

## Executive Summary

Minnesota's early care and education system is essential to our state's economy and the healthy development of our children. In 2021, the state legislature passed, and the governor signed into law, a bill that stated, **"it is the goal of the state for all families to have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families."**<sup>1</sup> The research is clear: when children have access to high-quality early childhood experiences, they thrive in their earliest years. Evidence shows it also enables them, and their communities and economies, to thrive later on. That's why early care and education is critical to our state's success by supporting the current and future workforce and providing the experiences that are an important foundation to healthy child development. But high-quality early care and education is unaffordable and inaccessible for many Minnesota families who need it. Revenue limitations mean that educators and other staff who lead early care and education programs receive limited compensation packages, and these programs (the majority of which are small businesses) operate on slim or non-existent profit margins. Consequently, there are shortages of programs and educators – shortages that have been exacerbated by the COVID-19 pandemic and continue today. There is an urgent need to improve affordability, access, and compensation within the early care and education field. Simultaneously, there is an opportunity to reimagine Minnesota's early care and education system and to address problems thoughtfully to strategically advance our economic competitiveness as a state. We can and must do better.

Investing in a comprehensive, mixed delivery early care and education system is essential to our state's near- and long-term well-being. The early care and education system is critical for the state in multiple ways:

- For young children to have healthy social-emotional, cognitive, and physical growth during a critical time in their brain development;
- As an essential support for parents and other caregivers to participate in the workforce, further their own education, or meet other family obligations; and
- For the growth and vitality of Minnesota's economy, providing businesses with the ability to have a consistent workforce today and a well-educated workforce in the future.

An accessible, affordable, high-quality early care and education system is good for children (the future workforce), good for parents and other caregivers (the current workforce), good for businesses (needing workforce) and in turn, good for the economy and society as a whole.

The legislation that established the Great Start for All Minnesota Children Task Force directed it to establish a plan and implementation timeline to address the challenges in today's early care and education system. Embedded within the legislative charge are three key goals:

1. Creating a system in which family costs for early care and education are affordable;
2. Ensuring that a child's access to high-quality early care and education is not determined by the child's race, family income, or zip code; and
3. Ensuring that Minnesota's early childhood educators are qualified, diverse, supported, and equitably compensated regardless of setting.

The Task Force underwent an intentional process to center children and families from historically disenfranchised communities, work across diverse stakeholder perspectives, and build on previous work and successes achieved in Minnesota. Through this process, the Task Force created a vision for an early care and education system in Minnesota that provides all families affordable, accessible, and effective

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<sup>1</sup> Minnesota 2021 Session Law, First Special Session, Chapter 7, Article 14, Section 18, Subd 1

early care and education services; operates as a sustainable system; and uplifts programs and the early care and education workforce. To achieve its vision, the Task Force calls on leaders in Minnesota state government to align and commit to long-term investments in a reimagined early care and education system, prioritizing historically disenfranchised communities. Detailed challenges of the current system and recommendations to address these challenges are included in the full report. Most notably, the state should do the following:

- 1. Create a family benefits system that provides affordable access to early care and education for all families, with no family paying more than 7% of their income for services.** The state should dramatically expand affordability of early care and education programs through a new “Great Start Minnesota Program”. This new program would blend existing federal and state funding streams, along with additional funding needed to fully support the program. Under the proposed program, all families are eligible, and no family will pay more than 7% of their income for early care and education. The state should structure the new benefits program to promote access to quality services by removing financial barriers and other disincentives that could discourage families from choosing quality care. The program also must promote family choice among provider and program types that best meet family needs. Finally, it must be truly accessible to families and remove barriers that have prevented family participation in existing benefits programs. Leading up to this new system, the Task Force presents recommendations to make meaningful, near-term improvements to existing programs to improve affordability and access for families now.
- 2. Provide early childhood programs with adequate funding to deliver effective services for children and families.** While making early care and education more affordable for families is essential, it cannot be done at the expense of early care and education providers, many of whom are already struggling to keep programs financially afloat given the challenges of the broken market in which they operate. The state must fairly fund providers for the services they offer. Minnesota should pay programs based on the true costs of services rather than “market rates,” which are used today for benefits programs, and only reflect the price families are able to pay. In addition, the state must provide funding in a stable, transparent, consistent, and equitable manner, with simple administrative processes. In particular, programs should be paid in advance of services and not on a reimbursement basis and paid based on enrollment rather than attendance. By improving funding levels and funding processes, programs will not only stabilize and survive, but thrive and be able to increase capacity to serve children and families well.
- 3. Pay the early care and education workforce a living wage.** For too long, the early care and education system has been subsidized by paying the early care and education workforce below living wages. Poor compensation and lack of support and acknowledgement leads to persistent workforce shortages and the inability to recruit new employees. Overcoming this foundational challenge requires investing in wage growth to attract, retain, and support Minnesota’s early care and education workforce. Minnesota must invest in early care and education programs to enable them to dramatically increase compensation for early educators and other members of the workforce by paying at least a living wage. The state should implement a framework that increases early care and education wages aligned with experience and education and provides benefits including paid time off and health insurance to appropriately reflect the value the early care and education workforce provides to children, families, communities, and the state.

4. **Invest in increasing access to effective programs.** To provide all families with access to an effective early care and education environment in the location of their choice, Minnesota’s early care and education system needs significant investment and continued focus and alignment on its importance to a thriving Minnesota. The early care and education system in our state has long been underfunded, resulting in eligible families waiting to access services and capacity challenges affecting families across the state, and especially in Greater Minnesota and under-resourced communities. To enable the early care and education workforce to make this Task Force’s vision of effectiveness a reality for all children and families, Minnesota needs consistent and equitable standards and growth-oriented accountability systems; a healthy business environment and clear, consistently-applied regulations; and a cohesive, high functioning infrastructure and ecosystem. By combining these with an appropriately compensated and supported workforce and fairly funded programs, Minnesota can achieve a high-quality, effective early care and education system statewide.

The Task Force was directed by legislation to lay out a plan to achieve the legislative goals, including an implementation timeline running from July 2025 through July 2031. This plan and timeline appear in the full report, and all recommendations are also listed in **Appendix A**. However, children, families, the early care and education workforce, employers, and whole communities need our action today. As such, this Task Force implores state leaders, organizations, and communities to act decisively and immediately to address the state’s child care needs and set Minnesota on a stable and sustainable path where **all families have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families.**

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## Legislative Goal

“It is the goal of the state for all families to have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families. The goal will be achieved by:

1. creating a system in which family costs for early care and education are affordable;
2. ensuring that a child's access to high-quality early care and education is not determined by the child's race, family income, or zip code; and
3. ensuring that Minnesota's early childhood educators are qualified, diverse, supported, and equitably compensated regardless of setting.”

*Minnesota 2021 Session Law, First Special Session, Chapter 7, Article 14, Section 18, Subd. 1*

## Why invest in Minnesota’s early care and education system?

A high-functioning early care and education (ECE) system is essential to the near- and long-term well-being of Minnesota. The ECE system is critical for our state in three inter-related ways:

- 1) For children ages birth to five to have healthy social-emotional, academic, and physical growth during a critical time for brain development,
- 2) As a support for parents and other caregivers to participate in the workforce or further their own education, and
- 3) For the growth and vitality of Minnesota’s economy, providing businesses with the ability to have a consistent workforce today and a well-educated workforce in the future.

An accessible, affordable, high-quality early care and education system is good for children (the future workforce), good for parents and other caregivers (the current workforce), good for businesses (needing workforce) and so, good for the economy and society as a whole.

**Quality early care and education is good for children.** Birth to five is a critical age for learning and development: up to 90 percent of brain development happens by age five, and up to 80 percent happens by age three. If we have quality early care and education in place to nurture this brain development, it can have a significant positive impact on a wide range of outcomes for children related to their physical and social-emotional health, which will set them up to be successful in future education and career opportunities. For young children, care *is* education. All experiences a child has serve as learning opportunities, making care and education inextricably intertwined. Learning in early childhood is based in play, interactions, and experience, and young children benefit through the support of executive functioning skills, social-emotional learning and more. Quality early care and education also supports children’s growth, safety and overall physical health and so, can also be seen as a public health strategy.

Infancy is a critical age as it sets the foundation for children and adults to learn executive functioning skills which allow individuals to plan ahead, meet goals, display self-control, follow directions, and stay focused; among other critical “life” skills.<sup>2</sup> Research shows that exposure to a variety of positive interactions such as talking, singing, and playing helps babies to learn the language of their culture as well as provides the foundation for developing crucial skills including cognition, memory, sensory motor skills and more. Quality early care and education also provides children with a safe and nurturing

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<sup>2</sup> “What Is Executive Function? How Executive Functioning Skills Affect Early Development.” *Harvard University Center on the Developing Child*, <https://developingchild.harvard.edu/resources/what-is-executive-function-and-how-does-it-relate-to-child-development/>.

environment that functions as a continuation of the environment many children experience at home with their parents and families. The “serve and return” interactions children have with well-trained ECE educators support their continued, healthy development.<sup>3</sup>

The research demonstrates that high-quality early childhood experiences not only result in better long-term outcomes for all children, but they have the greatest impact on children who have experienced adversity and have barriers to opportunity. Research shows that quality early childhood experiences mitigate the short- and long-term impacts of adverse childhood experiences such as poverty, homelessness, and having a parent who is incarcerated or has untreated substance use disorder<sup>4</sup>. Reducing the effects of adversity and developing resilience in early childhood is attainable and necessary to create opportunities for children to be successful in school and later in life, and to prevent more costly interventions later on. Quality early care and education that is easily accessible to families experiencing adversity and facing barriers in navigating current systems will help children develop resilience and executive functioning skills that will serve them, their families, and their communities better.

**Quality early care and education is good for parents and families.** When parents and other caregivers know that their children are safe and building necessary skills in a quality ECE setting, it allows them to engage in education, training, or work. Some parents stay home to provide a safe and nurturing environment for their children, but that choice is not available (28.9% of households in Minnesota with children under 18 are single parent households, and many families cannot live on a single income<sup>5</sup>) or consistent with the goals or needs of all parents and other caregivers. But if child care is unaffordable or otherwise inaccessible, parents may need to stay home, out of the workforce, unable to fulfill their earning potential, and contribute fully to economic growth. Unreliable access to early care and education could lead to lower wages or unreliable participation in the workforce. National research indicates that an investment in early care and education affordability would increase parental workforce participation.<sup>6</sup> Parents who are able to choose to work can earn wages and benefits to support their family or pursue education or training to increase their future earning potential and their family’s self-sufficiency.

**Quality early care and education is good for businesses.** The lack of adequate and affordable child care in communities makes it difficult for employers to attract and retain qualified employees. When parents are unable to choose an ECE setting for their child, they may be forced out of the workforce. Even if parents are able to find a child care option, if it is unreliable it can affect their employment. Economists have found that issues with child care access and stability can result in absenteeism and lower productivity at work. This results in lost revenue from lower output as well as extra costs to rehire and cover absenteeism for employers. The lost earnings, revenue, and productivity resulting from

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<sup>3</sup> “High-Quality Early Learning & Care: Understanding the Proven Benefits & Need for Investment.” *First Five Years Fund*, 3 Feb. 2022, <https://www.ffyf.org/high-quality-early-learning-care-understanding-the-proven-benefits-need-for-investment/>.

<sup>4</sup> “Key Concepts: Resilience.” *Harvard University Center on the Developing Child*, <https://developingchild.harvard.edu/science/key-concepts/resilience/>.

<sup>5</sup> “Household Types in Minneapolis, Minnesota.” *Statistical Atlas, Data from the US Census Bureau*, 17 Sep. 2018, <https://statisticalatlas.com/place/Minnesota/Minneapolis/Household-Types>.

inadequate child care costs businesses \$16 billion annually.<sup>7</sup> More child care options for parents would result in an increasingly reliable workforce.

Furthermore, if children develop executive functioning and social-emotional skills from an early age, they are better equipped to thrive as an adult and overcome challenges. As young people learn these skills, they help them grow into adults capable of balancing education, work, parenting, and more<sup>8</sup>. This will make them more successful in education and work and benefit Minnesota's businesses by having a long-term supply of resilient, educated workers.

**Quality early care and education would benefit our economy as a whole.** Researchers have correlated investments in high-quality, early care and education programming with future revenue generation for local communities. Scholars have argued that, "estimated long-term savings range from three to seven dollars for every dollar spent on such programs" because they help build "a U.S. workforce better prepared to meet the challenges of the 21st century".<sup>9</sup> Child care reform and investment that capped families' child care expenses at 7% in early childhood education and care "would expand Minnesota's economy by 1.1% which equates to \$3.7 billion of new economic activity in the state."<sup>10</sup> This is due to additional income for parents from more affordable child care costs as well as the ability for more parents to join the workforce and earn income. After employee compensation, purchases of goods and services by ECE providers to support the direct operations of programs and facilities are the second highest source of their spending. An investment in the ECE industry would have returns back to the local economy through additional purchase of goods and services.<sup>11</sup> Further, economists at the Federal Reserve Bank of Minneapolis have found that every \$1 invested in helping low-income children access the kind of high-quality early education program that helps them develop skills needed to be successful in school and life yields up to \$16 in societal benefits. These significant returns on investment are due to all the reasons outlined above and more – when we invest in early care and education, children are prepared to contribute to their communities and the economy in the future, parents are more available to contribute to the economy currently, and businesses thrive from this stable workforce.

Importantly, we must specifically consider our most historically disenfranchised communities and those that have been furthest from opportunity. As noted by James J. Heckman, Nobel Memorial Prize winner in economics and University of Chicago professor, "The highest rate of return in early childhood development comes from investing as early as possible, from birth through age five, in disadvantaged families." It is imperative that Minnesotan families have accessible, affordable, high-quality child care and early learning opportunities across all communities – providing a *Great Start for All Minnesota Children*.

