MFIP/TY child care	FY2006	FY2007	FY2008	FY2009
Average monthly MFIP/TY children	16,911	17,324	17,079	17,018
Percent shifting to half-day rate	2%	2%	2%	2%
Avg monthly MFIP/TY kids with half-day rate	403	413	407	406
Average monthly increased payment	$97	$103	$110	$114
Phase-in	75%	100%	100%	100%
Total MFIP/TY direct service cost	$351,200	$509,360	$537,431	$555,348
County administrative allowance	$17,560	$25,468	$26,872	$27,767
Total MFIP/TY cost	$368,760	$534,828	$564,302	$583,115

BSF child care	FY2006	FY2007	FY2008	FY2009

Average monthly BSF children	17,021	15,630	14,958	14,340
Percent shifting to half-day rate	5%	5%	5%	5%
Avg monthly BSF kids with half-day rate	837	768	735	705
Average monthly increased payment	$99	$104	$109	$113
Phase-in	75%	100%	100%	100%
Total BSF direct service cost	$747,977	$958,930	$958,930	$958,930
County administrative allowance	$37,399	$47,947	$47,947	$47,947
Total BSF cost	$785,376	$1,006,877	$1,006,877	$1,006,877

Fiscal Summary	FY2006	FY2007	FY2008	FY2009
		(in thousands)		
MFIP/TY total cost	$369	$535	$564	$583
BSF total cost	$785	$1,007	$1,007	$1,007
Total Cost	$1,154	$1,542	$1,571	$1,590

Agency Contact Name: Jenny Ehrnst 282-2595
FN Coord Signature: STEVE BARTA
Date: 03/14/05 Phone: 296-5685

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN
Date: 03/14/05 Phone: 286-5618

Senators Kierlin, Olson, Wergin and LeClair introduced—

S. F. No. 447 Referred to the Committee on Education

A bill for an act

relating to education; providing a child care assistance rate bonus for accredited Montessori child care providers; amending Minnesota Statutes 2004, section 119B.13, by adding a subdivision.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 119B.13, is amended by adding a subdivision to read:

Subd. 7. [PROVIDER RATE BONUS FOR MONTESSORI ACCREDITATION.] A Montessori child care provider accredited by the American Montessori Society, the Association Montessori International-USA, or the National Center for Montessori Education shall be paid a ten percent bonus above the maximum child care assistance rate.

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Senate
State of Minnesota

S.F. No. 1110 - Modifying Child Care Assistance Income Eligibility Provisions

Author: Senator Linda Scheid

Prepared by: Joan White, Senate Counsel (651/296-3814) JW

Date: March 11, 2005

Section 1 modifies the income eligibility requirements for individuals applying for child care assistance by striking language that creates the income eligibility floor. The eligibility floor requires the applicant to have a household income less than or equal to 175 percent of the federal poverty guidelines. The eligibility floor was established in the 2003 session. This section is effective July 1, 2005.

Section 2 establishes the child care provider rate differential for accreditation. A child care provider or center must be paid a 15 percent differential above the maximum child care rate if the provider or center holds a current early childhood development credential or is accredited. The provider rate differential for accreditation was repealed in the 2003 session. This section is effective July 1, 2005.

Section 3 suspends fees for background studies, licensing inspections, and annual child care license fees. The commissioner is required to use unallocated federal child care development fund money from the 2004-2005 biennium to reimburse the county and state for reduced fees. The commissioner is also required to set standard statewide license and background study fees for family child care providers based on the average fees currently being charged. This subdivision expires on June 30, 2007.

Section 4 establishes a new parent fee schedule for the child care assistance co-payments. This section is effective July 1, 2005.

Section 5 repeals the parent fee schedule passed in the 2003 legislative session.

JW:rdr

Senators Scheid, Hottinger, Pappas, Sparks and Kierlin introduced--

S.F. No. 1110: Referred to the Committee on Health and Family Security.

A bill for an act

relating to human services; modifying the child care assistance income eligibility provisions; establishing a provider rate differential for accreditation; temporarily suspending child care license fees; modifying the child care assistance parent fee schedule; amending Minnesota Statutes 2004, sections 119B.09, subdivision 1; 119B.13, by adding a subdivision; 245A.10, by adding a subdivision; repealing Laws 2003, First Special Session chapter 14, article 9, section 36.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL ELIGIBILITY REQUIREMENTS FOR ALL APPLICANTS FOR CHILD CARE ASSISTANCE.] (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J or 256K;

(2) have household income below the eligibility levels for MFIP; or

(3) have household income ~~less-than-or-equal-to-175-percent of-the-federal-poverty-guidelines,-adjusted-for-family-size,-at program-entry-and~~ less than 250 percent of the federal poverty guidelines, adjusted for family size~~,-at-program-exit~~.

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 2. Minnesota Statutes 2004, section 119B.13, is amended by adding a subdivision to read:

Subd. 3a. [PROVIDER RATE DIFFERENTIAL FOR ACCREDITATION.] A family child care provider or child care center shall be paid a 15 percent differential above the maximum rate established in subdivision 1, up to the actual provider rate, if the provider or center holds a current early childhood development credential or is accredited. For a family child care provider, early childhood development credential and accreditation includes an individual who has earned a child development associate degree, a diploma in child development from a Minnesota state technical college, or a bachelor's degree in early childhood education from an accredited college or university, or who is accredited by the National Association for Family Child Care or the Competency Based Training and Assessment Program. For a child care center, accreditation includes accreditation by the National Association for the Education of Young Children, the Council on Accreditation, the National Early Childhood Program Accreditation, the National School-Age Care Association, or the National Head Start Association Program of Excellence. For Montessori programs, accreditation includes the American Montessori Society, Association of Montessori International-USA, or the National Center for Montessori Education.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 3. Minnesota Statutes 2004, section 245A.10, is amended by adding a subdivision to read:

Subd. 7. [TEMPORARY SUSPENSION OF CHILD CARE LICENSE FEES.] County fees for background studies and licensing inspections in family and group family child care under subdivision 2 and annual child care center license fees under subdivision 4 are suspended. The commissioner shall use unallocated federal child care development fund money from the 2004-2005 biennium to reimburse the state and counties for the reduced child care licensure fee revenue due to the temporary suspension. The commissioner shall also set a standard statewide license and background study fee for family child care providers based on the average fees currently being charged. This subdivision expires on June 30, 2007.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 4. [PARENT FEE SCHEDULE.]

Notwithstanding Minnesota Rules, part 3400.0100, subpart 4, the parent fee schedule is as follows:

Income Range (as a percent of the federal poverty guidelines)	Co-payment (as a percentage of adjusted gross income)
0-74.99%	$0/month
75.00-99.99%	$5/month
100.00-104.99%	2.61%
105.00-109.99%	2.61%
110.00-114.99%	2.61%
115.00-119.99%	2.61%
120.00-124.99%	2.91%
125.00-129.99%	2.91%
130.00-134.99%	2.91%
135.00-139.99%	2.91%
140.00-144.99%	3.21%
145.00-149.99%	3.21%
150.00-154.99%	3.21%
155.00-159.99%	3.84%
160.00-164.99%	3.84%
165.00-169.99%	4.46%

170.00-174.99%	4.76%
175.00-179.99%	5.05%
180.00-184.99%	5.65%
185.00-189.99%	5.95%
190.00-194.99%	6.24%
195.00-199.99%	6.84%
200.00-204.99%	7.58%
205.00-209.99%	8.33%
210.00-214.99%	9.20%
215.00-219.99%	10.07%
220.00-224.99%	10.94%
225.00-229.99%	11.55%
230.00-234.99%	12.16%
235.00-239.99%	12.77%
240.00-244.99%	13.38%
245.00-249.99%	14.00%
250%	ineligible

A family's monthly co-payment fee is the fixed percentage established for the income range multiplied by the highest possible income within that income range.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 5. [REPEALER.]

Laws 2003, First Special Session chapter 14, article 9, section 36, is repealed.

