

January 23, 2023

Senate Health and Human Services Committee
1100 Minnesota Senate Bldg
St. Paul, MN 55155

Dear Committee Chair Wiklund, Ranking Member Utke, and Members of the Senate Health and Human Services Committee,

We write today on behalf of the Early Care and Education Consortium (ECEC) in strong support of S.F. 14 and S.F. 53. ECEC is a non-profit alliance of the leading multi-state, multi-site child care providers, key state child care associations, and premier educational service providers. Together, we represent over 7,000 programs serving nearly 1 million children across 48 states, the District of Columbia, and Puerto Rico. In Minnesota, our more than 200 locations have the capacity to serve almost 25,000 children.

Our mission is to advance policies that strengthen the child care system and expand access to high-quality early care and education programs for all families, particularly those from underserved communities. To that end, we appreciate the opportunity to weigh in on S.F. 14 and S.F. 53.

S.F. 14 (Wiklund, Maye Quade): Modifying Child Care Assistance Rates. ECEC supports the Committee's efforts under S.F. 14 to increase Child Care Assistance Program (CCAP) base rates to align with the federally recommended 75th percentile of the current market rate survey (MRS), and to automatically update these rates every three years. We also support inclusion of an amendment to allow programs to offer private-pay families a discount on these rates, allowing providers to continue serving a robust and diverse network of families.

Since 2021, CCAP reimbursement rates have been at the 40th percentile of the 2020-21 MRS for infants and toddlers, and the 30th percentile for preschool and school-aged children. These rates mean that CCAP-eligible children can access less than half of available child care slots in the state.

A review of 46 other states' center-based reimbursement rates as reported in their Child Care and Development Fund State Plans for Fiscal Year 2022-2024 shows that 33 states reimburse providers at a higher rate than Minnesota for infant care, and 35 reimburse at a higher rate than Minnesota for preschool-aged children.¹ This includes 18 states at the recommended 75th percentile or above for infant care and 17 at or above this level for preschoolers.

Setting CCAP rates at the federally-recommended benchmark increases the likelihood that eligible children will have access to child care services comparable to their peers; improves

¹ Four states (Illinois, Kentucky, New Hampshire, and New Mexico) and the District of Columbia did not compare their reimbursement rates to a MRS in their state plan. Data is current as of August 31, 2021, and does not reflect any subsequent updates that states have made to their payment rates. Questions 4.3.1(a)(i)-(iii). Available here: <https://www.acf.hhs.gov/occ/report/preliminary-reports-fy2022-2024-state-and-territory-ccdf-plan-preprint>

family choice across a wider range of providers; allows providers to increase teacher and staff wages and improve benefits packages; and, encourages more providers to participate in the subsidy system. Increasing reimbursement rates to the 75th percentile of the MRS is a much needed investment that will yield positive impacts child care providers, families, and the broader state economy.

S.F. 53 (Wiklund, Boldon, Maye Quade): Child Care Stabilization Base Grants. ECEC also supports the Committee’s efforts to support children and families within S.F. 53; in particular, we support restoring the federally-funded Child Care Stabilization base grant awards to levels originally established in September 2021. These grants have been a lifeline for providers during the past few years, and continue to be a critical source of support as providers continue to see increased costs while struggling to recruit and retain teachers and staff. Returning grant amounts to their original levels will allow providers to make critical investments in their staff, who are the backbone of every child care business.

ECEC appreciates the opportunity to weigh in on these important issues, and urges the Committee to approve both S.F. 14 and S.F. 53. We appreciate the work you do on behalf of children, families, and child care businesses across Minnesota.

Sincerely,

Radha Mohan, Executive Director
Kathlyn McHenry, Director of State Government Relations
Early Care and Education Consortium