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<sup>7</sup> Belfield, Clive R. "The Economic Impacts of Insufficient Child Care on Working Families." *Ready Nation Council for a Strong America*, Sep. 2018, <https://strongnation.s3.amazonaws.com/documents/522/3c5cdb46-eda2-4723-9e8e-f20511cc9f0f.pdf?1542205>.

<sup>8</sup> "What Is Executive Function? How Executive Functioning Skills Affect Early Development." *Harvard University Center on the Developing Child*, <https://developingchild.harvard.edu/resources/what-is-executive-function-and-how-does-it-relate-to-child-development/>.

<sup>9</sup> Phillips, Deborah et al., "The Early Care and Education Workforce." *The Future of Children*, vol. 26, no. 3, Fall 2016, <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>.

<sup>10</sup> "Child Care Costs in the United States: The Cost of Child Care in Minnesota." *Economic Policy Institute*, Oct. 2020, <https://www.epi.org/child-care-costs-in-the-united-states/#/MN>.

<sup>11</sup> "Child Care in State Economies: 2019 Update" *RegionTrack, Inc.*, <https://www.ced.org/assets/reports/childcareimpact/181104%20CCSE%20Report%20Jan30.pdf>.

## Underlying Problem – The Broken Market

Across Minnesota, parents and caregivers are unable to find high-quality, affordable early care and education. Those who work in the field, preparing our state’s littlest learners, earn, on average, below the living wage. These two problems are linked through what Secretary of the Treasury Janet Yellen called a “textbook example of a broken market.”<sup>12</sup> Those who need to access early care and education often cannot afford to pay for it, and those who provide the care and education are paid low wages.

ECE services for children from birth through age 5 are delivered through a variety of providers, settings, and funding structures. These settings include licensed child care centers, licensed family child care programs, family, friend, and neighbor care, school-based pre-kindergarten, and Head Start programs. Minnesota and other states use a mixed-delivery system to offer choices that best meet the needs and preferences of families, children, and communities, as well as try to maximize existing state and federal funding streams. All types of early care and education settings provide benefit and value to the families they serve.

Though some settings for ECE are publicly funded (including some school-based settings and Head Start, and public dollars that provide assistance in affording care to low-income families), the ECE system is largely a private market. Private businesses in this field face a unique set of constraints on their costs and revenues (such as required group sizes and adult-to-child ratios for health, safety, and development), which lead to limited options for reducing the cost of providing care and education. Parents, who need care during the earliest years of their child’s life, are often at the beginning of their careers and have limited spending power, so are spending high percentages of their family budget on ECE. The high costs of providing ECE services often cannot be met by parents and families. This leads to early childhood educators effectively subsidizing rates for parents through low wages and leaves businesses operating on shaky foundations. As a result, the child care marketplace has not been able to meet the access needs of families.

## Problems with Early Care and Education in Minnesota

**The structural and systemic problems of the early care and education system in Minnesota are well documented.** There are major inadequacies and inequities in the early care and education system as seen by the shortage of access to care, lack of affordable care, an unsupported workforce earning, on average, below the living wage, and a lack of care, particularly for children of color and low-income children. All these challenges are intertwined and directly point to the charge and goals developed by the Minnesota State Legislature for the Great Start for All Minnesota Children Task Force.

There is a shortage of early care and education in Minnesota, and according to data from First Children’s Finance<sup>13</sup>, the need for additional child care capacity has increased in nearly every region over the last several years, as it has across the country. With inadequate access to child care, families are forced to piece together informal arrangements, stop working, or work fewer hours. This is exacerbated by the hours most ECE programs are open, which do not always match parents’ or other caregivers’ work schedules. Because of market failures in ECE, it is difficult to measure true demand for care, as the market cannot produce enough programs to meet the demands and preferences of families. Though not

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<sup>12</sup> “Remarks by Secretary of the Treasury Janet L. Yellen on Shortages in the Child Care System.” U.S. Department of Treasury Press Release, 15 Sep. 2021, <https://home.treasury.gov/news/press-releases/jy0355>.

<sup>13</sup> “Minnesota Data Resources: Child Care Need Summary.” *First Children’s Finance*, 2020, <https://www.ruralchildcare.org/data>.

every family wants a formal care arrangement for their child, we know there is a gap between families seeking ECE and the current supply available in Minnesota.

There is an affordability crisis for early care and education in Minnesota, which is echoed across the country. The average tuition of an infant in a child care center in Minnesota is more than \$16,000/year and the average for an infant in Family Child Care is over \$8,500. Though these rates often only allow for very thin margins of profit for businesses, child care providers find themselves unable to charge more, as parents and caregivers are unable to pay more. According to the 2021 Child Care Market Price Analysis<sup>14</sup>, the median market price of one infant in a child care center setting ranged from \$9,100 to \$19,864 across the state. In Family Child Care (FCC) settings, the median rate for infant care ranges from between \$6,500-\$10,400 across the state.

#### Affordability Crisis in Minnesota

If a family in Isanti County has one infant and one preschooler enrolled in a child care center, the median rate they would pay per year is \$22,516. If they chose an FCC setting at the median rate, they would pay \$16,640. If that same family had a college-aged student attending the University of Minnesota<sup>15</sup>, they would pay \$16,108 per year in tuition and fees.

The instability of the market means there is also a workforce crisis throughout the early care and education system. Though parents are paying high rates out of pocket, in the fourth quarter of 2021, the median wage for the occupation of “child care worker” was just \$11.65 per hour, with those in rural areas earning even less. Federal- and state-funded public work

support programs like food and child care assistance often supplement many ECE worker wages through public benefits designed for low wage workers. ECE workers’ wages are lower than those of workers in other fields with the same education. ECE wages for those with a high school diploma, GED, or Associate’s degree are at or below a living wage in Minnesota.

The early care and education profession is not seen by many as a viable career given low wages and lack of opportunity for advancement. The US Department of Labor would not approve ECE as a field for the Dual-Training Pipeline program apprenticeship program, as they required occupations that paid a higher wage. Job counselors do not generally direct people to ECE as a field for job training and education, due to low wages and lack of career advancement opportunities.

Nationally, early childhood educators are 97% women<sup>15</sup>. Educators and other workers of color experience the most significant wage disparity<sup>16</sup>. The ECE field employs more people of color than many other industries in Minnesota. Overall, Black, Indigenous, and People of Color (BIPOC) comprise 23% of the ECE workforce compared to only 15% across all Minnesota industries<sup>17</sup>.

Research shows that early education is the best strategy to overcome opportunity gaps with lasting impact. Investing in our youngest learners will set them up for future success, and children given opportunity in their earliest years are shown to generate fewer lifelong costs to the state through public

<sup>14</sup> “Final Report for the 2021 Child Care Market Price Analysis.” *Minnesota Department of Human Services*, Nov. 2021, <https://edocs.dhs.state.mn.us/lfservlet/Public/DHS-6226G-ENG>.

<sup>15</sup> “Still Underpaid and Unequal.” *Center for American Progress*, Jul. 2022, <https://www.americanprogress.org/article/still-underpaid-and-unequal>.

<sup>16</sup> “Power to the Profession Decision Cycles 345+6.” *Power to the Profession*, Jul. 2019, <https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:b01b4ff9-52af-3820-a6c1-b58f310ffa99>.

<sup>17</sup> “Early Care and Education: Profile of an Industry in Crisis.” *Minnesota Department of Employment and Economic Development*, Sep. 2020, <https://mn.gov/deed/newscenter/publications/trends/september-2020/early-care-education.jsp>.

programs. Research also shows that compared to children who could not access quality early care and education, children who were able to access those services experience long-lasting benefits. As adults, those children were five times less likely to be a frequent adult offender, half as likely to use public assistance programs, and three times more likely to own a home.

The COVID-19 pandemic shed light on these existing crises. Access to early care and education is necessary for all of the workforce to thrive: during the pandemic, hospital and health systems reported that a third of their workforce relied on child care to work. The early care and education sector employs the “workforce behind the workforce,” and the stability of the sector is vital to the stability of Minnesota’s economy.

Given these multiple and inter-related systemic challenges, the Great Start for All Minnesota Children Task Force launched in November 2021 with the charge to address ***the persistent challenge of affordable access to quality early care and education***. The work of the Task Force is grounded in a mutual understanding of the problems we face today and a shared deep belief that a high-functioning early care and education system is essential for the near- and long-term well-being of Minnesota’s children, families, businesses, and communities.

## About the Great Start for All Minnesota Children Task Force

The Great Start for All Minnesota Children Task Force was proposed by early care and education advocates and legislators and signed into law by the Walz-Flanagan Administration. The legislation establishing the Task Force had bipartisan support, and the statute directed the Task Force to develop a state plan and implementation timeline to achieve the goal “**for all families to have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families.**”<sup>18</sup> See the full legislation language in **Appendix B**.

Embedded within this charge are three key goals:

- (1) creating a system in which family costs for early care and education are affordable;
- (2) ensuring that a child's access to high-quality early care and education is not determined by the child's race, family income, or zip code; and
- (3) ensuring that Minnesota's early childhood educators are qualified, diverse, supported, and equitably compensated regardless of setting.

Within the plan development, the Task Force was required to:

- Identify an affordability standard that clearly identifies the maximum percentage of income that a family must pay for early care and education
- Identify the most efficient infrastructure, benefit mechanisms, and financing mechanisms under which families will access financial assistance so that early care and education is affordable, high-quality, and easy to access
- Consider how payment rates for child care will be determined and updated
- Identify how to maintain and encourage the further development of Minnesota’s mixed delivery system for early care and education, including licensed family child care, to match family preferences; and

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<sup>18</sup> Minnesota 2021 Session Law, *First Special Session*, Chapter 7, Article 14, Section 18, Subd.

- Describe how the plan will be administered, including the roles for state agencies, local government agencies, and community-based organizations, and how that plan will streamline funding and reduce complexity and fragmentation in the administration of childhood programs
- Include strategies to increase racial and ethnic equity and diversity in the early care and education workforce and recognize the value of cultural competency and multilingualism
- Include a compensation framework that supports recruitment and retention of a qualified workforce in every early care and education setting
- Consider the need for and development of a mechanism that ties child care reimbursement rates to employee compensation
- Develop affordable, accessible, and aligned pathways to support early childhood educators' career and educational advancement
- Set compensation for early childhood educators by reference to compensation for elementary school teachers; and
- Consider the recommendations from previous work including the Transforming Minnesota's Early Childhood Workforce project and other statewide reports on systemic issues in early care and education

In creating the implementation timeline, the Task Force was specifically required to consider the following:

- How to simultaneously ensure that child care is affordable to as many families as possible while minimizing disruptions in the availability and cost of currently available early care and education arrangements;
- The capacity for the state to increase the availability of different types of early care and education settings from which a family may choose;
- How the inability to afford and access early care and education settings disproportionately affects certain populations; and
- How to provide additional targeted investments for early childhood educators serving a high proportion of families currently eligible for or receiving public assistance for early care and education.

The establishing legislation included specific guidance on appointments to membership. Eleven voting members were to be appointed by the governor, four voting members by legislative leadership, and 22 non-voting members by varying individuals. Voting membership was required to include parents of children under five, center directors, family child care providers, school-, center-, and Head Start-based educators, state legislators, and a member of a federally recognized tribe. Of the 22 non-voting members, ten are representatives of organizations and appointed by their boards, seven are state agency employees appointed by commissioners, and five were appointed by Governor Tim Walz. Twelve Task Force members live in Greater Minnesota, and meetings were required to be convened in a manner that allows for access from diverse geographic locations. The Task Force met monthly, per statute, in virtual meetings that were livestreamed for the public. See more about the Task Force makeup in **Appendix C**.

#### Recommendations Approved by Vote

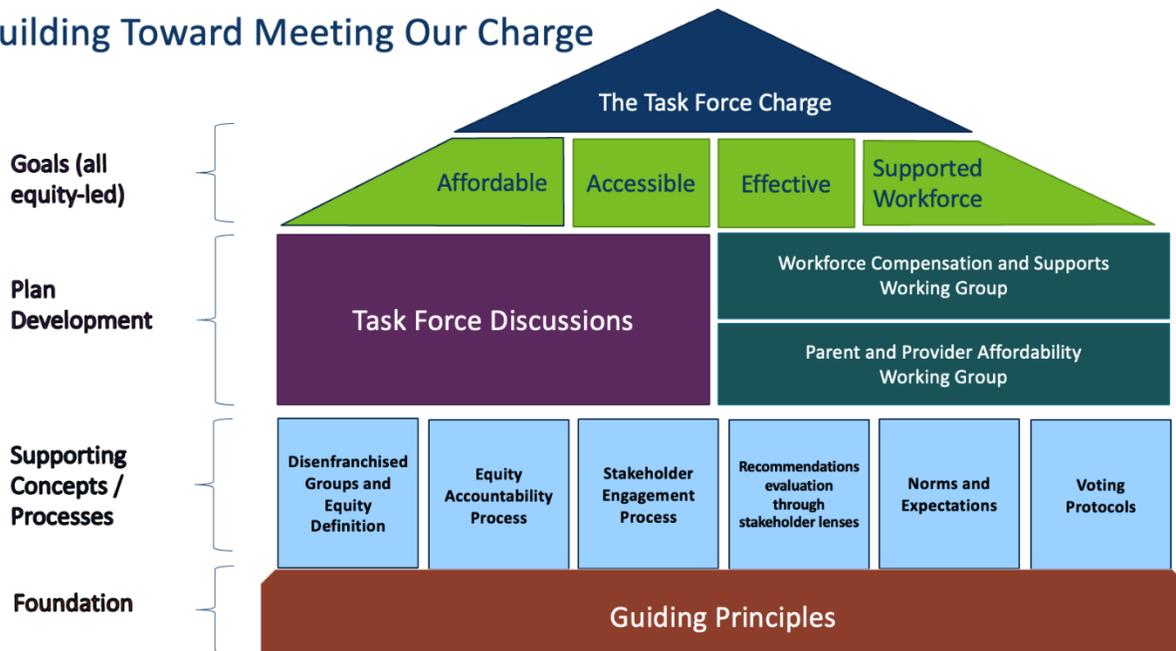
Voting members were tasked with approving formal recommendations to meet statutory requirements. These recommendations are indicated throughout this report by light gray shading. While recommendations were approved through a majority vote from voting members, they were developed through a process of moving towards consensus among all members (voting and non-voting).