Fiscal Note – 2005-06 Session

Bill #: S1110-0 **Complete Date:** 03/17/05

Chief Author: SCHEID, LINDA

Title: CHILD CARE INCOME ELIG & PARENT FEES

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund	0	14,884	25,699	26,442	27,232
Federal Fund	0	3,250	3,250	0	0
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund	0	14,884	25,699	26,442	27,232
Federal Fund	0	3,250	3,250	0	0
Revenues					
General Fund	0	(873)	(873)	0	0
Net Cost <Savings>					
General Fund	0	15,757	26,572	26,442	27,232
Federal Fund	0	3,250	3,250	0	0
Total Cost <Savings> to the State	0	19,007	29,822	26,442	27,232

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

NARRATIVE: SF 1110/HF 1329

Bill Description
This bill would:

- Section 1 - Modify the child care assistance income eligibility provisions to change the income entry eligibility to 250% FPG (same as the current exit level),
- Section 2 - Pay a 15 percent differential above the maximum rate (up to the actual provider rate) reimbursed under the child care assistance program to family or center providers if the provider or center holds a current early childhood development credential or is accredited,
- Section 3 - Suspend county fees for background studies and licensing inspections in family and group family child care under subdivision 2 and annual child care center license fees under subdivision 4 until June 30, 2007 and pay the suspended fees with unallocated federal child care development funds,
- Section 3 - Require the Commissioner to set a standard statewide license and background study fee for family child care providers based on the average fees currently being charged, and
- Section 4 - Modify the childcare assistance parent fee schedule to reduce copayments. The current copayment schedule would be repealed.

Assumptions
Section 1 - See attached

Section 2 - See attached

Section 3. This section suspends annual license fees for child care centers from July 1, 2005 until June 30, 2007.

Child care center license fees are estimated to be $872,500 per year for CY 06 and CY07 based on child care center license fee billings for calendar year 2005. The license fees are billed in October and paid in November and December for the subsequent calendar year. This bill is effective from July 1, 2005, to June 30, 2007, so it will encompass the CY2006 and CY2007 billing cycles. For purposes of estimating the fiscal impact to the general fund related to child care center license fees, it is assumed that the number of programs and the licensed capacities of those centers will not change. However, actual billing information will be available during each billing cycle.

This section also suspends county fees for background studies and licensing inspections in family child care from July 1, 2005 until June 30, 2007 and reimburses counties for these costs with federal Child Care and Development Funds (CCDF).

DHS does not have comprehensive, up-to-date information on county charges for background studies and license inspections in family child care homes. At least 28 counties charge fees which generally range between $100 and $250 per year. Minnesota Statutes, section 245A.10, sets a cap of $250 per year (background studies cannot exceed $100; and licensing inspections cannot exceed $150 annually). It is assumed that if the county costs are reimbursed through unallocated federal child care development funds that all counties will seek reimbursement for their actual costs at the limit set forth in statutes, which is $250 per provider per year.

The reimbursement period is two years. Beginning on July 1, 2007, child care centers would resume responsibility for payment of annual license fees which would be deposited in the state general fund. Family child care centers would resume responsibility for payment to counties for background studies and license inspection fees.

Section 4 and repealer – See attached

Expenditure and/or Revenue Formula
Sections 1, 2 and 4 - See attached
Section 3 - Federal funds may be used to reimburse agencies for actual costs; they may not be used to reimburse the general fund for lost revenues. Therefore, federal reimbursement to the general fund for suspended license fees would not be allowed. The result is that this bill would result in an annual loss of state general fund revenues in FY 2006 and FY 2007 of $873,000.

On February 1, 2005, there were approximately 13,000 licensed family child care providers. Assuming counties complete annual background studies and licensing inspections for each provider, the reimbursable costs will be $3,250,000 annually (13,000 licensed family providers x $250 cost per year).

Long-term Fiscal Considerations

Local Government Costs

The bill proposes to reimburse counties for the cost to perform background studies and licensing inspections checks therefore there is no net fiscal impact on the counties.

References/Sources

Sections 1, 2 and 4
Shawn Welch,
Reports & Forecasts Division
MN Dept of Human Services
651.282.3932

Section 3
Jerry Kerber,
Licensing Division
MN Dept. of Human Services
651.296.4473

Minnesota
CHILD CARE ASSISTANCE PROGRAM
Fiscal Analysis of Senate File 1110

Section 1. General Eligibility Requirements for All Applicants.
This section establishes income eligibility for transition year (TY) child care for families up to 250% FPG (i.e. the income exit level for the BSF program). The effect of this change is to add eligibility for some families who exit MFIP with income above the current TY entry level of 175% FPG.

Based on department data, it is estimated that about 7% of MFIP exits in a given month result from income at or above 175% FPG. It is further estimated that about one-fourth of these exits had no prior subsidized child care usage (and would therefore need to satisfy the initial income test for TY) and would be denied TY eligibility under current law. Finally, we assume about 30% of these former MFIP cases would apply for subsidized child care, and that each case gaining TY eligibility uses an average of nine months of TY child care. This fiscal note assumes an effective date of July 1, 2005.

	FY2006	FY2007	FY2008	FY2009
Estimated average monthly MFIP/DWP exits	3,161	3,161	3,161	3,161
Estimated percent >=175% FPG	7%	7%	7%	7%
Estimated avg monthly MFIP exits >=175% FPG	217	217	217	217
Estimated % >=175% FPG with no prior child care	23%	23%	23%	23%
Avg monthly MFIP exits >=175% FPG with no prior child care	49	49	49	49
Percent applying for TY child care	30%	30%	30%	30%
Avg monthly MFIP exits denied TY child care under current law	15	15	15	15
Avg number of additional TY months per case	9	9	9	9
Average monthly TY child care expenditure	$929	$980	$1,034	$1,091
Phase-in effect	67%	100%	100%	100%
Total TY direct service cost	$985,822	$1,560,063	$1,645,866	$1,736,389
Administrative allowance	$49,291	$78,003	$82,293	$86,819
Total TY Cost	$1,035,113	$1,638,066	$1,728,160	$1,823,209

This section also eliminates the requirement that families have income less than 175% FPG to become eligible for the Basic Sliding Fee (BSF) program. Under current law, families must be below 175% FPG to enter the BSF program. However, once eligible, they can remain in the program until the family reaches 250% FPG. This policy change, then, would allow additional families to become eligible for the BSF program with application incomes between 175-250% FPG.

During FY2003, the BSF program operated under an entry and exit income threshold of 300% FPG. This fiscal analysis assumes a similar income distribution to the historical experience from FY2003, recognizing that families with incomes above 250% FPG would remain ineligible for BSF under this language.

Based on sample data used in federal reporting, it is estimated that about 25% of the current average monthly BSF caseload has income between 175-250% FPG. It is further estimated that about 34% of the FY2003 average monthly BSF caseload had income between 175-250% FPG. This difference can be interpreted as the additional expected caseload with incomes between 175-250% FPG if the 175% FPG income requirement were removed from initial eligibility determination. Based on the projected average monthly BSF caseload in FY2006, this translates into an additional 1262 average monthly BSF cases. A similar logic is applied to the current BSF waiting list that results in an additional 644 average monthly BSF cases with incomes between 175-250% FPG.

Since these additional BSF families have average incomes higher than the overall BSF caseload, they will pay higher average copays. Thus, the average monthly CCAP payment for these cases will be lower than the overall projections under current law. Based on department BSF caseload data and the proposed copay schedule in section 4 of this bill, the average CCAP payment for these additional cases is projected to be about $115 per month less than the overall caseload average.

BSF is funded by a capped appropriation that is allocated to counties. If BSF funding is not adjusted to reflect the costs in this fiscal note or the actual demand for BSF eligibility among families with application incomes between 175-250% FPG exceeds these projections, it will result in a larger waiting list.

This fiscal note assumes an effective date of July 1, 2005. A twelve-month phase-in is assumed due to county allocation adjustments, initial eligibility determination, and billing lags.

	FY2006	FY2007	FY2008	FY2009
Additional average monthly BSF cases	1,906	1,906	1,906	1,906
Average monthly BSF payment	$640	$676	$711	$747
Phase-in effect	50%	100%	100%	100%
Total BSF direct service cost	$7,320,783	$15,455,425	$16,269,285	$17,083,144
Administrative allowance	$366,039	$772,771	$813,464	$854,157
Total BSF Cost	$7,686,822	$16,228,196	$17,082,749	$17,937,302

Section 2. Provider Rate Differential for Accreditation.
This section provides a rate differential up to 15% above the maximum rate, not to exceed the provider's charge, for any provider that meets the definition of "quality child care". This would allow higher CCAP payments for certain child care providers.