The Task Force was supported by staff of the Minnesota Children’s Cabinet, a broad interagency partnership that utilizes a whole-family approach to support the healthy development of children and families. The Children’s Cabinet works to bring efficiency and effectiveness to state government efforts to improve child and youth outcomes.

To execute the legislative directive and develop a plan that was actionable across the legislature, creating a transparent, open and credible appointment process was paramount. Appointment vacancies were posted on the website of the Office of the Secretary of State and broad, aggressive outreach was conducted through state agencies, organizations, and other networks. Children’s Cabinet staff developed an external review committee, consisting of the former executive director of Minnesota Head Start Association, a member of the State Advisory Council on Early Childhood Education and Care, and a representative from the Minnesota Tribal Resources for Early Childhood Care (MNTRECC). The panel also included a Children’s Cabinet staff member, and individually reviewed the legislative statute and applications received and ranked their top choices. Panel recommendations were reviewed and top-ranked candidates that met statutory requirements were moved as finalists, and geographic and racial diversity and other factors were considered. A full list of Task Force members is included in **Appendix C**.

## Task Force Process to Accomplish its Charge and Develop its Recommendations

### Building Toward Meeting Our Charge



The Task Force was strategic in its approach to the work in order to make progress and meet its charge. Members established foundational Guiding Principles that led its direction and the development of the contents of this report. The Guiding Principles reflected the Task Force’s values and beliefs, guided how it operated, and laid a foundation for decision-making. The Task Force agreed to:

- **Promote Equity** - Prioritize a system that promotes equitable outcomes, with a specific focus on children of color and indigenous children, and building cultural competency in the ECE workforce.

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

In addition to the Guiding Principles, the Task Force's work was grounded in several supporting concepts and processes: prioritizing equity in decision-making, identifying primary stakeholder groups in the ECE system through whose lens must be considered in recommendations, seeking stakeholder input, building on previous work and successes, and creating opportunity for all voices of the Task Force to be heard. These processes supported the guiding principles and served as guardrails for discussions and plan development.

### Prioritizing Equity in Decision-Making

The Task Force believes that any recommendations to improve Minnesota's early care and education system need to address the great inequities in access to quality early care and education across race, geography and family income. To build a system where families have equitable access to affordable ECE, historically disenfranchised families need to be prioritized to create more equitable outcomes overall.

The Task Force created an equity strategy that included grounding the work in a definition of equity and historically disenfranchised groups and promoting equity as a guiding principle. The Task Force centered equity as part of the plan development process, and an intended outcome of the recommendations. Members considered the causes of inequities and embedded the goal of equity in the vision for a new ECE system.

The Task Force adopted the Early Childhood Systems Reform Report<sup>19</sup> definition of equity:

“When every person, regardless of race, ethnicity, gender, age, socioeconomic status, or geographic location has the opportunity to realize their full potential of physical, social, emotional, and cognitive well-being, without limits imposed by structural inequities. Equity is ensuring everyone has what they need to be successful. This is different from equality which involves treating everyone the same.”

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<sup>19</sup> “Early Childhood Systems Reform: Year One Report.” *Early Childhood Systems Reform Project Team*, Fall 2018, <https://mn.gov/mmb-stat/2-gen/early-childhood-systems-reform-year-one-final-report.pdf>.

The Task Force identified the following historically disenfranchised groups as those who have not experienced equity in the ECE system and so, are most in need of prioritization:

- Racial and ethnic minorities, including People of Color and Indigenous people (POCI)
- Members of the LGBTQIA community
- Those experiencing multi-generational or ongoing trauma
- Those at risk of or with developmental delays or disabilities
- Those from homes where English is not the primary language
- Those experiencing homelessness or living in low-income households

The Task Force agreed to the following equity commitments and worked to:

- Center children and families,
- Pay particular focus to the needs and priorities of historically disenfranchised children and families and their communities,
- Specifically contemplate how our decisions may benefit or harm historically disenfranchised children and families and their communities,
- Seek the expertise and input from stakeholders already doing the work in historically disenfranchised communities, and
- Where possible, consider data that provides insight into the relative impact on historically disenfranchised children and families and their communities.

The definition, principles, commitments, and equity-focused process increases the likelihood that the implementation of this plan will result in a more equitable ECE system for families and providers.

### **Balancing the Needs of ECE Stakeholders**

The early care and education system is critical to many stakeholders. The Task Force worked to define the primary stakeholders impacted by the ECE system and balance each of their needs in developing this plan. Additionally, Task Force membership includes the voices of diverse experts, many of whom represented broader organizations that they regularly informed and engaged. A thoughtful strategy to build this Task Force per statutory requirements, engage relevant stakeholders, and work towards consensus was essential to build a plan that would work for the broader Minnesota community.

The Task Force created a stakeholder wheel which identified particular groups who have a stake in an effective, quality early care and education system. The following stakeholders were identified, with children in the center as the prioritized population.

- Children (in the center of the wheel)
- Parents/Families
- Programs/Providers
- Direct ECE Workforce
- Indirect ECE Workforce
- Businesses/Employers
- Federal, State, Local governments
- Tribal Nations
- K12 & Higher Education



The Task Force evaluated recommendations through the lens of this stakeholder wheel to assess if they are meeting the needs of these groups while focusing particularly on children, which is also in line with the Guiding Principles.

Additionally, the Task Force itself represents many critical stakeholders including parents of young children, early care and education professionals, state legislators, and an organization that supports tribal nations. All of this expertise drove the plan formation. Task Force members also aimed to engage the broader ECE community of advocacy groups, professional organizations and community members by regularly sharing the progress of the Task Force, gathering input on the components of the Task Force plan, and providing transparency to build trust and inform the plan. To achieve this, Task Force Co-chairs held quarterly virtual listening sessions with providers, families, ECE workforce and others. The Task Force coordinator also engaged ECE organizations on an ongoing and ad-hoc basis to share progress and obtain feedback. This included conversations with non-profit advocates, ECE coalitions and other special interest groups. This broad and diverse stakeholder engagement strategy helped to ensure thoughtful development of Task Force recommendations and support for their implementation.

See more about the task force approach, including how the Task Force created opportunities for its members' voices to be heard, in **Appendix C**.

### Building on Previous Work and Successes in Minnesota

The Task Force acknowledges that this plan benefits from the previous work to improve early care and education systems performed by many stakeholders and experts over decades. The work of the Task Force is to identify meaningful opportunities to propel the state forward, given this foundation. This is reflected in its guiding principle to **Build Upon our Solid Foundation**, which states, "We will build upon

the successes of Minnesota’s past and current system, lessons from other states, and the expertise and research in the field.”

The Task Force relied heavily on the previous work done in the early care and education system, including research done in Minnesota, existing legislation, and innovative ideas from other states. Specifically, the Task Force reviewed: the Legislative Task Force on Access to Affordable Child Care Report and Recommendations; the “Minnesota Model for Early Learning” from Close Gaps by 5; “A Roadmap for Action” from the Early Care and Education Crisis Work Group; the Minnesota Cost Modeling Report published by the Department of Human Services (DHS); the Minnesota Family Child Care Task Force Legislative Report; the Early Childhood Systems Reform Report; and Transforming the Financing of Early Care and Education in Minnesota, among other reports and recommendations. As directed in statute, the Task Force also consulted the priorities and strategies included in the “Transforming Minnesota’s Early Childhood Workforce” plan.

As part of its initial review of the current landscape, the Task Force identified existing successes of the current system and aimed to build on these throughout their recommendations. Some notable successes identified by the Task Force included:

- Stabilization grants (with a focus on compensation) and increased funding for T.E.A.C.H. Early Childhood MINNESOTA, a scholarship program that helps the ECE workforce earn college credits and degrees, and REETAIN, bonuses used to keep qualified educators in the ECE field.
- Increased professional development opportunities including online training options
- Minnesota’s current system of family choice and the variety of types of ECE settings
- Dedicated leaders who strive to improve experiences for families
- Parent Aware Quality Rating and Improvement System (QRIS), and the focus on quality
- Teacher-to-child ratios that center child health, safety, and development

Throughout this plan, the Task Force notes opportunities to build upon these successes while also reimagining possibilities to better serve Minnesota’s children, families, businesses, and communities.

## Task Force Vision, Essential State Commitments, and Key Recommendations

The Task Force’s vision for the future ECE system is one that provides all families **affordable, accessible, and effective** early care and education services, while also being a **sustainable** system that uplifts programs and the workforce.

In establishing this vision, the Task Force identified two essential commitments:

- The Task Force formally acknowledges its **commitment to the Mixed Delivery System**, acknowledging that all types of providers and settings provide value to families and children, and family preference must be honored and respected by design. The Task Force also formally acknowledges that **care and education cannot be separated**: Every single experience a child has is a learning opportunity, making care and education inextricably intertwined. All settings within the mixed delivery system offer safety, supervision, and education to the children they serve. Learning in early childhood is based in play, interactions, and experience, and care and education cannot be separated.

To achieve its vision, the Task Force calls on Minnesota state leadership to be aligned and committed to a reimagined ECE system. State political leaders must work across party lines to commit to meaningful change. To realize this Task Force’s vision, state government must commit to:

- Long-term investments in an effective, accessible, affordable, and sustainable system, which is in the best interest of all stakeholders
- Making decisions that benefit children and families
- Prioritizing equity with a focus on historically disenfranchised groups as it builds toward this future system – not just in words but in action and investments
- Building upon the strengths in today’s system by investing in the development of the existing ECE program and workforce base, which will serve as the foundation for growth
- Giving local communities a meaningful voice and sharing power in decision-making, acknowledging that the state does not have all the answers for the diverse communities in Minnesota
- Transforming the ECE system toward effectiveness, accessibility, and affordability, as established in the Task Force charge, by:
  - Dramatically expanding access to family benefits
  - Dramatically increasing workforce compensation and supports
  - Supporting quality improvements across the early care and education system
  - Increasing families’ access to early care and education options
  - Making the system more navigable for current and new ECE programs

### Mixed Delivery System

System of programming and services for children from birth through age 5 delivered through a variety of providers, settings, and funding structures. These settings include licensed child care centers, licensed family child care providers, family friend and neighbor care, school-based pre-kindergarten, and Head Start programs. Minnesota and other states use a mixed-delivery system in order to offer choices to families that best meet the needs and preferences of families, children, and communities. All types of providers provide benefit and value to the families they serve.

The Task Force recognizes that this plan serves as a long-term vision, while also knowing there are acute crises within the ECE industry that need to be addressed in the near-term. Though the plan and

implementation timeline below cover the timeline assigned (July 2025-June 2031), immediate action is needed to address workforce shortages and overall supply of early care and education.

Task Force recommendations focus on transformational change and will require considerable time and investment to achieve – but ultimately will have a monumental impact on Minnesota children, families, workforce, businesses, and communities. Below, the Task Force provides a roadmap to achieve its vision, including specific near-term recommendations that can propel the state forward immediately on its journey to the full vision realization.

The Task Force approached its work by focusing on Family Affordability, Program Funding, Accessibility, Effectiveness, and Workforce Compensation and Supports to address the problem of ***the persistent challenge of affordable access to quality early care and education***. Each of these opportunity areas are described in detail below, including the challenges families and other stakeholders experience today, long-term goals, and near-term opportunities for systemic improvement. All are interrelated, and our recommendations reinforce each other as laid out in the implementation plan that follows.

## Fiscal Impact and Revenue

Below, the Task Force shares its recommendations to fulfill the vision for an affordable, accessible, high quality early care and education system. Though the establishing legislation does not address the fiscal impact of the legislative charge, the Task Force recognizes that the recommendations have significant financial implications, and these are important to full implementation. To fully understand these implications, the Task Force recommends the following as immediate next steps upon submission of this plan and implementation timeline:

- The legislature should support and make funding available for **1) a fiscal study of each budget-related recommendation** included in the plan and implementation timeline, and **2) a comprehensive economic impact assessment of the long-term recommendations**, which should consider child and family outcomes, economic impacts including potential savings, and cost to taxpayers.
- In addition, the legislature should support and make funding available for **3) a strategic financing study** to identify and assess the impact of revenue options available and ways to maximize existing funding streams to cover the costs of the long-term plan. The fiscal study of each budget-related recommendation should follow normal legislative procedure, and the comprehensive economic impact assessment and strategic financing study for long-term recommendations should be completed by July 2026.

While a full study must be completed for Minnesota's context, other states and localities have grappled with the same challenge of finding additional revenue to support early care and education. The legislature may want to look to revenue-raising examples from around the country when directing the strategic financing study. Some examples include<sup>20</sup>:

- **Colorado:** Passed a ballot measure in 2020 to expand the tobacco tax and close a vaping tax loophole to fund universal, free preschool for all Colorado children. Those changes are projected to generate \$2 billion for universal pre-K over ten years.
- **New Mexico:** A constitutional amendment to dedicate part of their Land Grant Permanent Fund to provide a significant new investment in early childhood education. This amendment would dedicate an additional \$250 million in revenue to public K-12 education and early childhood programs and services, including child care, early education programs, and home visiting services.
- **Washington, D.C.:** Raised taxes for residents that make more than \$250,000 annually. It is projected this tax will reach \$175 million in 2025. By that time, this tax will have allocated approximately \$75 million for Birth-to-Three. These funds will be used to dramatically improve compensation for child care workers.
- **Louisiana:** The Louisiana Legislature approved sports betting in 2021. 25% of the funds received by the state, up to \$20 million each year, will be allocated to the Louisiana Early Childhood Education Fund. A 3% tax on hemp-derived CBD products and 50% of revenue from royalty fees for a specialty license plate also contribute revenue to the Early Childhood Education Fund.

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<sup>20</sup> "Funding Our Future: Generating State and Local Tax Revenue for Quality Early Care and Education." *The BUILD Initiative*, 2019, <https://static1.squarespace.com/static/5b75d96ccc8fedfce4d3c5a8/t/5d9763c08e05810d1e371571/1570202561530/Funding+Our+Future.pdf>.

Additionally, up to \$3.6 million annually can be received from land-based casino revenue if the casino revenue paid to the state exceeds a certain amount.<sup>21</sup>

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<sup>21</sup> "A Perfect Match for Child Care." *The Children's Funding Project*, 2022, [https://static1.squarespace.com/static/5b75d96ccc8fedfce4d3c5a8/t/63208791b07bef631c6ad6e6/1663076244221/Louisiana+case+study\\_FINAL.pdf](https://static1.squarespace.com/static/5b75d96ccc8fedfce4d3c5a8/t/63208791b07bef631c6ad6e6/1663076244221/Louisiana+case+study_FINAL.pdf)

## Family Affordability

Per this Task Force’s establishing legislation, “it is the goal of the state for all families to have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families.” Accordingly, the Task Force centered the issue of child care affordability, as it is a cornerstone of a system that works for families. National research indicates that making child care more affordable for families would significantly increase parental workforce participation and increase participation in quality care and education.<sup>22</sup>

To address the issue of affordability for families, the Task Force explored family contributions, or the price of early care and education for families, as well as how families access state public benefits. During the recommendation development process, the Task Force worked to center historically disenfranchised children and families. Minnesota has two primary programs today that help make care affordable for lower income Minnesotans – the Child Care Assistance Program (CCAP) and Early Learning Scholarships. In its work, the Task Force identified the opportunity to move beyond the confines of these parallel programs and reimagine a family benefits system built for children and families. The Task Force acknowledges it will take considerable time and effort for this new program to be established; accordingly, its members also offer recommendations for near-term improvement in CCAP and Early Learning Scholarships until transition to the new program is complete.

### What is the Child Care Assistance Program (CCAP)?

CCAP helps low-income families pay for child care by making payments directly to child care providers. In state fiscal year 2021, about 23,000 children were served by the program. In a more typical year, CCAP serves about 30,000 children from 15,000 families. CCAP is supervised by DHS and administered by tribal and county governments. Funding for CCAP comes from the Child Care Development Fund (a Federal funding stream), contributions from the state general fund, county contributions, and Federal Temporary Assistance for Needy Families (TANF).

There are three programs for CCAP in Minnesota: Minnesota Family Investment Program (MFIP) child care assistance; Transition Year and Transition Year Extension child care assistance; and Basic Sliding Fee (BSF) child care assistance.

MFIP, Transition Year and Transition Year Extension child care assistance are fully funded and forecasted, which means everyone who is eligible can access. Funding for BSF child care assistance is a capped allocation, which means that not everyone who is eligible can access. Families may be placed on a waitlist when funding is insufficient. In state fiscal year 2021, 6,186 families (12,209 children) were served by BSF child care and 5,173 families (10,815 children) were served by MFIP child care.

## Challenges in Today’s Two-Program Benefits System

The current CCAP program serves an important purpose in helping Minnesota’s lowest-income families access early care and education. There are challenges, including state and federal laws and rules, that cause CCAP to be accessible to only a fraction of families who need affordable care. The Task Force identified these challenges:

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<sup>22</sup> Borowsky, Jonathan, et al. "An Equilibrium Model of the Impact of Increased Public Investment in Early Childhood Education." NBER Working Papers National Bureau of Economic Research, Inc., 30140, Jun.2022, <https://www.nber.org/papers/w30140>.

- Income eligibility is too limited, with a particular burden on working lower-to-middle-class families.
- Eligible activities are restrictive and leave out some of our most vulnerable families, including some situations when families are in mental health or substance abuse treatment, families experiencing domestic violence and not in other allowed activities, and children who are in foster care or CPS supervision.
- CCAP only pays for care during hours of eligible activity, leaving families to cover the cost for the remaining hours. If someone is working 20 hours a week, it is hard to find child care for just those 20 hours, as providers may prefer to fill full-time slots.
- Copayments are too high, especially given the current cost of living and inflation, and often leave already stretched families struggling to make payments.
- There is a sharp increase in cost of care as families reach the end of eligibility, known as a “benefits cliff,” which hurts middle-class families and disincentivizes income growth.
- There is not enough investment in the system to support all families eligible for and wanting services, and low-income families may end up on the BSF waitlist. That waitlist is temporarily re-prioritized in a way that prioritizes families not already accessing assistance to receive BSF assistance, but that temporary re-prioritization will sunset in 2024.
- Accessing benefits can be confusing and challenging for families.

#### What are Early Learning Scholarships?

The Early Learning Scholarship Program is established in statute and administered by MDE. The program serves low-income families by awarding scholarships for use at programs that participate in Parent Aware. The program is also severely underfunded, meaning most families who are eligible cannot access the program and the amount awarded to families rarely meets the annual cost of care. There is an annual scholarship cap, which is higher for children with priority status.

There are two pathways to a state early learning scholarship:

Pathway I: Scholarships awarded directly to families who meet eligibility requirements. Scholarships “follow the child” if they switch child care programs, as long as the programs participate in Parent Aware.

Pathway II: Scholarships awarded to families through a four-star rated program that has been granted Pathway II funds. These scholarships are paid directly to the program that awarded the scholarship.

Early Learning Scholarships also serve an important purpose in helping low-income families access high-quality early care and education. The Task Force identified the following current challenges:

- Scholarship amounts are not enough to meet the cost of Parent Aware rated programs. Scholarships can be used in conjunction with CCAP, which can provide extra support. But outside of scholarship and CCAP dollars, parents pay the difference.
- Because scholarship amounts are insufficient, families must decide how to ration scholarship funds over the course of a year and how much to apply to the cost of care each week. They can use the entire amount right away, which may last a few months, or can use it to pay a smaller amount throughout the year. There are pros and cons with both approaches. If a family uses the entire amount up front, they may be able to pay nothing for a few months, but then may need to withdraw their child if they cannot pay. On the other hand, the scholarship amount may not

be enough to allow families to use it throughout the year if they are unable to make up the difference. Either way, stability and continuity of care are at risk.

- It can be complicated to navigate cost of services and how benefits are applied, and hard to tell bills and payment responsibilities apart.
- Scholarships are currently focused on 3- and 4-year-olds (and children with priority status aged birth-4, along with younger siblings of scholarship recipients). The major focus on 3- and 4-year-olds is concerning, given what is known about brain development and the importance of the earliest years.

Many families are accessing these programs simultaneously to afford ECE. However, they have different administration, payment systems, and eligibility requirements, which causes confusion and administrative burden for both families and child care programs.

### Family Affordability Through a Reimagined Benefits Program

Given the systemic challenges with the existing programs, Minnesota has the opportunity to dramatically rework its family benefits system in service of children and families and be a national leader for working families. The Task Force, guided by its establishing legislation and guiding principles, believes:

**All Minnesota families should have affordable access to high-quality early care and education (ECE) services.** Our The Task Force vision is that the state moves toward a system where no family is paying more than 7% of their yearly income on ECE, in alignment with the federal Department of Health and Human Services affordability standard. We This Task Force proposes the following long-term affordability framework to achieve that vision by July 2031:

- **A new family benefits system is built to center the child and promote brain development.** This program could be called "Great Start MN Program". Existing state and federal resources and necessary new contributions are combined to form the new program, which is fully funded to cover the full cost of quality care for the true demand in the system. This means there should be enough money in the system to provide coverage based on eligibility guidelines and established family contribution schedules. With this level of funding, there would be no systemic waitlists (though program-specific waitlists may still exist) and all eligible families would have access to benefits. The new program would blend federal and state funding streams currently used for CCAP, Early Learning Scholarships, and other existing funding streams that support access to ECE as well as additional funding needed to fully support the program.
- **Federal investments are maximized to minimize costs to the state.** This means if federal eligibility levels increase, the state increases its eligibility levels to match accordingly over the phase-in timeline and maintains its investment efforts as federal appropriations increase. Upon commencement, eligibility immediately increases to the maximum federal level in place.
- **Early care and education is affordable for lower- and middle-income families in the new system.** (Note that this is also known as the Task Force's "affordability standard" and will be discussed further below). This is done in four ways:
  1. Expanding income eligibility levels for existing programs at the beginning of the implementation timeline for program participation to percentage of state median income (SMI) allowed under federal law (*in alignment with short-term recommendations, as of today this is 85% SMI*)

2. Expanding income eligibility for the new program to all families by the end of the implementation timeline, in accordance with the state’s clear goal to make early care and education affordable to families.
3. Eliminating contributions for lower-income families – families below 75% SMI should not be required to pay a family contribution
4. Reducing family contributions for middle-income families – families should contribute an increasing amount of income, but no more than 7% of gross income

- **The system is structured to promote access to quality.** Quality measures used by the state must be clear and navigable, and the benefit of quality care and education to child brain development should be communicated. Families must have support in finding a quality program that meets their needs. The benefit program must cover the cost of quality programs, through a combination of public contribution and family contribution, and give families no financial (or other) disincentive to choose quality care.
- **The new system is structured to promote family choice among provider and program types that best meet family needs.** Families have the information necessary to make informed decisions about program/provider types, and can easily find the choices available to them that meet their needs and preferences. Between a combination of public contribution and family contribution, the program amount covers the cost of each provider/program type, and there must be no financial (or other) disincentive to attend the program type of family choice.
- **The program is easily accessible for families, given the opportunity for positive impact on child development.** It does this by making participation affordable, but also by removing barriers to participation, including: reduce administrative complexity, increase access points, streamlined communications, create clear connections to other social programs, and minimize stigma.

The Task Force’s establishing legislation stated, “The plan must include an affordability standard that clearly identifies the maximum percentage of income that a family must pay for early care and education.” Per statute, the standard must consider all relevant factors, including but not limited to:

- the annual income of the family
- the recommended maximum of income spent on child care expenses from the United States Department of Health and Human Services
- the average cost of private child care for children under the age of five; and
- geographic disparities in child care costs.

**After reviewing and discussing relevant context, the Task Force recommends a maximum family contribution of 7% of income.** This included reviewing the historical national context for family affordability. In 1998, the United States Department of Health and Human Services created a benchmark of 10% of family income as an affordable copayment. The national benchmark was revised to 7% of family income following the 2014 bipartisan reauthorization of the Child Care and Development Block Grant (CCDBG) based on data that showed the average percent of monthly income spent by all families on child care stayed consistent at about 7% from 1997 to 2011. After considering the historical context and the current state of affordability, this Task Force recommends the following affordability standard. This is in alignment with a 2022 proposal in the U.S. Senate that puts forward a graduated contribution scale, wherein lower-income families pay lower percentages of income toward child care, acknowledging the disproportionate burden child care costs place on lower- and middle-income working families.

## Affordability Standard:

- Families earning less than 75% of SMI should pay no contribution.
- Families earning between 75-100% of SMI should pay a contribution between 0-2% of income.
- Families earning between 100-125% of SMI should pay a contribution between 2-4% of income.
- Families earning between 125- 250% of SMI should pay a contribution between 4-7% of income.
- Families earning more than 250% of SMI should pay a contribution of 7% of income. If the price of their chosen ECE program amounts to less than the affordability standard, they will be responsible for paying for the full amount.

Eligibility for the future state benefits program should be in line with this affordability standard by the end of the implementation timeline for this plan (July 2031). In addition:

- The affordability standard and maximum eligibility must be re-evaluated periodically, no less than every two years, to assess the impact of changes in:
  - Family Incomes, including understanding family income in comparison to inflation and cost of living
  - Costs of care, including levels of quality and increasing compensation, which may make the full cost of care more challenging for even higher income families to cover, and
  - Federal landscape – including both federal funding changes and changing requirements – which could dramatically alter costs to the state and families
- A cost study must be done alongside the periodic re-evaluation of the affordability standard to understand 1) true cost of care including varying levels of quality across provider types, 2) geographic differences in costs of care, and 3) total costs to the state. This study must also include an assessment of full system take rates and demand, in order to understand total costs to the state.  
The state should conduct an evaluation of progress of plan implementation from 2025-2031, including family demand, ability to build up the provider and workforce base, and impact of scale on quality.

As previously stated, this Task Force acknowledges development and implementation of the Great Start MN Program will take time, yet there is immediate need to improve child care affordability for families. Accordingly, the Task Force has identified opportunities to make immediate improvements within the existing programs (CCAP and Early Learning Scholarships) to address the challenges.

### Short-term Recommendation for Family Affordability: Child Care Assistance Program

Challenges in the Child Care Assistance Program include limited income eligibility, limited activity eligibility, family contribution requirements that exceed families' ability to pay, and complex and sometimes inconsistent administration. In the initial phase of implementation of this Task Force's plan, prior to creation of the new family benefits plan described above, the state should:

- **Expand eligibility by adjusting income requirements, including by updating** income eligibility guidelines annually for inflation and increasing to the federal allowed eligibility of 85% of State Median Income (SMI).
- **Expand eligibility by increasing eligible activities\***
  - Families with a caregiver in a substance use treatment program, families experiencing domestic violence, families with an incarcerated caregiver, and families with a caregiver in a mental health treatment program should be eligible for child care assistance.
  - Children who are in foster care or who are under CPS supervision should have automatic access to child care assistance programs.