Based on Minnesota specific data in a study by the National Association of Child Care Referral and Resource Agencies, it is assumed that approximately 9% of MFIP and 12% of BSF children are using providers that would be eligible for this rate differential. It is also assumed that 50% of accredited providers charge above the maximum CCAP reimbursement rate and would therefore be eligible for this differential. This represents twice the expected rate of all providers given that maximum reimbursement rates are set at the 75th percentile under current law. For FY2006, a 15% differential above the maximum rate is estimated to be about $82 for MFIP/TY and about $71 for BSF.

This fiscal analysis uses a base forecast which assumes a declining caseload in the BSF program based on the projected average monthly number of children that can be served under base level funding. If BSF funding is not adjusted to reflect the costs in this fiscal note, it will result in fewer families being served in the program.

The effective date is July 1, 2005. This rate change will impact individual providers at redetermination, leading to a 6-month phase-in.

MFIP/TY Child Care	FY2006	FY2007	FY2008	FY2009
Average monthly MFIP/TY children	16,911	17,324	17,079	17,018
Percent using accredited child care providers	9%	9%	9%	9%
Avg monthly MFIP/TY children using accredited providers	1,528	1,565	1,543	1,538
Percent above maximum rate	50%	50%	50%	50%
Avg monthly MFIP/TY children at higher rate	764	783	772	769
Monthly rate differential	$82	$85	$89	$93
Phase-in	75%	100%	100%	100%
Total MFIP/TY direct service cost	$561,625	$801,626	$825,869	$859,927
County administrative allowance	$28,081	$40,081	$41,293	$42,996
Total MFIP/TY cost	$589,707	$841,707	$867,163	$902,923

BSF Child Care	FY2006	FY2007	FY2008	FY2009
Average monthly BSF children	17,021	15,630	14,958	14,340
Percent using accredited child care providers	12%	12%	12%	12%
Avg monthly BSF children using accredited providers	2,008	1,844	1,764	1,692
Percent above maximum rate	50%	50%	50%	50%
Avg monthly BSF children at higher rate	1004	922	882	846
Monthly rate differential	$71	$75	$78	$82
Phase-in	75%	100%	100%	100%
Total BSF direct service cost	$645,723	$826,185	$826,206	$827,761
County administrative allowance	$32,286	$41,309	$41,310	$41,388
Total BSF cost	$678,010	$867,494	$867,517	$869,149
Total Cost	$1,267,716	$1,709,201	$1,734,679	$1,772,072

Section 4. Parent Fee Schedule.
This section repeals the current law CCAP copayment schedule and replaces it with a new schedule. The current law schedule charges a) no copay for families with income under 75% of the federal poverty guidelines (FPG); b) a copay of $10/month for families with incomes between 75% and 100% FPG; and c) a sliding scale copay amount starting at 3.85% of income for families between 100-125% FPG and ending with 22% income for families between 245-250% FPG. The new copay schedule charges a) no copay for families with income under 75% FPG; b) a copay of $5/month for families with incomes between 75% and 100% FPG; and c) a sliding scale copay amount starting at 2.61% of income for families between 100-125% FPG and ending with 14% income for families between 245-250% FPG.

Based on department data and the published copayment tables for FY2005, it is estimated that the average monthly MFIP/TY copay would decrease by about $10/month (from $31/month to $21/month) and the average monthly BSF copay would decrease by about $47/month (from $137/month to $90/month) under the new schedule.

This fiscal analysis uses a base forecast which assumes a declining caseload in the BSF program based on the projected average monthly number of children that can be served under base level funding. If BSF funding is not adjusted to reflect the costs in this fiscal note, it will result in fewer families being served in the program.

The effective date is July 1, 2005. This copay change will impact individual CCAP cases as their income is redetermined, leading to a 6-month phase-in.

MFIP/TY Child Care	FY2006	FY2007	FY2008	FY2009
Average monthly MFIP/TY cases	9,320	9,548	9,413	9,379
Average monthly MFIP/TY copay reduction	$10	$10	$10	$10
Phase-in	75%	100%	100%	100%
Total MFIP/TY direct service cost	$878,334	$1,199,688	$1,182,746	$1,178,489
County administrative allowance	$43,917	$59,984	$59,137	$58,924
Total MFIP/TY cost	$922,250	$1,259,672	$1,241,883	$1,237,413

BSF Child Care	FY2006	FY2007	FY2008	FY2009
Average monthly BSF cases	8,963	8,231	7,877	7,552
Average monthly BSF copay reduction	$47	$47	$47	$47
Phase-in	75%	100%	100%	100%
Total BSF direct service cost	$3,783,301	$4,632,180	$4,432,823	$4,249,918
County administrative allowance	$189,165	$231,609	$221,641	$212,496
Total BSF cost	$3,972,466	$4,863,789	$4,654,465	$4,462,414
Total Cost	$4,894,717	$6,123,462	$5,896,348	$5,699,827

Fiscal Summary	FY2006	FY2007	FY2008	FY2009
	(in thousands)			
Increase entry level (TY)	$1,035	$1,638	$1,728	$1,823
Increase entry level (BSF)	$7,687	$16,228	$17,083	$17,937
Accreditation bonus	$1,268	$1,709	$1,735	$1,772
Decreased copays	$4,895	$6,124	$5,896	$5,700

Total Cost	$14,884	$25,699	$26,442	$27,232

Agency Contact Name: Jenny Ehrnst 282-2595
FN Coord Signature: STEVE BARTA
Date: 03/17/05 Phone: 296-5685

EBO Comments

EBO Signature: KATIE BURNS
Date: 03/17/05 Phone: 296-7289

CHILD CARE WORKS

March 17, 2005

Honorable Members of the Senate Early Childhood Committee:

Child Care WORKS is a statewide coalition of child care advocates working towards quality, affordable, accessible child care for all children who need it in the state of Minnesota. As a statewide coalition, one of our roles is to coordinate efforts of organizations interested in child care public policy.

SF 1110, the Child Care Access bill, represents a broad joint effort of the many organizations you see represented. Testimony today is limited by time, but this letter is meant to indicate the broad level of statewide community support, and the deep concern felt in regards to the current state of the Child Care Assistance Program (CCAP). Minnesota's CCAP was once one of the flagship child care programs in the nation, with the 4th highest income eligibility, reasonable parent co-payments, and incentives for higher quality programs to care for CCAP children. Minnesota now ranks 33rd in income eligibility, imposes parent co-payments up to 22% of a family's gross income, and has made it nearly impossible for CCAP families to access accredited child care programs. Indeed, CCAP families are, in some areas, being driven away from licensed care entirely. In national reports today, Minnesota is often highlighted – not for its high quality, but for the stunning retreat from what was once a high commitment to young children and families.

Child Care WORKS strongly supports this bill, and has coordinated this effort, because of the broad consensus in the child care community that CCAP no longer works for the low-income working families it is meant to serve. The Child Care Access bill increases access for families to child care assistance, allowing parents to work and children to be cared for in environments that will prepare them for kindergarten.

The statements attached speak for themselves, as do the witnesses you will hear from today. **As a community, we urge you to support the economic stability of young families in Minnesota, and help their children be ready for kindergarten by passing SF 1110 and fighting for its ultimate passage into law.**

Thank you for your serious consideration of SF 1110.

Sincerely,

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WORKING TOGETHER FOR CHILD CARE THAT WORKS

Organizational Statements of Support

Affirmative Options

The Affirmative Options Coalition, and our 55 member organizations from around Minnesota, supports the Child Care Access bill (SF 1110-Scheid, HF 1329-Slawik). We agree with the Minnesota Department of Human Services that "*State policy goals for promoting economic stability are supported most effectively when parents have access to affordable child care that supports their employment needs*" (January 2005 DHS *Cost of Child Care* study). Child care assistance is a good investment in Minnesota's working families and the Child Care Access bill will increase access to this needed work support.