- Increase hours covered to ensure continuity of care.
- *\*Authorized activities currently include working, looking for work, or education. In order to qualify for the program, a family must meet income guidelines and authorized activity requirements.*
- **Reduce co-payments to improve affordability for lower-and middle-class families**
- **Make other improvements, including the following recommendations:**
  - System Improvements
    - Clear policy, process, and training to create even administration of the program across counties.
    - Consider multiple entry points to meet families' needs. This could include family resource hubs or Early Learning Scholarship Area Administrators.
  - Legislative Program Changes
    - Permanent reprioritization of the Basic Sliding Fee waitlist.
  - For Further Study
    - Remove the eligibility requirement to cooperate with child support requirements, replace the eligibility requirement with education about child support enforcement and information about opting-in.
    - Make payments simpler for families: one idea could be creating a debit card linked to a provider ID with a preloaded benefit amount. This would have to be done in a non-stigmatizing way.

### Short-term Recommendation for Family Affordability: Early Learning Scholarships

Similar to CCAP, identified challenges in the Early Learning Scholarships Program can be addressed in the initial phase of implementation of this Task Force's plan. To improve this program for families prior to creation of the new family benefits plan already described, the state should:

- **Increase scholarship funding to cover the full cost of care, while increasing funds appropriated for scholarships**
  - There has been some progress in raising caps in the last few years but even the highest ones for 4-star programs and children with priority status do not cover full-time care. The scholarship cap is too low to cover many providers, especially for infants.
  - Once a child receives a scholarship, they receive it annually until they enter kindergarten. By increasing the scholarship cap, this Task Force does not mean to limit the number of children receiving scholarships. Any increase in the scholarship cap should take that into consideration by also increasing total funds allocated.
- **Expand age eligibility to include birth-3**
  - Scholarships are currently focused on 3- and 4-year-olds (and children with priority status aged birth-4, along with younger siblings of scholarship recipients). Given what is known about brain development, scholarships should be eligible for children aged birth to five, because the earliest years are developmentally critical.
  - Once a child receives a scholarship, they receive it annually until they enter kindergarten. By increasing eligibility to children aged birth-3, this Task Force not mean to limit the number of children receiving scholarships. Any increase in the age eligibility should be met with corresponding increases in total funds allocated.
- **Expand the categories included in priority populations**
  - Families with a caregiver in a substance use treatment, families experiencing domestic violence, families with an incarcerated caregiver, and families with a caregiver in a mental health treatment program should be eligible for priority status.
- **Simplify the administrative system and reduce burden**

- Scholarships and CCAP have completely different billing and tracking systems, which causes undue burden on families and providers. Having them be in the same system would go a long way. Administrative agencies must determine the appropriate management and oversight structures to allow for this.
- Income eligibility for scholarships is based on percentage of Federal Poverty Level (FPL), and CCAP income eligibility is based on percentage of State Median Income (SMI). To reduce confusion between eligibility guidelines, income eligibility for scholarships should be translated to be based on percentage of SMI.
- Effective electronic systems that can be updated to meet the changing needs of families and administrators are needed.

If fully implemented, these recommendations for near-term CCAP and Early Learning Scholarship improvements would make child care more affordable to more families, and make participation of families and providers more likely. These incremental improvements should be made as soon as possible in support of lower- and middle-income working families while the state works to build its new family benefits program. However, the Task Force firmly believes its reimagined, long-term, holistic solution – *the Great Start MN Program* – is needed to meet the state’s goal for family affordability as established in its founding legislation, wherein “it is the goal of the state for all families to have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families.”

## Program Funding

While making early care and education more affordable for families is essential, it cannot be done at the expense of ECE providers, many of whom are already struggling to keep programs financially afloat given the challenges of the broken market. The state must build a program funding plan that fairly funds providers for the services they offer.

*Program funding* refers to the financial resources that flow from the state and federal government to programs across the mixed delivery system to fund them for the services they provide for children and families. This is separate from workforce compensation, which includes the wages paid to early educators. However, in the case of licensed family child care programs, the “provider” is also the “workforce” in that the program lead is both the sole proprietor small business owner (the provider who receives program funding from the state) and the lead child care provider (a member of the ECE workforce who receives compensation from their business).

Looking forward, there are two key program funding issues to address to create a program funding system that appropriately supports providers and the programs they operate: 1) *how much* funding programs receive and 2) *how* (the processes through which) they receive that funding. This Task Force addresses both these areas and offers recommendations to the state to make systemic improvements that increase the stability of the provider base and encourages new programs and program expansion to meet future access needs.

### Child Care Stabilization Base Grants

Child Care Stabilization Base Grants are available to all eligible providers for monthly grant awards. Child care programs eligible to apply include licensed family child care, licensed child care centers, certified license-exempt child care centers, tribally licensed child care programs, and legal non-licensed providers who are authorized by the Child Care Assistance Program and serving eligible families.

Base Grant amounts are determined based on the total full-time equivalent (FTE) staff who regularly care for children in the program, including sole proprietors (i.e. family child care providers) or independent contractors. State statute requires the per FTE award amount end at no more than \$215 in the June 2023 Base Grant round, the final round. Providers who have recently received payments through the Child Care Assistance Program, Early Learning Scholarships, or both are eligible for a 10% increase to their Base Grant awards. 70% of funds must be used to increase compensation or benefits for staff regularly caring for children. The program is funded for September 2021 through June 2023.

### Funding Amounts

Programs must receive funding that appropriately reflects the critical role they have in supporting a child’s brain development and supporting parents’ ability to work and contribute to the economy. The current system of public funding for programs is primarily through participation in family benefits programs (CCAP and Early Learning Scholarships), funding of school-based programs and Head Start, and temporary Child Care Stabilization Base Grants. Under the current CCAP benefits program, families pay contributions directly to programs. Other families pay the full price of care (private pay).

A major challenge in program funding is the way in which funding amounts are established for CCAP, which is through “market rates.” Market rates are established by surveying providers to understand how much they are charging private-pay families for services. These surveys are then used to establish a rate the state will pay for those services, accounting for geographic location, provider type, child age, and quality level, among other factors. This process of setting CCAP reimbursement rates based on market

price causes inadequate and inequitable funding across geographies and program types. Because market rates are based on what families can afford to pay, they are often understated, especially in lower income areas. These prices then inform future rate setting, and an inadequate and inequitable cycle ensues. Prices do not reflect the actual cost of providing care – rather, they reflect what families can pay. Often, the true cost of care is higher and programs are left to scrape by without adequate resources (for example, by not filling vacant staff positions) and/or filling gaps through other funding (such as philanthropy or subsidizing costs by paying inadequate wages).

Per legislation, the Task Force must consider “how provider payment rates for child care will be determined and updated”.

This Task force recommends that **Minnesota should establish early care and education funding amounts based on cost modeling**, rather than market rates (as is current practice). Cost modeling will estimate the actual cost of providing care, reflective of all costs associated with running a program. This should be done across provider types, quality levels, and regions of the state.

This should begin with modeling current costs of care and should be **updated no less than every two years** to take into account changes in cost elements including phase-in of Task Force recommendations (including compensation), new mandates, other recommendations or requirements including requirements to meet quality standards, and for changes in cost of living and inflation.

Additionally, this Task Force’s recommendations (including compensation) should be included in the ongoing work to create an updated Cost Modeling Report.

If rates are set in this manner, program funding will cover the costs providers can expect to incur across settings, ages served, geographies, and quality levels, leading to a more sustainable system for them, which will allow for the expanded access this Task Force seeks. This would be in alignment with other localities, including New Mexico, Louisiana, and Washington, D.C., that moving toward cost modeling to set program rates to better reflect the cost of care.

## Funding Processes

Creating fair program pay is only part of the challenge. Programs face many challenges with the way they receive funding that result in confusion, complexity, and unnecessary administrative burden. In the worst case, these challenges prevent providers from participating in public benefits programs. Some examples include cash flow challenges from reimbursements-based funding, instability and unpredictability in revenues from family mobility and enrollment challenges, and complicated and inconsistent billing and payment policies and practices across counties and administrators.

The Task Force believes the state should work toward a future system of program funding where (in addition to fair funding levels):

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

To achieve this, this Task Force recommends the following:

- **To make funding stable:**
  - Public funding should be based on enrollment rather than attendance (pay for absent days).
    - This covers sick days, vacation days, and professional development days.

- Public funding should be paid in advance of services, rather than reimbursed.
  - Ideally this is for a full month to allow for planning and preparing their services over a longer time horizon.
- Once eligibility is established, it should remain in place for at least one year under most circumstances, resulting in continuity of state funding for enrolled children.
- Public funding should be provided through both per child rates and base operational funding amounts that provide stable funding for fixed cost structures essential to effective services.
  - Providers need a base funding level that allows them to plan long-term.
  - Base operational funding minimizes revenue loss/provider risk caused by enrollment and eligibility changes, allowing programs to cover fixed operational costs.
  - This also supports the state's goals for increasing stability while building toward a system of increased access and quality.
- **To make the funding process transparent:**
  - The state's calculation methods for public funding (i.e. cost model inputs) must be clearly communicated to the public and the field; Any changes to public funding mechanisms and/or amounts are done with ample, appropriate notice by the state.
  - The state must have publicly-available, clear policies and procedures in place for how funding is to be determined.
- **To make program administration simple and consistent:**
  - The state should blend and braid funding to ensure providers participating in the Great Start MN Program are effectively funded.
  - The state should have one payment system rather than multiple, and one administrative state agency for the program.
  - Local administrative entities apply policies and procedures clearly and consistently.
  - Simplify paperwork for families and providers to reduce payment errors and deliver funding more effectively.
  - Require that administrative entities offer electronic processing of state program billing and payment for providers.
- **To make funding equitably accessible across programs**
  - The differences between schools, Head Start, centers (non-profit and for-profit), licensed family child care, and family, friend, and neighbor care are recognized, and funding is distributed to best support programs in their settings.
  - Funding that is not provided as a per child rate, such as base operational funding, must be equitable across settings based on their intended purpose.
  - Additional program funding (such as VPK, start up and incubation funding, etc.) should be equitably accessible to all settings who qualify to provide services.
  - Offer flexible provider grants that allow for innovation and specialization in early care and education services.
    - For providers offering reasonable and valuable services that exceed quality components included in the cost model, offer provider grants to cover those additional costs, rather than passing on the cost to families (ex. Infant mental health services in an area with high rates of child trauma).
- **To have accountability for use of funding:**

- This system maintains family choice as a priority, where a significant portion of funding, to the extent possible, follows the child, creating opportunity for families and an ultimate accountability lever for funding through the new family benefits program.
- The state has clear, publicly-available expectations for use of public funding.

Providers of all types can thrive in this envisioned future funding system which prioritizes fairness, stability, transparency, consistency, equity, and accountability. Furthermore, new potential providers will be more likely to see a place for themselves in this system, helping the state meet its vision for expanded access.

## Accessibility

While affordability is arguably the largest barrier for parents in accessing early care and education, there are many other factors that prevent families from being able to participate in the ECE system.

An equitably accessible system provides a clear process through which families can access affordable programs at all income levels and ensures availability in programs of family choice that meet individual child and family needs and expectations, given each family's unique context and circumstances.

Families and children have a wide range of circumstances and subsequently, varying care and education needs. For example, some parents work non-traditional hours (evenings or nights) or have inconsistent work schedules. Some children speak languages other than English, have developmental delays or disabilities, or are experiencing trauma. Each of these circumstances require something different – whether it is a care setting with non-traditional hours, bilingual educators or trauma-informed care training for educators. The system must have options to meet the needs of all families and children, and the Task Force worked to center historically disenfranchised children and families in discussions of accessibility.

Specifically, the Task Force identified six factors that must be considered to develop an equitably accessible plan, including:

- Flexible availability (schedule and hours) and greater accessibility (geography, location) of early care and education that meets the diversity of families' needs.
- The role local communities should have in both determining access priorities for their communities and how to meet access needs.
- Resources and ability of providers to offer culturally responsive programming and environments.
- Transportation and other barriers, such as language barriers, affecting access to families' programs of choice.
- Accessibility and ease of the process through which parents determine eligibility, identify options, and secure early care and education.
- Income and other eligibility requirements that lead to public subsidy access for early care and education.

The final two factors speak to accessibility challenges pertaining directly to family benefits programs, including CCAP and Early Learning Scholarships. These have been explored and addressed by the affordability recommendations shared above. Specifically, the recommendations to create a new family benefits system that is affordable and accessible to families (the Great Start MN Program) and the recommendation to establish a maximum family contribution of 7% of income will make early care and education significantly more accessible for all who need and want it.

Discussion of the first four factors and recommendations to improve access for each follows.

### **Flexible Availability (Schedule and Hours) and Greater Accessibility (Geography, Location) of Early Care and Education that Meets the Diversity of Families' Needs**

Families do not have readily and consistently available access to early care and education that accommodates their schedule needs and/or is provided in a location that is convenient to their home or work location. Specifically, some families have variable, fluctuating and non-traditional (i.e. evening, night, weekend) work schedules and have unmet needs. They are unable to find child care to meet those needs, as today's system is mostly structured around traditional "8-5" type jobs. This is a clear equity issue that particularly disadvantages families in lower-wage jobs that more often have non-

traditional hours. Additionally, there are many child care deserts in rural and tribal county service areas where the shortage of care options is particularly acute. In addition, there is a lack of infant care availability and given the lack of universal parental leave in the United States, many parents need child care starting shortly after birth. It is the goal of the Task Force that all families, regardless of schedule and geographic location, have readily and consistently available access to early care and education that accommodates their schedule needs and is provided in a location that is convenient to their home or work location.

To accomplish this, the Task Force recommends the following improvements to the ECE system:

- Incentivize non-traditional care hours by offering higher CCAP reimbursement rates for licensed and legally non-licensed care.
- Understand and systemically support parent choice patterns (e.g. preference for Family, Friend, or Neighbor (FFN) care over licensed programs for night and weekend coverage) including systemically supporting FFN providers in understanding and meeting requirements to receive CCAP, and supporting FFN providers in offering non-traditional care hours.
- Invest ongoing resources, prioritized in areas of largest access gaps, to support new early care and education programs to startup, and existing child care programs to expand. Identify and consider incubation funding opportunities.
- Invest ongoing funding to recruit, train, and support new, qualified early educators to join the field, working in partnership with a statewide resource and referral network, training partners, community colleges and higher education institutions, with prioritization for areas of largest access gaps.
- Invest ongoing resources to support early care and education programs to improve and expand their facilities. Support local communities to identify infrastructure opportunities through local collaborations.
- Establish a regional child care facility fund that could receive requests and award funds to eligible, shovel-ready projects in focus communities where need for more child care capacity is most acute.<sup>23</sup>
- Extend funding for business supports for child care programs to stabilize the sector (currently funded through federal Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act resources).