Alliance for Early Childhood Professionals

The Alliance of Early Childhood Professionals supports the Child Care Access bill because quality care for children of working low-income families is important. Over and over again, low-income women say that the main barrier to working is quality affordable child care. The Child Care Access bill is a "beginning" for quality child care.

The child care providers in Minnesota make almost the lowest wage of any profession. Pay equity studies show that child care work is one of the most underpaid jobs in Minnesota and the United States. Studies also show that two of the most important factors for quality are the wage of the child care provider and the training. It is important that these are addressed in the Child Care Access bill – not only for the children, but for the people who are caring for our most precious resource.

Children's Defense Fund Minnesota

Children's Defense Fund Minnesota supports the Child Care Access bill because it will increase access to quality, affordable child care for low-income working families. Child care assistance is important because it allows many families who are struggling to make ends meet remain in the workforce. Quality care also helps prepare children for kindergarten. Access to affordable, quality care was significantly limited for families in need of child care assistance as a result of the 2003 legislative changes. The Child Care Access bill would eliminate some of these barriers, allowing the program to serve more families with the fewest resources.

Congregations Concerned for Children- Child Advocacy Network

Because Congregations Concerned for Children Child Advocacy Network believes that every child is a precious gift from God, we believe that every child deserves the best possible early care and education, no matter what the economic status of their parents. The nurture and care of our children is a moral priority for every faith tradition. The deep state cuts to early care and education in the past few years in Minnesota have caused many of our children to go without the preparation they need to succeed and have put unhealthy stress on working parents and caused many child care providers unnecessary economic hardship. The Child Care Access Bill offers a solution. This bill would allow thousands of working parents and their children, as well as care providers, affected by these previous cuts to access the opportunities they need to thrive. And we know that when our children thrive, we all benefit. Investing in accessible quality child care for every Minnesota child is a building block for a stronger tomorrow for all of us. We heartily support the Child Care Access Bill (SF 1110, HF 1329).

Greater Minnesota Day Care Association

The Child Care Assistance Program was a crucial factor in helping the state reduce welfare spending during the 1990's and it has allowed many children access to early education. Single parents are up to 32% more likely to be employed if they receive help with the cost of child care. To maintain the quality of life Minnesotans are so proud of, GMDCA believes the state must make investments that support the significant section of the workforce that are working poor. Children in these families make themselves known through their productive contribution to our state or they will make their presence known by the social and financial "drag" they place on our state. Continued reductions in the Child Care Assistance Program is irresponsible and will put more working poor families at risk for slipping into poverty. GMDCA supports the Child Care Assistance Bill because it will help working poor families maintain employment and insure the children in these families have a chance to access quality early education opportunities.

Joint Religious Legislative Coalition

The Joint Religious Legislative Coalition favors the Child Care Access bill (SF 1110-Scheid, HF 1329-Slawik) because every child deserves a consistent, loving environment while at home and also while parents work. Because the structure of our labor market and our public policies now require that low-income parents work full-time, childcare is a basic need for thousands of working families. We know that investing in quality child care pays very high dividends. Access to consistent, quality care is essential to improving children's health, school readiness, and their future standing as productive citizens. We limit a child's chances and violate their God-given dignity when we do not positively construct a quality child care system. We violate human dignity when families whose children are at risk of poor social and educational outcomes have to settle for whatever child care arrangements they can piece together because the cost of consistent care, or the co-payment, is unaffordable.

Minnesota Association for the Education of Young Children

The actions proposed in this bill will facilitate parents' access to child care, improve quality early learning opportunities for children, and increase the quality of programming offered by care providers. For these reasons, MnAEYC supports the Child Care Access bill being put forward this legislative session 2005.

Minnesota Association for Family and Early Education

The Minnesota Association for Family and Early Education (MNAFEE) is deeply committed to supporting the provision of high quality, early childhood programming and thus stands in support of the Child Care Access bill. Specifically, this bill will allow hard-working, lower income families to access high quality child care. This is important because high quality child care programs incorporate critical components into their programming that all children and families should have access to, including research-based best practices, parent support and education, highly trained staff, low child to teacher ratios as well as parent and community involvement. Research clearly indicates that high quality programs better prepare young children for school and result in a greater economic return on the dollars invested. The bill's proposal that accredited child care programs should receive a higher reimbursement rate than non-accredited programs serves as an incentive for programs to deliver high quality services. Ensuring families, access to early childhood programming – particularly high quality programming – is essential to the well-being of our community's children and families.

Minnesota Child Care Association

The Minnesota Child Care Association supports the Child Care Access bill because it will support working family's access to quality early childhood programs that have become out of reach for many families as a result of many changes made during the 2003 legislative session. This bill supports the mounting evidence nationally and locally that the best investment a state can make is in quality early childhood education. This bill will also provide some sorely needed financial relief to providers who have suffered huge financial hardship, and prevent many dedicated early childhood professionals from closing their doors.

Minnesota Child Care Resource and Referral Network

The Minnesota Child Care Resource and Referral Network supports the child care access bill because it addresses the goals of our system: supporting parents in their search for high quality and accessible child care options, and building a strong and diverse early care and education system to support these choices. Passage of this Bill would provide much needed support for Minnesota families and children with the fewest resources.

Minnesota School Age Care Alliance

The Minnesota School Age Care Alliance supports the Child Care Access bill because it will increase access to quality, affordable child care for working families. Child care assistance is important because it allows many families who are struggling to make ends meet remain in the workforce. Quality care provides children with caring people, quality places, and challenging opportunities during their out-of-school time. The Minnesota School Age Care Alliance serves children ages 5-14 during their non-school hours and believes the Child Care Access bill will broaden the opportunities for school age children/youth for quality care opportunities. Access to affordable, quality care was significantly limited for families in need of child care assistance as a result of the 2003 legislative changes. The Child Care Access bill would eliminate some of these barriers, allowing the program to serve more families with the fewest resources.

Ready4K

Ready4K strongly supports the Child Care Access bill because it will help low-income working families be able to afford quality child care. Ready4K believes that the child care subsidy program should be a two generation program – one that both helps parents remain or join the workforce, and that helps prepare children for kindergarten. The Child Care Access bill would provide an incentive to programs to deliver quality child care through the accreditation differential. Providing low-income parents with child care financial assistance gives them the ability to choose the child care setting that is right for them and for their children.

Resources for Child Caring

Resources for Child Caring supports the Child Care Access Bill. As an administrator of the Child Care Assistance Program for Ramsey County, we have first hand knowledge of how the recent cuts to this program impacted low-income families. Families no longer eligible have had to patch together care for their children while they work, a circumstance that stresses families and harms children. As the primary source of training for child care professionals in Anoka, Washington and Ramsey Counties, we have seen the effect of the loss of a higher reimbursement rate. Caregivers have lost a key incentive to accredit their programs, meaning fewer high quality programs are available to help children get ready for school.

YMCA

The YMCA supports the Child Care Access bill because it will allow more low-income families to place their children in quality child care programs. Many of the families we serve lost their eligibility for child care assistance as a result of the 2003 legislation, and many of those who remained eligible could not afford the increased co-pay. Even with YMCA financial assistance, a significant number of families could no longer afford to pay for child care. This has made it tougher for parents to remain in the workforce and has reduced the quality of care that their children receive. The Child Care Access bill will allow more families to have access to quality, affordable child care.

Supporting Organizations

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Appendix J Copayment Schedules SFY 2005

Two Person Household			Three Person Household		
Federal Poverty Guidelines		$12,490	Federal Poverty Guidelines		$15,670
175% of FPG (Entrance Limit)		$21,858	175% of FPG (Entrance Limit)		$27,423
Gross Income Range		**Monthly Copayment**	**Gross Income Range**		**Monthly Copayment**
$0	$9,367	$-	$0	$11,752	$-
$9,368	$12,489	$10	$11,753	$15,669	$10
$12,490	$13,114	$42	$15,670	$16,453	$53
$13,115	$13,738	$44	$16,454	$17,236	$55
$13,739	$14,363	$46	$17,237	$18,020	$58
$14,364	$14,987	$48	$18,021	$18,803	$60
$14,988	$15,612	$56	$18,804	$19,587	$70
$15,613	$17,485	$63	$19,588	$21,937	$78
$17,486	$18,110	$71	$21,938	$22,721	$90
$18,111	$18,734	$74	$22,722	$23,504	$93
$18,735	$19,359	$76	$23,505	$24,288	$96
$19,360	$19,983	$94	$24,289	$25,071	$118
$19,984	$20,608	$97	$25,072	$25,855	$122
$20,609	$21,232	$116	$25,856	$26,638	$146
$21,233	$21,857	$127	$26,639	$27,422	$160
$21,858	$22,481	$139	$27,423	$28,205	$175
$22,482	$23,106	$160	$28,206	$28,989	$201
$23,107	$23,730	$173	$28,990	$29,772	$217
$23,731	$24,355	$187	$29,773	$30,556	$234
$24,356	$24,979	$209	$30,557	$31,339	$263
$24,980	$26,228	$268	$31,340	$32,906	$336
$26,229	$28,102	$377	$32,907	$35,257	$473
$28,103	$28,726	$411	$35,258	$36,040	$515
$28,727	$29,351	$471	$36,041	$36,824	$591
$29,352	$29,975	$494	$36,825	$37,607	$620
$29,976	$30,600	$544	$37,608	$38,391	$683
$30,601	$31,224	$572	$38,392	$39,174	$718
$31,225		**Ineligible**	$39,175		**Ineligible**

Appendix J Copayment Schedules SFY 2005 *(continued)*

Four Person Household			Five Person Household		
Federal Poverty Guidelines		$18,850	Federal Poverty Guidelines		$22,030
175% of FPG (Entrance Limit)		$32,988	175% of FPG (Entrance Limit)		$38,553
Gross Income Range		Monthly Copayment	Gross Income Range		Monthly Copayment
$0	$14,137	$-	$0	$16,522	$-
$14,138	$18,849	$10	$16,523	$22,029	$10
$18,850	$19,792	$63	$22,030	$23,131	$74
$19,793	$20,734	$67	$23,132	$24,232	$78
$20,735	$21,677	$70	$24,233	$25,334	$81
$21,678	$22,619	$73	$25,335	$26,435	$85
$22,620	$23,562	$84	$26,436	$27,537	$98
$23,563	$26,389	$94	$27,538	$30,841	$110
$26,390	$27,332	$108	$30,842	$31,943	$126
$27,333	$28,274	$111	$31,944	$33,044	$130
$28,275	$29,217	$115	$33,045	$34,146	$135
$29,218	$30,159	$142	$34,147	$35,247	$166
$30,160	$31,102	$146	$35,248	$36,349	$171
$31,103	$32,044	$175	$36,350	$37,450	$205
$32,045	$32,987	$192	$37,451	$38,552	$225
$32,988	$33,929	$210	$38,553	$39,653	$246
$33,930	$34,872	$241	$39,654	$40,755	$282
$34,873	$35,814	$261	$40,756	$41,856	$305
$35,815	$36,757	$281	$41,857	$42,958	$329
$36,758	$37,699	$316	$42,959	$44,059	$369
$37,700	$39,584	$404	$44,060	$46,262	$472
$39,585	$42,412	$569	$46,263	$49,567	$665
$42,413	$43,354	$620	$49,568	$50,668	$724
$43,355	$44,297	$711	$50,669	$51,770	$830
$44,298	$45,239	$746	$51,771	$52,871	$871
$45,240	$46,182	$822	$52,872	$53,973	$960
$46,183	$47,124	$864	$53,974	$55,074	$1,010
$47,125		**Ineligible**	$55,075		**Ineligible**

Appendix J Copayment Schedules SFY 2005 *(continued)*

Six Person Household			Master Schedule		
Federal Poverty Guidelines	$25,210				
175% of FPG (Entrance Limit)	$44,1188				
Gross Income Range		Monthly Copayment	Income Range		Current Copayment
$0	$18,907	$-	0%	74.99%	$-
$18,908	$25,209	$10	75%	99.99%	$10
$25,210	$26,470	$85	100.00%	104.99%	3.85%
$26,471	$27,730	$89	105.00%	109.99%	3.85%
$27,731	$28,991	$93	110.00%	114.99%	3.85%
$28,992	$30,251	$97	115.00%	119.99%	3.85%
$30,252	$31,512	$113	120.00%	124.99%	4.29%
$31,513	$35,293	$126	125.00%	139.99%	4.29%
$35,294	$36,554	$144	140.00%	144.99%	4.73%
$36,555	$37,814	$149	145.00%	149.99%	4.73%
$37,815	$39,075	$154	150.00%	154.99%	4.73%
$39,076	$40,335	$190	155.00%	159.99%	5.65%
$40,336	$41,596	$196	160.00%	164.99%	5.65%
$41,597	$42,856	$234	165.00%	169.99%	6.56%
$42,857	$44,117	$257	170.00%	174.99%	7.00%
$44,118	$45,377	$281	175.00%	179.99%	7.44%
$45,378	$46,638	$323	180.00%	184.99%	8.31%
$46,639	$47,898	$349	185.00%	189.99%	8.75%
$47,899	$49,159	$376	190.00%	194.99%	9.19%
$49,160	$50,419	$423	195.00%	199.99%	10.06%
$50,420	$52,940	$540	200.00%	209.99%	12.25%
$52,941	$56,722	$761	210.00%	224.99%	16.10%
$56,723	$57,982	$829	225.00%	229.99%	17.15%
$57,983	$59,243	$950	230.00%	234.99%	19.25%
$59,244	$60,503	$997	235.00%	239.99%	19.78%
$60,504	$61,764	$1,099	240.00%	244.99%	21.35%
$61,765	$63,024	$1,155	245.00%	249.99%	22.00%
$63,025		**Ineligible**	250.00%		**Ineligible**

Child Care Bureau

Child Care Assistance Income Eligibility Thresholds and State Median Income (SMI), Family of Three, 2001-2003

A CHILD CARE AND DEVELOPMENT FUND (CCDF) DATA SUMMARY

State/Territory	2001			2003			
	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	SMI Year
Alabama	$3,118.00	$1,585.00	43%	$3,248.00	$1,653.00	43%	2004
Alaska	$4,481.00	NA	85%	$4,263.00	$3,853.00[2]	77%	2002
American Samoa	NK	NK	NK	$925.00	NA	85%	1995
Arizona	$3,156.00	$2,013.00	54%	$3,336.00	$2,099.00	53%	2004
Arkansas	$2,776.92	$1,960.21	60%	$2,846.43	$2,009.25	60%	2003
California	$3,315.00	$2,925.00	75%	$3,315.00	$2,925.00	75%	1998
Colorado[3]	$3,774.00	$2,743.00	62%	$3,964.00	$2,862.00	61%	2003
Commonwealth of the Northern Mariana Islands	NK	NK	NK	$1,533.00	NA	85%	NR
Connecticut	$4,495.00	$3,966.00	75%	$4,910.00	$2,889.00	50%	2004
District of Columbia	$3,706.00	$3,470.00	80%	$3,773.00	$3,470.00	78%	2003
Delaware	$3,902.00	$2,440.00	53%	$4,127.00	$2,544.00	52%	2003
Florida	NK	NK	NK	$3,293.00	$2,543.00[4]	66%	2003
Georgia	$3,569.00	NA	85%	$3,792.00	$2,035.00	46%	2003
Guam	NK	NK	NK	$1,908.00	NA	85%	NA[5]