Additionally, the Task Force calls on the state to further explore the issue of availability and accessibility to meet diverse families' needs through the following:

- State agencies should review the results of ongoing parent survey efforts to inform policy decisions, including assessing parents' wants and needs -- type, location, hours, ages, etc. in partnership with local communities, with a particular focus on historically underserved needs and communities.
- Use data to understand what capacity exists, service gaps, and determine priorities for investment.
- Conduct a study of other programs (ECE in other geographies or non-ECE programs) that have successfully invested in incubation, start up, and expansion to identify appropriate infrastructure and funding mechanisms.

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<sup>23</sup> Recommendation is in alignment with the Minnesota Business Vitality Council's Child Care Business Supports Working Group report, which Task Force members reviewed. [https://mn.gov/deed/assets/child-care-mbvc-report-acc\\_tcm1045-526238.pdf](https://mn.gov/deed/assets/child-care-mbvc-report-acc_tcm1045-526238.pdf).

With these recommendations, the Task Force hopes to expand the number of ECE options overall to address the current shortage and best meet the diverse range of family and child needs.

### **The Role Local Communities Should Have in Both Determining Access Priorities for Their Communities and How to Meet Access Needs**

As described, families have diverse needs when it comes to early care and education. In addition, local communities have diverse needs and preferences as well. However, decisions made at the state-level impacting availability of and access to early care and education do not systematically consider the needs and preferences of unique local communities across the state, potentially resulting in a mismatch of services available to services required or desired. This Task Force is striving for local communities to have a meaningful voice in decisions about what services are provided, where and when, to ensure early care and education options meet local needs and preferences. Power and resources are shared between the state and local communities to ensure this happens.

To accomplish this, the Task Force recommends the following improvements to the ECE system:

- Establish a mechanism for local communities to have meaningful voice and the ability to influence state policy and resourcing decisions.
  - Consider how resources and ‘starting points’ are different among communities, in order to equitably support communities to identify and advocate for their needs.
  - Study existing structures to avoid duplicative efforts and feedback mechanisms.
  - Form local round tables with providers, school districts, local employers and chambers, and local governments to meet and devise plans that work for their communities.
  - Community-centered coordination organizations should be developed that work to align, coordinate, and make a seamless system for families with children 0-5, with coverage of the full state through regional organizations.
- Support and expand the state’s efforts around program navigation for families.
  - Provide community planning funding and support in all regions.
- Determine where there is policy flexibility to allow tailoring at the local community level and what must remain consistent across the state.
- Provide support and facilitation to help communities plan for early care and education needs.
  - Continue and expand availability of community planning supports to help localities address supply gaps in ways that meet their unique local needs.
- After further study and validation from employers, offer tax incentives to employers for investments in child care capacity by creating a Child Care Expansion Tax Credit. Provide a refundable credit to private employers that make qualified contributions to increase child care capacity within their communities.<sup>24</sup>
  - Use cost modeling data to inform future financing decisions within communities.

Additionally, the Task Force calls on the state to further explore strengthening the role of local communities. Specifically, they recommend:

<sup>24</sup> Recommendation is in alignment with the Minnesota Business Vitality Council’s Child Care Business Supports Working Group report, which Task Force members reviewed. [https://mn.gov/deed/assets/child-care-mbvc-report-acc\\_tcm1045-526238.pdf](https://mn.gov/deed/assets/child-care-mbvc-report-acc_tcm1045-526238.pdf).

- Define “communities” in order to determine access priorities and determine how community voice is represented and heard. Consider looking to previous and existing work including through the Preschool Development Grant (PDG).
- Consider ways Minnesota and other states have organized for local voice, and the potential implementation considerations through stakeholder engagement.
- The state should evaluate which Minnesota programs have been successful through a formalized process, based on data, to determine programs to further invest in.

These recommendations explore and build opportunities for local communities to identify and meet their own unique child care and education needs which would help ensure there is a stronger match between services provided and local preferences and requirements.

### **Resources and Ability of Providers and Programs to Offer Culturally Responsive Programming and Environments**

Minnesota is made up of families from a wide range of cultural backgrounds that speak many different languages. Black, Indigenous, and People of Color as well as those from homes where English is not the primary language are historically disenfranchised in the Minnesota ECE system. They may have difficulty accessing ECE in their primary language that is provided by educators from their culture and/or educators who are well-trained and well-equipped to provide culturally responsive early care and education. For example, this might include respecting and honoring various religious holidays, dress, and food preferences as well as using toys and books that reflect the children served as well as the greater community. Ultimately, children and families want and need culturally and linguistically responsive programming and environments, but the early care and education system at large does not have a clear and consistent approach to prioritizing and providing this. This Task Force strives for Minnesota’s early care and education system to have a unified vision and approach to prioritize and provide culturally responsive programming and environments – and that it be developed and implemented in an inclusive manner.

Specifically, the Task Force recommends:

- To address that recruiting for culturally and linguistically responsive educators is especially difficult in rural areas, develop ECE workforce recruitment and retention programs that prioritize cultural and linguistic diversity across the ECE system. Include pathways to leadership positions and business supports for BIPOC communities.
- Include anti-bias, implicit-bias, and trauma-informed care training in required workforce trainings.
- Promote and provide readily available access to affordable, low-barrier cultural competency training across the mixed delivery system of programs and providers, including resources for members of the ECE workforce to learn about various cultures.
- Current strategies to explore may include: continually refining and encouraging use of Knowledge and Competency Frameworks, short- and long-term strategies presented in the Parent Aware Equity Report and the Parent Aware Racial Equity Action Plan.
- Providers must be funded to create culturally responsive programming and families must be supported in identifying care options that meet their needs and preferences

Leverage connections between the Child Care Wayfinder and economic development programs by ensuring two-way information sharing between staff of the Child Care Wayfinder and workforce development programs to provide resources in training and technical assistance.<sup>25</sup>

Additionally, the Task Force calls on the state to explore the resources and ability for programs to offer culturally responsive programs and environments. Specifically, they recommend the state:

- Substantiate or survey families regarding demand for culturally responsive programming to validate understanding of family demand.
- Improve data systems' ability to capture and analyze data on race, ethnicity, and language spoken of the ECE workforce, as well as census data to identify care and education programs serving racially, ethnically, and linguistically diverse communities so that supports and outreach can be customized to meet local needs.
- Study other states' ability to recruit and retain a diverse workforce.

These recommendations will better address the linguistic and cultural needs of Minnesotan families, through an ECE workforce who mirror the community and the state, and training for all ECE workforce members on creating culturally responsive programs and environments to support diverse family needs.

### **Transportation, Language, and Other Barriers Affecting Access to Families' Programs of Choice**

Even when early care and education options exist, families still face systemic challenges accessing those options, such as transportation, disability, and language barriers, that limit family participation. It is the Task Force's long-term goal that Minnesota's ECE system, in partnership with local communities, identifies, understands, and addresses family participation barriers at both the system and individual level so that all families, regardless of their transportation, disability, or language barriers, can access early care and education that meets their needs.

Specifically, the Task Force recommends:

- The state must better understand the systemic challenges families face in accessing ECE, and how those differ across communities. There must be a process to continually understand, assess, and address systemic barriers.
- Create a consistent process to meet families where they are and help them navigate the system through a state-provided navigator function. Help families overcome individual barriers to participation and link them with resources. Navigation could include translation services, direction to the right resources (including financial assistance and early childhood screening), providing forms in their home language, etc.
- Increase benefit programs for family access to early care and education, ensuring funds are flexible to cover a variety of costs, such as transportation; consider adding transportation vouchers to existing benefit programs.
  - Leverage partnerships between public school pre-k programs and child care programs providing before- and after-school care. Having on-site care at school sites can address

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<sup>25</sup> Recommendation is in alignment with the Minnesota Business Vitality Council's Child Care Business Supports Working Group report, which Task Force members reviewed. [https://mn.gov/deed/assets/child-care-mbvc-report-acc\\_tcm1045-526238.pdf](https://mn.gov/deed/assets/child-care-mbvc-report-acc_tcm1045-526238.pdf).

transportation needs, as well as provide workforce development opportunities for older students.

The Task Force recommends that the state also conduct the following further analysis:

- Study ‘Help Me Connect’ model, family resource center model, and other state examples of Navigator programs (within ECE or other initiatives) to understand which programs are effective and worth investing in further.
- Examine how school districts and Head Start provide transportation to enrolled families. Look to a co-op model that could include additional providers or further coordination.
- Leverage lessons learned through the Inclusive Child Care Pilot Grant Program, which is seeking to expand access to early care and education for children with disabilities.
- Conduct family focus groups to better understand some of the specific systemic barriers they face, by community. This could start through existing networks of advocates and support organizations. Some potential additional barriers:
  - Ensuring language barriers are inclusive of ASL or hearing impairments.
  - Accessing care if you are undocumented.
  - Accessing care if you don’t have access to health care (e.g., immunizations for children are required in many settings).
  - Caregivers who are not legal guardians; how can they access and advocate for kids in their care.

These recommendations will allow the state to better understand the systemic challenges families face in accessing early care and education and to better navigate to and fund individualized solutions to overcome these challenges and secure quality child care.

It is the belief of this Task Force that if all these factors are addressed by the state, those families who have historically been unable to find quality care for their children will now be better able to access services that meet their unique needs, and the Minnesota ECE system will better support all families.

## Effectiveness

This Task Force understands that children and families do not need affordable access to just any available early care and education – they need and deserve affordable access to *high-quality, effective* care and education. This Task Force recommends addressing these challenges through the recommendations below and creating an effective ECE experience for all Minnesotan children and families.

The Task Force vision for effectiveness states that: in addition to being affordable and accessible, an effective experience centers child and family well-being through a system of choice. It does this by:

- Ensuring offerings address and advance the social, emotional, psychological, cultural, physical, and intellectual needs of each child, in a trauma-informed manner.
- Providing safe, stable, secure, consistent, nurturing, and enriching environments for each child.
- Building trusting relationships founded on mutual respect between each family and their caregivers.
- Promote linguistically responsive and culturally relevant environments with a diverse workforce that reflects the families they serve and the whole state.
- Connecting families to resources and supports *they* have identified will increase their family well-being.

The term ‘effectiveness’ is used rather than ‘high-quality’ because this Task Force seeks to improve the *experience* for children and families rather than redefine quality standards for the state. Quality standards are one critical aspect of effective services but do not sufficiently address all aspects identified in the vision for effective services outlined above. Quality is an important component of effectiveness, but it does not sufficiently meet the Task Force’s vision.

To achieve the Task Force’s vision of effectiveness across all providers in the mixed delivery system where all families have access to an effective early care and education environment in the location of their choice, **Minnesota’s early care and education system needs significant investment and reinvigorated focus and alignment on its importance to a thriving Minnesota.** To enable the early care and education workforce to bring this Task Force’s vision of effectiveness to reality for all children and families, Minnesota needs:

- Consistent and equitable standards and growth-oriented accountability systems,
- A healthy business environment and clear, consistently applied, regulations,
- Cohesive, high functioning infrastructure and ecosystem,
- Fair compensation and supports for the ECE workforce, and  
More, consistent, and equitable funding, which enables many of the above.

## Consistent and Equitable Standards and Growth-oriented Accountability Systems

This Task Force envisions a culture of continuous improvement for the full ECE system, one where consistent, clear, and equitable standards are applied equitably across program types and monitored consistently; standards are culturally competent and promote inclusion of all ethnicities and cultures, recognizing the importance of cultural specificity; accountability systems promote and incentivize quality growth and attainment; and there is access to training and coaching on implementation of the standards in the context of effectiveness for different program types at all rating levels.

Given the option, families will choose high quality programs, with 68% of families with children under 5 receiving Child Care Assistance today choosing Parent Aware-rated programs (only about 31% of programs participate in Parent Aware). All families receiving Early Learning Scholarships are required to use Parent Aware-rated programs. Increasing quality must feel attainable for providers across the mixed delivery system. The state must address and honor the unique nature of each program type, but also compel participation in the broader goals shared across all programs.

Specifically, the Task Force recommends:

- Endorsement of the ongoing continuous improvement efforts for Parent Aware, including the Racial Equity Action Plan and the Parent Aware Equity Report, being implemented. The state should, in partnership with a diverse stakeholder body inclusive of providers of all types, complete an analysis of the option to include all licensed programs and Family Child Care providers in Parent Aware, the Quality Rating and Improvement System (QRIS). Under this structure, Parent Aware would be expanded to include a new entry standard of "licensed." This option acknowledges that licensed programs are required to meet a certain level of basic standards and enables parents to more readily assess and compare programs through one rating system. The analysis should account for any impacts to existing pathways to achieving ratings.

### Parent Aware

There are multiple types of quality standards for ECE programs in Minnesota including required program licensing standards and certification as well as voluntary accreditation and Parent Aware.

Parent Aware is Minnesota's Quality Rating and Improvement System (QRIS), which recognizes quality higher than licensing. Eligible programs include family child care, centers, school based pre-k and Head Start.

The goal of Parent Aware is individualized teaching and learning for every child. Programs have flexibility in how they demonstrate quality through the Parent Aware House Framework. This framework specifically emphasizes the important of relationships: between programs and children as well as programs and families.

### Parent Aware Racial Equity Action Plan and Equity Legislative Report

The Minnesota Department of Human Services (DHS) participated in two processes to address equity in Parent Aware.