Compiled from State Child Care and Development Fund Plans, FFY 2002-2003 and FFY 2004-2005, effective October 1, 2001 and October 1, 2003 respectively.
Many CCDF State Plans are available online and can be accessed from http://nccic.org/pubs/stateplan/app-urls.html.
For more information please contact NCCIC, 243 Church Street NW, 2nd Floor, Vienna, VA 22180
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State/Territory	2001: 85% of Monthly State Median Income (SMI)[1]	2001: Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	2001: Monthly Income Eligibility Level as a Percentage of SMI	2003: 85% of Monthly State Median Income (SMI)[1]	2003: Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	2003: Monthly Income Eligibility Level as a Percentage of SMI	2003: SMI Year
Hawaii	$3,479.00	$3,274.00	80%	$3,678.00	NA	85%	2001
Idaho	$2,838.00	$1,706.00	51%	$3,197.00	$1,706.00	45%	2003
Illinois	$3,948.00	$1,818.00	39%	$3,958.00	$2,328.00	50%	2004
Indiana	$3,289.40	$2,207.00	57%	$3,694.00	$1,615.00	37%	2003
Iowa	$3,455.00	$1,890.00	47%	$3,669.00	$1,780.00	41%	2004
Kansas	$3,874.00	$2,255.00	49%	$3,379.00	$2,353.00	59%	2003
Kentucky	$3,105.00	$2,012.00	55%	$3,232.00	$1,908.00[6]	50%	2004
Louisiana	$2,942.00	$2,077.00	60%	$2,942.00	$2,596.00	75%[7]	2002
Maine	$3,038.01	NA	85%	$3,343.08[8]	NA	85%	2003
Maryland	$4,451.00	$2,095.00	40%	$4,249.00	$2,499.00	50%	2002
Massachusetts	$4,104.00	NA	50%	$4,104.00	$2,414.00[6]	50%	2000
Michigan	NK	NK	NK	$4,090.00	$1,990.00	41%	2003
Minnesota	$3,967.00	$3,501.00	75%	$4,322.00	$2,225.00[9]	44%	2004
Mississippi	$2,513.00	NA	85%	$2,513.00	NA	85%	2000
Missouri	$3,010.00	$1,482.00	42%	$3,631.00	$1,482.00	35%	2001
Montana	$3,032.00	$1,829.00	51%	$2,861.00	$1,878.00[4]	56%	2004
Nebraska	$3,373.00	$2,104.99	53%	$3,394.00	$1,463.00	37%	2003
Nevada	$3,539.00	$3,123.00	75%	$3,527.00	$3,112.00	75%	2004

Compiled from State Child Care and Development Fund Plans, FFY 2002-2003 and FFY 2004-2005, effective October 1, 2001 and October 1, 2003 respectively.
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Phone: (800) 616-2242; Fax: (800) 716-2242; TTY: (800) 516-2242; E-mail: info@nccic.org; Web site: http://nccic.org.

State/Territory	2001			2003			
	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	SMI Year
New Hampshire	$3,630.00	$2,648.00	62%	$4,264.00	$2,407.00	48%[7]	2000
New Jersey	$4,223.50	$3,047.92	61%	$4,674.00	$3,179.00	58%	2003
New Mexico	$2,658.00	$2,438.00	78%	$3,016.27	$2,543.33	72%	2002
New York	$3,400.00	$2,438.00	61%	$3,839.00	$2,543.00	56%	2003
North Carolina	$3,232.00	$2,852.00	75%	$3,339.00	$2,946.00	75%	2002
North Dakota	$3,035.00	$2,463.00	69%	$3,281.00	$2,463.00	64%	2004
Ohio	$3,346.00	$2,255.00	57%	$3,825.00	$1,272.00	28%	2003
Oklahoma	$3,110.00	$1,936.00	53%	$2,883.00	$2,825.00[9]	83%	2003
Oregon	$3,208.00	$2,255.00	60%	$3,495.00	$1,908.00	46%	2003
Pennsylvania	$3,543.00	$2,438.00	58%	$3,934.74	$2,543.33	55%	2004
Puerto Rico	$1,279.00	NA	85%	$1,279.00	NA	85%	1994
Rhode Island	$3,844.50	$2,743.17	61%	$4,192.00	$2,861.00	58%	2003
South Carolina	$3,330.00	$1,829.00	47%	$3,349.00	$1,908.00	48%	2003
South Dakota	$3,504.00	$1,829.00	44%	$3,553.00	$2,544.00	61%	2003
Tennessee	$3,093.00	$2,027.00	56%	$3,336.00	$2,355.00	60%	2004
Texas[3, 10]	$3,171.00	NA	85%	$3,368.00	NA	85%	2003
Utah	$3,406.00	$2,244.00	56%	$3,406.00	$2,244.00	56%	2002
Vermont	$2,867.33	$2,586.00	77%	$2,664.00	$2,586.00	83%	1999

Compiled from State Child Care and Development Fund Plans, FFY 2002-2003 and FFY 2004-2005, effective October 1, 2001 and October 1, 2003 respectively.
Many CCDF State Plans are available online and can be accessed from http://nccic.org/pubs/stateplan/app-urls.html.
For more information please contact NCCIC, 243 Church Street NW, 2nd Floor, Vienna, VA 22180
Phone: (800) 616-2242; Fax: (800) 716-2242; TTY: (800) 516-2242; E-mail: info@nccic.org; Web site: http://nccic.org.

State/Territory	2001			2003			
	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	85% of Monthly State Median Income (SMI)[1]	Monthly Income Eligibility Level Lower Than 85% of SMI *if* Used to Limit Eligibility	Monthly Income Eligibility Level as a Percentage of SMI	SMI Year
Virginia[11]	$3,829.00	$1,950.00	43%	$4,141.00	$1,908.00	39%	2004
Virgin Islands	NK	NK	NK	$2,022.50	NA	85%	2000
Washington	$3,670.00	$2,743.00	64%	$3,821.00	$2,544.00	57%	2003
West Virginia	$2,689.00	$2,358.00	75%	$2,943.00	$1,769.00[6]	51%	2004
Wisconsin	$3,774.00	$2,255.00	51%	$3,894.00	$2,353.00[6]	51%	2004
Wyoming	$3,310.00	$2,255.00	58%	$3,324.00	$2,544.00	65%	2003

Sources: Information compiled from State CCDF Plans, FFY 2002-2003 and FFY 2004-2005, effective October 1, 2001 and October 1, 2003 respectively. Approved Plans for Florida, Michigan, American Samoa, Commonwealth of the Northern Mariana Islands, Guam, and the Virgin Islands were not included in the FFY 2002-2003 summary.

Key: NA – Not Applicable; NK – Not Known; NR – Not Reported

Notes:

[1] Monthly State Median Income is derived based on information provided in the State Plans, which does not necessarily coincide with most recent year SMI. SMI used by each State is indicated. In 2003, the Federal Poverty Level (FPL) for a family of three for the 48 contiguous States and the District of Columbia was $15,260. The FPL for Alaska was $19,070 and the FPL for Hawaii was $17,550. See *Federal Register*, Vol. 68, No. 26, February 7, 2003, pp. 6456–6458.

[2] The adjusted gross income levels that Alaska reported are equal to 85% SMI less an estimated amount of the 2002 Alaska Permanent Fund Dividend, which is not used in calculating the adjusted gross income amount.

[3] Colorado and Texas permit sub-State jurisdictions to set different income eligibility limits. In Texas, local Workforce Boards set their own income eligibility limits to meet local needs, within the State-imposed cap of 85% of SMI; the State reported that most Boards have established limits that are below 85% of SMI.

[4] Florida and Montana each have a two-tiered eligibility threshold and reported the upper limit, which is applied to families already receiving child care assistance.

Compiled from State Child Care and Development Fund Plans, FFY 2002-2003 and FFY 2004-2005, effective October 1, 2001 and October 1, 2003 respectively.
Many CCDF State Plans are available online and can be accessed from http://nccic.org/pubs/stateplan/app-urls.html.
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Federal Poverty Guidelines for 2004

Household Size	50%		75%		100%		120%		130%	
	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly
1	**$ 4,655**	$ 388	**$ 6,983**	$ 582	**$ 9,310**	$ 776	**$ 11,172**	$ 931	**$ 12,103**	$ 1,009
2	**$ 6,245**	$ 520	**$ 9,368**	$ 781	**$ 12,490**	$ 1,041	**$ 14,988**	$ 1,249	**$ 16,237**	$ 1,353
3	**$ 7,835**	$ 653	**$ 11,753**	$ 979	**$ 15,670**	$ 1,306	**$ 18,804**	$ 1,567	**$ 20,371**	$ 1,698
4	**$ 9,425**	$ 785	**$ 14,138**	$ 1,178	**$ 18,850**	$ 1,571	**$ 22,620**	$ 1,885	**$ 24,505**	$ 2,042
5	**$ 11,015**	$ 918	**$ 16,523**	$ 1,377	**$ 22,030**	$ 1,836	**$ 26,436**	$ 2,203	**$ 28,639**	$ 2,387
6	**$ 12,605**	$ 1,050	**$ 18,908**	$ 1,576	**$ 25,210**	$ 2,101	**$ 30,252**	$ 2,521	**$ 32,773**	$ 2,731

Household Size	150%		175%		200%		250%		275%	
	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly
1	**$ 13,965**	$ 1,164	**$ 16,293**	$ 1,358	**$ 18,620**	$ 1,552	**$ 23,275**	$ 1,940	**$ 25,603**	$ 2,134
2	**$ 18,735**	$ 1,561	**$ 21,858**	$ 1,821	**$ 24,980**	$ 2,082	**$ 31,225**	$ 2,602	**$ 34,348**	$ 2,862
3	**$ 23,505**	$ 1,959	**$ 27,423**	$ 2,285	**$ 31,340**	$ 2,612	**$ 39,175**	$ 3,265	**$ 43,093**	$ 3,591
4	**$ 28,275**	$ 2,356	**$ 32,988**	$ 2,749	**$ 37,700**	$ 3,142	**$ 47,125**	$ 3,927	**$ 51,838**	$ 4,320
5	**$ 33,045**	$ 2,754	**$ 38,553**	$ 3,213	**$ 44,060**	$ 3,672	**$ 55,075**	$ 4,590	**$ 60,583**	$ 5,049
6	**$ 37,815**	$ 3,151	**$ 44,118**	$ 3,676	**$ 50,420**	$ 4,202	**$ 63,025**	$ 5,252	**$ 69,328**	$ 5,777

CHILD CARE WORKS

CHILD CARE ACCESS BILL

SF 1110 (Scheid), HF 1329 (Slawik)

BACKGROUND

The Child Care Access bill offers solutions to a number of barriers affecting low-income families' access to quality child care in Minnesota.

ELIGIBILITY

Current Law: Families are eligible for CCAP assistance if they make less than 175 % of the Federal Poverty Guidelines (FPG); families are no longer eligible once they reach 250% of FPG. Under current law, families who need help paying for child care are asking for help, but are not eligible to receive assistance. At the same time, waiting lists statewide have shrunk to virtually nothing.

Section 1, Subd. 1(3) increases eligibility to enter the Child Care Assistance Program from the current level, which is just over $27,000 for a family of three, to 250% of FPG (about $39,000 for a family of three). Raising eligibility will increase access for low-income working families, enabling parents to stay in the workforce and their children to receive quality child care. The State can afford to serve more families under the current appropriation.

PARENT CO-PAYMENTS

Current Law: Co-pay scales ranges from $10 to 22% of a families' gross income. Anecdotal information suggests that many eligible families are dropping off CCAP because they are unable to afford their co-payments.

Section 4 lowers the parent co-pay structure to range from $5 for families between 75-100% of FPG (about $12,000) to 14% of a families' gross income at 250% of FPG. The new co-payment schedule also eases the incremental increase to avoid large jumps at any given increment.

HIGHER REIMBURSEMENT RATE FOR ACCREDITED PROGRAMS

Current Law: No differential rate for accredited providers.

Section 2, Subd. 3a allows accredited child care providers or family child care providers who meet educational criteria and care for Child Care Assistance children to be reimbursed at a rate up to 15% above the maximum reimbursement rate and up to the provider's actual rate charged to private-pay families.

TEMPORARY SUSPENSION OF CHILD CARE PROVIDER FEES

Current Law: Family child care providers may be charged up to $250 annually for background study and license fees. Individual counties determine the fees charged. Child care centers pay annual license fees based on capacity.

Section 3, Subd. 7 suspends license fees for child care centers and family child care providers as well as background study fees for family child care providers for FY 2006-07. Counties would be reimbursed for expected revenues.
By 2007, a statewide standard rate would be put in place to replace the county-by-county charges that are now allowed.

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WORKING TOGETHER FOR CHILD CARE THAT WORKS

Minnesota Association of County Social Service Administrators

Legislative Position

2005-2006

Topic/Descriptive Title:

Priorities for Changes to Child Care Assistance Programs

Brief Summary Statement:

The effects of the cuts and policy changes to Child Care Assistance Programs (CCAP) in the 2003 Legislative Session have hampered family self-sufficiency and disrupted continuity of care for many children. Policies should be pursued to lessen these impacts by focusing on support for low-income working families with an approach mimicking the private-pay child care market and increasing funds available for CCAP.

Problem/Issue Statement:

Changes made to Child Care Assistance Programs (CCAP) during the 2003 Legislative Session have had significant impact on families and child care programs who were participating in CCAP. A number of families lost assistance because of the change lowering income for eligibility, and many dropped out because they could not afford co-payments. Most remaining families faced increases in their monthly co-payments, some as dramatic as from $193 to $366 or from $356 to $655 without a change in family income. Changes made to only allow entry to the program to those with very low income also had some possibly unintended impacts: families who were eligible but cut due to the allocation change in 2003 now cannot be put back on the program in 2004 because their incomes are above the new, lower entry point; families using the Portability Pool have lost child care assistance because their application in their new county is considered a completely new application and has to meet the new, lower entry level. The lowering of the entry level has also changed the nature of Basic Sliding Fee to focus on very low income families and families entering through public assistance, rather than serving as a support for working families to avoid using public assistance. Changes made to how child care programs are paid also has had an impact on families ability to access care: e.g. many licensed programs have stopped caring for children needing before- or after-school care paid through CCAP because of the change from half-day to hourly rates.

Legislative Committee Action Proposed:

Based on the numerous problems that have arisen with the changes to Child Care Assistance Programs, support remedies that forward the following priorities:

- Support restoring funding cut in the 2003 session;
- Support the reinvestment back into child care assistance of any costs saved through policy changes in child care assistance;
- Support the continuity of service/care, as moving on and off of the program is difficult for families and children and has greater administrative costs for the program;
- Acknowledging that, federally, child care assistance is considered a working family program, support policies that renew a focus on working families; and
- Encourage access to quality child care in order to promote school readiness.

Finally, because counties also recognize the question of fairness if a family is more likely to receive assistance in one county without a waiting list than if they live in another county that has a waiting list, maximizing equity statewide is a good goal even if it remains too great of a challenge with the current systems.

Impact If Change Is Not Implemented:

Studies in Hennepin County have shown that families on the waiting list for Child Care Assistance Programs are more likely to stop working and apply for financial assistance that is much more costly to provide. Enacting changes that allow low-income working families to participate in Child Care Assistance Programs encourages family self-sufficiency, may reduce some overall public assistance costs, and helps ensure that children are safe while their parents work.

Affected Statute

Various.

Adopted by MACSSA 1/22/04; Readopted 7/22/04

Minnesota Association of County Social Service Administrators

Legislative Position

2005-2006

Topic/Descriptive Title:

Child Care Subsidy: Top Priority is to Change the 175% of Poverty Entry Level to 250% of Poverty

Brief Summary Statement:

The negative effects of the 2003 cuts and policy changes to Child Care Assistance Programs (CCAP) in the 2003 Legislative Session are now clear. Low-income working families are being denied the childcare assistance needed to keep them on the road to self-sufficiency.

Problem/Issue Statement:

The 2003 legislative changes changed the entry level for child care from approximately 300 % of poverty to 175% of poverty. Families can remain of child care assistance until their incomes reach 250% of poverty.

Family Size	175% of Poverty Income	Co-payment at 175% of Poverty	$250% of poverty	Co-payment at 249.99 % of poverty
2	$21,858	$139	$31,224	$572
3	$27,423	$175	$39,175	$718
4	$32,988	$210	$47,125	$864

The cost of child care varies depending on the age of the child, type of care and location in the state. Typical licensed non-infant care in Greater Minnesota would be in the $400 to $600 range while the allowable rate (75th percentile of local market rate) for one non-infant child in the metro area is as high as $900. Infant care is substantially more expensive. Most families between 175% and 250% percent of poverty find it difficult to make the co-payments listed above. The full cost of child care is beyond them. It may sound like the state is being unduly generous to allow a family of 4 to be on assistance up to $47,124 but, at that income level they must pay 22% of their adjusted gross income for child care before receiving any benefits from the program.

As a result there are reports of children left home alone, families patching together child care, parents missing work, child cares centers closing because families cannot afford the care, families returning to MFIP.