The first was a process funded by the Blue Cross and Blue Shield of Minnesota Foundation and facilitated by LaCroix-Dalluhn Consulting. This process resulted in a Racial Equity Action Plan for Parent Aware.

The second process included outreach to early learning providers who are racially, ethnically, and geographically diverse to identify barriers to pursuing Parent Aware ratings. This process included a report posted in March 2022.

Barriers identified fell into the following categories:

- Process consistency, information and perceptions
- Geographic and technology access, experience, literacy
- Cultural proficiency, relationships, trust
- Language access, jargon
- Expertise definitions, recognition

Recommendations to address these issues and plans to update Parent Aware using short term and long-term strategies, to be fully implemented by 2026, were included in the reports.

### A Healthy Business Environment and Clear, Consistently Applied, Regulations

Child care businesses are stretched to manage the day-to-day needs of their business and of the children in their care. It is essential to minimize any unnecessary administrative and regulatory burden for child care business owners so that they can spend as much time as possible focused on providing effective environments for the children in their care. Many of Minnesota's child care providers are small businesses that contribute to the economic well-being of their local communities. When small businesses thrive, their community benefits. A healthy operating environment enables this.

The state can create a healthy business environment in two general ways: 1) creating a clearer and simpler system for providers, and 2) offering opportunities for providers to become stronger businesses. To create a clearer and simpler system for providers, the state should focus on simplifying regulations where possible and where health, safety, and childhood development would not be impacted. Some specific opportunities to consider include: ensuring clear requirements and understanding the purpose of those requirements; consistent messaging across the system, making licensing processes more easily navigable and less intimidating by simplifying processes, reducing paperwork, and modernizing systems; ensuring licensors have the same understanding of regulations and rules throughout the entire state and that these are applied consistently; and fostering a culture of trust between regulators and license holders. To offer opportunities for providers to become stronger businesses, the state can continue successful existing business acumen trainings which have seen strong participation and evaluate other opportunities across the country for successful impact.

Specifically, to create a healthy business environment and clear and consistently applied regulations, the Task Force recommends:

- Endorsement of the ongoing Child Care Regulation Modernization projects conducted by the Department of Human Services (DHS), which may include alternative licensing models, abbreviated licensing inspections, and risk-based tiered violation systems. These projects are developing a report and proposed legislation to implement the new licensing tools and revised licensing standards, submitted by February 1, 2024.
- The state should continue existing opportunities to improve business acumen, including knowledge of existing resources and programs for increased access to capital, among current and new small business providers; and explore options to increase opportunities including incentives for participation. The state should consider programs focused on developing business acumen, including technology skills, for small business owners from historically disenfranchised communities and in areas with child care deserts where business development and expansion is most needed.

### Cohesive, High-functioning Infrastructure and Ecosystem

Minnesota needs renewed infrastructure investments to improve the operating environment for ECE businesses. For this Task Force’s purposes, infrastructure is defined as the state and regional organizational structures, systems, and supports necessary for broad successful implementation and ongoing delivery of services in line with this Task Force’s vision. Our recommendations presume high-functioning infrastructure that can readily support decision-making and fast-paced growth in family participation and in provider and workforce capacity. Systems and structures must be momentum-reinforcing for positive system growth, rather than burdensome and outdated.

Renewed infrastructure investments first require an understanding of the strengths and challenges with existing infrastructure, a clear plan for infrastructure improvement and expansion to meet the growth envisioned in this plan, and an understanding and prioritization of investments needed.

This Task Force recommends:

- To fully understand the infrastructure needs of the future ECE system, including technology, staffing, and programmatic changes the state should utilize existing data and seek new information where necessary to inform planning for system changes based on the Task Force recommendations. State agencies responsible for administering ECE programs should consult intermediary structures and providers when evaluating changes.
- To better meet the comprehensive needs of children, their caregivers, and the interconnected and complex ECE system, a new and centralized governance structure with adequate funding and resources, and enhanced coordination and consolidation should be created. Any structural changes should account for interactions between the ECE system and the business community, the broader state workforce, the broader early childhood system and programs, and issues that affect Minnesota’s families.

Infrastructure includes but is not limited to:

- Intermediary structures (e.g., CCR&Rs, county administrators, etc.)
- Local community collaborations
- County and Tribal governments
- Workforce recruitment and development systems
- Workforce scholarships
- Data and information management systems
- Eligibility determination and family navigation systems
- Quality improvement and accountability systems
- Licensing and monitoring
- Building capacity improvements and expansion
- Higher education and training

### **Fair Compensation and Supports for the ECE Workforce**

At the core of this Task Force’s vision for effectiveness is creating opportunities for children to form healthy, stable relationships with their caregivers. An effective ECE system, therefore, relies on a stable, qualified workforce. Minnesota cannot have an effective ECE system without continuity of care for children. Yet today’s system at large provides poor wages and benefits and minimal supports. This leads to high levels of turnover and instability and limits the ability to meet high quality standards. Nationally, ECE workers of color are over-represented in entry-level roles and therefore the ones most negatively impacted by wage disparities across the field. Providing fair compensation and supports acknowledges the importance of the ECE workforce, and leads to improved stability, retention, and growth.

Fair compensation and supports includes increased wages for all members of the workforce, providing benefits, having accessible professional pathways that enable career growth, and providing [the ECE workforce](#) access to mental health services.

This Task Force has put forth recommendations in the Workforce Compensation and Supports section that address many of these compensation and support issues, including a compensation framework, benefits recommendations, and more.

### **More, Consistent, and Equitable Funding, which Enables Many of the Above.**

When Minnesota chooses not to adequately invest in the ECE system, costs to the state remain. For too long, these “hidden” costs of the early care and education system have been borne by low wages for the ECE workforce, public assistance to support ECE workers earning low wages, lost workforce participation for families who leave the workforce to care for children due to the high cost of ECE, and long-term cost to society due to insufficient ECE, including lower tax revenue, higher criminal justice costs, higher public assistance costs, higher public health costs, and more. Adequate funding is essential to provide an effective environment as described in this Task Force’s recommendations, notably including necessary funding for programs and fair compensation and benefits for the ECE workforce.

Enabling more, consistent, and equitable funding requires an understanding of the true cost of the system this Task Force wants and is asking our ECE programs and workforce to provide. The approach includes providing equitable funding to programs based on the actual cost of providing care that is reflective of all costs associated with running a program across provider types, quality levels, and regions of the state, paying fair compensation and benefits to the ECE workforce, appropriately recognizing their contributions, and investing in an increasingly cohesive and sustainable infrastructure.

This Task Force has put forth recommendations that address many of these program funding issues including the cost modeling recommendation in the Program Funding section, the compensation framework mentioned in the following Workforce Compensation and Supports, and the infrastructure recommendations mentioned in the Effectiveness section.

## Workforce Compensation and Supports

Legislation directed the Task Force to ensure that Minnesota’s early childhood educators are qualified, diverse, supported, and equitably compensated, regardless of setting. It is the Task Force’s belief that by better supporting the ECE workforce, children and families will reap meaningful benefits to the quality of their care.

What does it mean by a “qualified, diverse, supported, and equitably compensated” workforce? The Task Force worked to define these as follows:

- **Qualified:** A qualified workforce is professionally and culturally competent, skilled, educated, and experienced. They have access to ongoing professional development, and they have received ECE education and training and/or they have obtained the requisite experience and competencies.
- **Diverse:** A diverse workforce represents a mix of ages, genders, languages, and variety of life experiences. This also includes serving diverse children throughout all programs.
- **Supported:** A supported workforce receives equitable pay, comprehensive benefits, prep time, ongoing professional development, and has decision-making input. They are valued as professionals by parents, families, their organizations, and society.
- **Equitably compensated:** An equitably compensated ECE workforce is comparable to other educators and similarly situated professionals. They receive family-sustaining wages that reflect the education and experience required to do the job, receive fair pay regardless of setting or child age group, and receive compensation that includes benefits.

### Challenges

To achieve this vision, the Task Force first grounded themselves in the current challenges the ECE workforce experiences.

First, and most importantly, the ECE workforce is paid extremely low wages. Data from the Minnesota Department of Employment and Economic Development (DEED) shows that ECE workers with a high school diploma, GED, or associates degree are currently, on average, being paid at or below what constitutes a livable wage. The Task Force spent considerable time discussing the impact of low wages on the ECE workforce and recognized that to validate the trust of families who place their children in the care of ECE workers, a knowledgeable and well-trained ECE workforce is needed. As discussed previously in the “Effectiveness” section, trusting relationships between consistent caregivers and children are essential to creating positive early childhood experiences. This requires a stable workforce with low turnover, but today’s compensation structure forces teachers, assistants, and other ECE personnel to leave the field to find livable wages. It leads to persistent workforce shortages and the inability to recruit new employees. Overcoming this foundational challenge requires investing in wage growth to attract, retain, and support Minnesota’s ECE workforce. This becomes especially important with the ongoing shortage of workers in Minnesota resulting in a tight labor market that has led ECE workers to pursue better paying roles.

The Task Force also recognized the complexity of increasing wages in a way that could negatively impact ECE workers who may no longer be eligible for public benefits programs at certain income thresholds. Raising wages without considering the potential benefits cliffs could lead to workers experiencing a net loss in income if their increased financial compensation results in a greater loss in benefits. As mentioned in the Affordability section, these benefits cliffs must be considered as part of needed wage increases to avoid unintended consequences.

The Task Force noted that despite statewide efforts to improve access to early care and education programs in higher education, there are few incentives for the existing workforce to further their education given the low wages and lack of room for career advancement in the field. There are also cost and accessibility barriers associated with enrolling in advanced credentialing or degrees that deter many individuals from enrolling, especially those from our most historically disadvantaged communities.

When considering the need to diversify the workforce, the Task Force recognized that the current Minnesota ECE workforce employs more people of color and indigenous people in entry level roles as compared to other industries. Given this makeup, these populations disproportionately bear the impact of the field's low wages. While 15% of the overall workforce in Minnesota is made up of people of color and indigenous people, they comprise 23% of the ECE workforce.<sup>26</sup>

The Task Force also examined how the Minnesota ECE workforce is currently supported and found that access to health care insurance and retirement benefits is limited. For many early educators in the ECE workforce, the lack of benefits exacts a financial penalty for choosing to work in their chosen profession. The lack of benefits furthers inequity in pay and is a driver in decisions to exit the workforce. While 49.9% of the general workforce is covered by employer-provided health insurance coverage, only 15.0% of child care workers are. Similarly, 39.0% of the general workforce is entitled to a pension, while only 9.6% of child care workers are.<sup>27</sup>

As for specific benefits that the Minnesota ECE workforce needs, the Task Force identified medical/dental/vision insurance, flexible and health saving accounts, savings plans (e.g., 401k), paid vacation days and accrued sick leave. Specific support includes paid prep time, increased availability of substitute teachers (for vacation, sick days, and lesson planning), and access to ongoing professional development. Notably, these are similar to the benefits afforded to K-12 teachers across Minnesota's K-12 education system.

Task Force members also considered factors that specifically impact Family Child Care (FCC) programs due to their unique characteristics. Licensed FCC owners have the dual responsibilities of providing child care and running a business and should be recognized accordingly. In a 2020 survey of FCC providers, the factor most often listed as having the highest impact on their decision to close was the lack of benefits, such as health insurance (40%), the long hours and schedule (34%) and difficulty finding substitute providers (34%).<sup>28</sup>

In the following section, this plan lays out the Task Force's recommendations to address the need for a qualified, diverse, supported, and equitably compensated workforce.

### **Qualified Workforce Recommendations: Individuals**

The Task Force recommendations to create a more qualified workforce focus on 1) individuals and 2) the higher education system and overall training infrastructure.

When focusing on qualified individuals within the Minnesota ECE workforce, the Task Force explored the need to:

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<sup>26</sup> Casale, Oriane and Noel, Zina, "Minnesota Early Care and Education Wage Scale." *Minnesota Department of Employment and Economic Development*, Mar. 2021, <https://mn.gov/deed/newscenter/publications/trends/march-2021/earlycare-wagescale.jsp>.

<sup>27</sup> Gould, Elise, "Child Care Workers Aren't Paid Enough to Make Ends Meet." *Economic Policy Institute*, Nov. 2015, <https://www.epi.org/publication/child-care-workers-arent-paid-enough-to-make-ends-meet/>.

<sup>28</sup> "Former Licensed Family Child Care Provider Survey." *Minnesota Management and Budget*, Jun. 2020, [https://mn.gov/dhs/assets/Former-family-child-care-provider-survey-expanded-report\\_tcm1053-437906.pdf](https://mn.gov/dhs/assets/Former-family-child-care-provider-survey-expanded-report_tcm1053-437906.pdf).

- Provide financial and academic support to new and current early educators as they move up the career ladder by:

#### T.E.A.C.H. Early Childhood Minnesota Scholarships

T.E.A.C.H. scholarships provide ECE workforce staff funding to take classes to earn college credit or degrees in Child Development or Early Childhood Education at an accredited Minnesota college or university. They cover 85% of the cost of tuition and books for up to 18 credits per year. Participants earn wage increases and/or bonuses after completing nine or more credits and commit to staying at their place of employment for at least a year after the scholarship end date.

- Promoting awareness and ensuring adequate funding of existing scholarship programs (i.e. the T.E.A.C.H. Early Childhood Minnesota Scholarships <sup>29</sup>).
- Expanding awareness of and connecting eligible recipients to the Minnesota Future Together Grant program which provides tuition-free pathways for high-need careers (early childhood named as one).
- Expanding “last dollar” scholarships for students entering ECE education programs to cover the full cost of study.
- Developing a Minnesota Early Childhood Educator apprenticeship model (for example, the model currently being explored through T.E.A.C.H. National Center).