Further, most metropolitan counties report substantial amounts of unspent child care as they deny up to 60 % of their applicants due to the low income entrance level. There is sufficient funding in the program to raise the entrance level to 250% of poverty.

Legislative Committee Action Proposed:

MACSSA recommends setting the entrance level for child care subsidy at 250% of the federal poverty guideline.

Contact People:

Adopted by MACSSA 1/27/04

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Dakota COUNTY

Dakota COUNTY

The mission of Dakota County government is efficient, effective, responsive government.

The seven members of the Dakota County Board of Commissioners represent Dakota County's 380,000 citizens.

Employment and economic assistance, public health, social services, law enforcement and criminal justice, transportation, parks, environmental management, and assessing and property records are among the programs and services that the define the scope of the work of Dakota County government on behalf of its citizens.

For more information on Dakota County and its programs and services, visit www.co.dakota.mn.us or call (651) 438-4418.

Dakota County
1590 Highway 55
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Minnesota 55033

RESTORE CHILDCARE FUNDING AND ELIGIBILITY LEVELS

ACTION REQUESTED

The Dakota County Board of Commissioners supports restoring all funding that the 2003 Minnesota Legislature cut from childcare subsidies and returning eligibility and payment standards to the pre-2003 Legislative session level. Since child care assistance is considered a working family program federally, the Board supports policies that renew a focus on working families.

BACKGROUND

The 2003 Legislature reduced the funding available for low income working families and changed policies related to eligibility and provider reimbursement. The effects of the cuts and policy changes to Child Care Assistance Programs (CCAP) have hampered family self-sufficiency and disrupted continuity of care for many children. Policies and funding should be returned in order to lessen these impacts by focusing on support for low-income working families.

IMPACT ASSESSMENT

Changes made to CCAP during the 2003 Legislative Session have had significant impact on families participating in the programs. A number of families lost assistance because of the change lowering income for eligibility, and many dropped out because they could not afford co-payments. Most remaining families faced increases in their monthly co-payments, some as dramatic as from $193 to $366 or from $356 to $655 without a change in family income. Lowering the entry level to Basic Sliding Fee Child Care has changed the nature of the program to focus on very low income families and families entering through public assistance, rather than serving as a support for working families to avoid using public assistance.

In Dakota County, nearly six in ten applications for BSF Child Care are denied, mostly due to the lower entry-level income limits (175% FPG) compared to three in ten applications being denied prior to the Legislative changes. Changes made to how child care programs are paid also has had an impact on families ability to access care: e.g. many licensed programs have stopped caring for children needing before- or after-school care paid through CCAP because of the change from half-day to hourly rates.

Enacting changes that allow low-income working families to participate in Child Care Assistance Programs encourages family self-sufficiency, may reduce some overall public assistance costs, and helps ensure that children are safe while their parents work.

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2005 MICA LEGISLATIVE RECOMMENDATIONS

Restore Childcare Cuts and Change Income Eligibility Limits

The MICA Board of Directors supports the restoration of funding cuts and income eligibility limits changes that allow entrance into the program for families at 250% of the Federal Poverty Guidelines (FPG).

Childcare costs are a major barrier for low and moderate-income families in reaching and maintaining family self-sufficiency. Employment is threatened and the health and safety of children is put at risk when reliable, quality childcare is priced beyond the means of low and moderate income working families.

Funding for childcare subsidies was cut by 50 percent overall by the 2003 legislature. While some counties have seen their waiting lists for childcare subsidies grow, other counties have childcare subsidy funds left unused because eligibility changes and higher parent co-pays negate any economic relief that low income families formerly realized from program participation. The lowered income eligibility level of 175% of FPG for families entering the program blocks participation of many low-income families from receiving the childcare subsidies they need to make ends meet while working in low wage jobs. Raising the entrance income eligibility limit to the highest eligibility limit of 250% of FPG more realistically takes into account the cost of living and the high cost of childcare. By equalizing the entrance and exit income eligibility limits, more low-income, working families can secure the childcare they need to safely care for their children while they work.

County	Fees	Method/Schedule	Waive/Reduce
Anoka	$215 at initial license and license renewal ($65 for background, $150 for inspection); $150 for relocation inspection in non-renewal year	$65 with initial application, $150 before initial visit; full $215 due with renewal paperwork	Waive for under 125% of the poverty level
Big Stone	$75 at initial license and license renewal, plus $15 per person for background studies at initial/renewal		
Blue Earth	$175 at initial license ($100 background study, $75 inspection), then $125 annually ($50 background, $75 inspec)	Check/money order due with application or annual paperwork	Case-by-case
Carver	$250 at initial license and license renewal	Check/money order, $100 due with application, $150 due at final visit to license	No
Chippewa	$100 at initial license and $150 at license renewal, plus $50 per family for background studies with initial/renewal	Initial fees due prior to licensing visit; renewal fees due within 30 days of visit	
Chisago	$250 at initial licensing and license renewal	Check/money order due with application, relicensing packet. Cash accepted at main office.	Case by case through waiver committee
Dakota	$250 at initial licensing and license renewal	Check/money order due with application, relicensing packet.	Waive if income is below federal poverty level
Hennepin	$250 at initial licensing and license renewal; $150 inspection fee for change of premise. $150 refunded prior to inspection if applicant is unlicensable.	Payment with application, relicensing materials	No
Isanti	$250 at initial license and license renewal	Cashiers check/money order due with application	No
Kandiyohi	$100 for initial, $100 for first renewal and $150 for each renewal thereafter; plus $50 for provider with additional $5 for each person 13 and over in the household for background study fees		
Lac Qui Parle	$75 for initial, $50 for license renewal, plus $5 per person for background studies at initial/renewal		
Lake of the Woods	***CHANGED***: $25 annually for inspections (Previously $100 plus $150)	Cashier check/money order	No
LeSeuer	$250 or the actual cost of inspection and studies if under $250, billed annually	Invoice/payment plan	For low income
Lincoln-Lyon-Murray	$50 for background study annually plus $100 in years with in-home inspection	Paid upfront	Case by case for hardship
Marshall	$100 for background study not to exceed once a year plus $150 for initial and renewal inspections	Check/money order due with application or at or before renewal home visit	No
Mille Lacs	$250 at initial licensing and license renewal	$100 due with application, $150 due before visit	Waive for public assistance
Olmsted	$125 before initial application, then $125 six months later; for licensed, $125 at annual renewal month and $125 six months later	Check/money order	No

Otter Tail	$50 per license for background study in the licensing year, $25 per study in non-licensing year (not to exceed $50 total that year); no licensing fee		No
Pennington	$150 at initial licensing, license renewal, or change of premise, plus $50 annually for background studies	Check/money order for $50 with background studies, and for $150 before visit	
Pine	$250 at initial license and license renewal	Check/money order due with application	No
Rice	$150 inspection plus $25 per background study up to $100, for $250 total billed with initial and renewal	Invoice/payment plan	No
St. Louis	$50 per household plus $8 per person (payable to law enforcement) studied for background studies at initial licensing and license renewal, and also $75 for applicant new license inspections, or $150 for inspections at license renewal	Payment due with application materials	No
Scott	$100 annually for background study plus $150 for initial, renewal, and relocation inspections	Cashier check/money order due with application and annual paperwork	No
Sherburne	$100 for background study at initial licensing, plus $150 for initial licensing inspection, $100 for renewal licensing inspection; $50 for background study annually once licensed (no inspection fee for non-renewal)	Check/money order for $100 due with initial application, the $150 due before the initial inspection; check/money order for $200 due with application to renew	Waive if on MFIP/food support; inspection fee for established providers just $50 the first time
Washington	$250 at initial license and license renewal	Check/money order before license will be issued	Case by case for low income
Wilkin	$150 for initial licensing study, $100 every two years (or $50 a year) for relicensing; background studies for substitutes are $40 total if Richland County, ND, residents (no charge for Wilkin County residents at this time)		
Wright	$250, payable with application for initial license and license renewal	Check due with application	No
Yellow Medicine	$100 at initial license, $150 at license renewal, plus $50 per family for background studies at initial/renewal		

Additions or corrections to this chart can be emailed to:
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