In addition, the Task Force recognized the need to expand credit for prior learning and the development of a paid peer mentorship/coaching model as other states have done. These recommendations are to:

- Develop and expand opportunities to earn “credit for prior learning” to account for knowledge and competencies gained through on-the-job exposure and years of experience when entering higher education. This would include multiple ways to demonstrate knowledge and competence gained through one’s experience, including but not limited to skills tests; portfolio; demonstration.
- Support retention and professional development in the field by developing a paid peer mentorship/coaching model for the current and new ECE workforce, including a focus on BIPOC staff, to learn from and consult with seasoned professionals.

### Qualified Workforce Recommendations: Support for the Higher Education System and Training Infrastructure

The development of a qualified workforce relies on much more than individual worker qualifications. There must be a comprehensive system of supports and infrastructure to increase the qualifications of the field at large, expand access and further align systems to create opportunity for the ECE workforce to be adequately prepared and continuously improving. Higher education system and training infrastructure recommendations are:

- Expand the ‘Grow Your Own’ program to include the early childhood education field (pilot currently underway).
- Expand the use of the Minnesota Transfer Pathways framework amongst existing 2- and 4-year institutions of higher education that offer early childhood education programming.
- Align information on teacher licensing qualification standards and program licensing standards for both Minnesota’s Professional Educator Licensing and Standards Board (PELSB) and the Minnesota Department of Human Services (DHS).

<sup>29</sup> “T.E.A.C.H. Scholarships: Your Pathway to Higher Education.” *Child Care Aware of Minnesota*, <https://www.childcareawaremn.org/providers/grants-and-scholarships/teach-scholarships/>.

- Expand the adoption of MN’s Knowledge and Competency Framework in all ECE higher education programming to support standardized understanding of competencies.
- After a period of review and input from members of the workforce, update requirements to obtain teacher licensure, including to account for prior experience in the field.
- Work towards a state where ECE programming and coursework in higher education and across training settings is accessible to all students, including offering classes on nights and weekends; virtually and in-person; and in languages other than English.
- Support institutions of higher education in developing strong ECE preparation programs by establishing a new fund to support ECE and child development programs at institutions of higher education. Grant funds could be used to:
  - Subsidize programs with low enrollment; market ECE programming more aggressively.
  - Pay students for their internships and/or required student teaching; RELATED: pay “cooperating teachers” for their time supervising students.
  - Implement institution-led improvements for degree programs at 2- and 4-year colleges.
  - Support practice-based learning by developing guided pathways and capacity building, such as hiring and training well-qualified, diverse faculty.
  - Support flexible scheduling and the provision of courses in alternative locations to make coursework accessible to more students.
  - Develop cohort models that support the completion of ECE programs.
  - Develop graduate programs in ECE to support the development of educators and instructional leaders with expertise in ECE.
- Support non-higher-education programming infrastructure by establishing a new fund to support credentialing programs (including apprenticeships and training programs) that are focused on preparing ECE educators for the classroom. Grant funding could be used to:
  - Market programming more aggressively.
  - Pay students for their apprenticeships and/or training.
  - Implement institution-led improvements for credentialing programs.
  - Support practice-based learning by developing guided pathways and capacity building, such as training well-qualified, diverse faculty.
  - Support flexible scheduling and the provision of training in alternative locations to make coursework accessible to more students.
  - Develop cohort models that support the completion of programs.

The qualified recommendations for both individuals and the higher education system will work together to provide those that want to further their ECE education with greater opportunities leading to a qualified ECE workforce at scale.

### **Diverse Workforce Recommendations**

The Task Force recognizes that to recruit, retain, and support a diverse workforce, racial inequities within the profession need to be addressed. The best levers to impact these inequities are through compensation reform, increased access to benefits, increased educational support, and focused efforts to provide supports to advance Black, Indigenous, and people of color into leadership roles within the profession.

With this goal, the Task Force developed a recommendation for the State of Minnesota to commission a Workforce Study that will monitor progress towards the goal of sustaining and supporting a more diverse workforce. The Workforce Study Recommendation is:

- A study should be administered every three years to better understand the current state of Minnesota’s early childhood education workforce across the mixed delivery system in terms of demographic composition, compensation, and education. Tangible outcome metrics should also be established for decreasing current wage disparities for people of color and increasing representation of people of color in advanced roles within the field. Administered every three years, the study would allow the state to measure progress towards these outcomes and make necessary adjustments to help support, develop, and retain a diverse workforce.

This study will provide essential data for lawmakers, state agencies, and other stakeholders to develop sound laws, policies, and practices to advance the goal of sustaining a diverse ECE workforce.

### Supported Workforce Recommendations

To strengthen and support the ECE workforce, the Task Force focused in on the need to provide expanded wellness and mental health supports for the ECE workforce, allow dedicated time for reflective supervision, and offer opportunities to have a voice on important programmatic decisions. The Task Force developed the following recommendations, which are meant as best practices for employers to follow:

- Access to mental health and wellness resources for all ECE workforce members should be strengthened and expanded, including but not limited to, through the following methods:
  - Providing time off to pursue therapeutic services
  - Bringing wellness services on-site
  - Providing subsidies for individuals to pay for needed services
  - Ensuring health care benefits include affordable coverage for mental health and wellness activities
- To allow for the voices of the frontline ECE workforce to be both heard and valued, programs employing multiple staff should ensure dedicated time for reflective supervision and regularly collect and incorporate employee feedback and input into administrative operations, curriculum design, and other programmatic improvements.
- The state should continue and expand successful programs in the areas of supporting ECE educators and students:
  - Early Childhood Mental Health Consultation (ECMHC). This program partners with mental health professionals to provide evidence-informed mental health consultation to Parent Aware enrolled early care and education providers.
  - Providing grant funding for programs in the ECE system, such as the Center for Inclusive Child Care (CICC), which provides free relationship-based professional development to early childhood educators.
  - Early Childhood Mental Health Grants, which provides mental health services to children ages zero to five eligible for Medical Assistance (MA).

If followed, these recommendations will provide additional opportunities for the ECE workforce to be valued and cared for so that they can be at their best to care for children.

### Equitably Compensated Workforce Recommendations

While a diverse, supported, and qualified workforce are important, the Task Force acknowledges that achieving equitable compensation is a fundamental pillar to achieve the Task Force’s vision and meet the goals of its establishing legislation. Establishing legislation asked the Task Force to “set

compensation for early childhood educators by reference to compensation for elementary school teachers.”<sup>30</sup> Accordingly, there are six central recommendations:

- Longer-Term Financial Compensation Recommendations
- Short-Term Financial Relief Strategies Recommendations
- Benefits Recommendations
- Time Off Recommendations
- Other Best Practice Guidance

### Longer-Term Financial Compensation Recommendations

To create opportunity for individuals working in the ECE workforce to be able to earn a livable wage and in accordance with the expectations of this professional field, transformational financial compensation changes are needed. Here are the Task Force’s long-term financial compensation recommendations that should be in place by the end of the Plan.

- Currently, **employers in the early care and education field are required to meet state and local minimum wage**. This Task Force believes current hourly minimum wages are not adequate for workers in the ECE field, and current median wages for early educators reflect an undervaluing and under-compensation of a critical workforce whose work is highly demanded, supports the broader Minnesota economy, and supports the future of Minnesota’s youngest learners.
- Minnesota believes that the early care and education workforce should be paid fair and appropriate wages that allow them to support themselves and their families; however, this Task Force respects the needs and rights of businesses to make their own business decisions. Therefore, the Task Force recommends a phased-in **recommended base wage for ECE employees**. The base wage recommendation is based on the DEED Cost of Living tool at the individual level and will be supported by additional funding to cover the additional costs of wages paid. The recommended base wage will:
  - Serve as a recommended floor for all members of the early care and education workforce
  - Reflect the local geographies’ individual living wage
  - Reflect an appropriate wage for an entry level role in the ECE field
  - Be updated no less than every two years based on the DEED Cost of Living tool, at the individual cost of living wage.

Minnesota recognizes that achieving substantial and sustained improvements in the education and experience levels of the early care and education workforce requires investments aimed at reducing inequities in pay. To support ECE programs in attracting, retaining, and supporting a qualified workforce, the state will implement a **workforce compensation grant that provides financial resources to programs paying wages at the recommended base level**. As programs opt into publicly funded compensation grants, documentation and submission of compliance would be required for accountability.
- **In addition to the recommended base wage, the recommended wage scale\* includes wages above and beyond the base wage**. These higher wage recommendations are associated with higher levels of education and experience. The recommended wage scale should be included in cost modeling efforts (per this Task Force’s cost modeling recommendation). **Family Child Care providers**

<sup>30</sup> Minnesota 2021 Session Law, *First Special Session*, Chapter 7, Article 14, Section 18, Subd.

should plan to pay themselves a recommended base annual wage (profit) equivalent to a lead role on the wage scale, to reflect their dual responsibilities as directors *and* providers of care and education. FCC providers who employ additional staff should follow the recommendations for employers, including the recommended wage scale. **Increased per child rates for the increased costs associated with education and qualifications needed for higher quality programs would be provided through cost modeling and the family benefits program (Great Start MN Program).** Employers hiring or retaining employees with the recommended levels of education and/or experience to provide quality care and education will be incentivized to pay those workers higher wages in alignment with the recommended wage scale. Wages at the highest level of the wage scale are commensurate with elementary school teacher salaries. Documentation of compliance would be required at the levels required for funding received. Rules for this implementation would need to be determined through the future program administrative agency.

\*The **Proposed MN ECE Professional Wage Scale** has been used as a starting point for the recommended wage scale, with edits made to:

- Adjust wages based on current cost of living
- Take out references to the ECE I, II, and III levels
- Align with the Achieve career lattice and include comparable competencies for the phased-in implementation period.

Further updates are needed to:

- Reflect regional variation, in alignment with regional cost modeling. Regional variation should be determined during the planning and implementation phase.
- Fill in the comparable competencies and experience guidelines, based on thorough process inclusive of stakeholders and end-users.

#### Implementation:

- Over the implementation timeline, as funding to providers increases through the long-term affordability recommendations, wages should be increased for the existing workforce and new members of the field. As programs opt-in to these systems of funding, they will be able to implement wage increases in alignment with additional funding.
- Throughout the phased-in implementation timeline, employers will be incentivized to pay workers at wages commensurate with both experience and education, and to hire workers who meet educational and/or competency guidelines.
- By the end of the implementation timeline, all members of the workforce whose employers opt-in to the compensation grant will be paid a base wage equal to or above the DEED cost of living. At this point, the corresponding competencies and experience guidelines for wage incentives should be re-evaluated.

**Table 1. Recommended Base Wage**

	Hourly Wage (2021 numbers)	Annual Wage (2021 numbers)	Based On
Recommended base wage for all members of the workforce by 2031*	\$16.21	\$33,717	Individual Cost of Living (DEED)

\*Appropriate wage for an entry level role

Table 2. Recommended Wage Scale

	Educational Guidelines for Role <i>Aligned with MN Achieve Career Lattice</i>	OR Comparable Competency and Experience Guidelines for Role ** <i>(To be reevaluated at the end of the implementation period in 2031)</i>	Role Employees must meet statutory requirements	Hourly Wage (2021 numbers)	Annual Wage (2021 numbers)	Based On
Wage Incentivized	CDA Certificate <i>Steps 6-7</i>	<ul style="list-style-type: none"> <li>• Qualified apprenticeship program OR</li> <li>• X hours of professional training AND X years of experience</li> <li>• AND corresponding competencies</li> </ul>	<b>Support</b> <ul style="list-style-type: none"> <li>• Support Educator in 0-5 settings</li> </ul>	\$19.40	\$40,352	Family Living Wage (DEED)
Wage Incentivized	Early Childhood-related Associate Degree <i>Steps 8-9</i>	<ul style="list-style-type: none"> <li>• Qualified apprenticeship program OR</li> <li>• X hours of professional training AND X years of experience</li> <li>• AND corresponding competencies</li> </ul>	<b>Lead I</b> <ul style="list-style-type: none"> <li>• Lead Educator in 0 – 5 settings</li> <li>• Guide Support Roles</li> <li>• FCC enrolling fewer than 10 children</li> </ul>	\$24.25	\$50,440	125% of Support
Wage Incentivized	Early Childhood Ed BA <i>Steps 10-12</i>	<ul style="list-style-type: none"> <li>• X hours of professional training AND X years of experience and corresponding competencies</li> </ul>	<b>Lead II</b> <ul style="list-style-type: none"> <li>• Lead Educator in 0 – 5 settings</li> <li>• Guide Support and Lead I Roles</li> <li>• FCC enrolling 10 or more children</li> </ul>	\$30.31	\$63,050	Parity with Elementary Teachers (125% of Lead I)

\*\*Comparable competencies and experience, aligned with the MN Knowledge and Competency Frameworks, will be defined using a human-centered design process inclusive of relevant state agency representatives, all types of ECE providers, and other relevant end-users (i.e., parents, teachers in the ECE field).

These numbers reflect statewide median data. Per the recommendation, regional data would be used for implementation.

### Short-Term Financial Relief Strategies Recommendations

While increased wages will phase in throughout the duration of the implementation timeline, the Task Force agreed that short-term financial relief strategies must be adopted alongside longer-term compensation reform as the recommendations of the Task Force are phased in to encourage

recruitment and retention of the Minnesota ECE workforce. These short-term financial strategies involve the expansion of Workforce Development Grants, Child Care Stabilization Base Grants, and REETAIN awards as well as bonuses for those earning ECE credentials. Here are its recommendations:

#### To support recruitment of new talent to the ECE field:

- The state should create a publicly funded program for ECE programs to provide a one-time incentive/bonus to individuals who enter the field, with awards provided after the first 6 months of employment.
  - Building on the lessons learned from the Workforce Development Grants project, a bonus (starting at \$500, evaluated yearly to account for inflation) for new employees who complete training or CDA credential and start a job in a child care and early education program.
  - A bonus (starting at \$1,000, evaluated yearly to account for inflation) for new employees who have earned an AA, BS, and/or BA degree in early care and education, complete initial training, and orientation, and start a job in an early care and education program.

#### To support retention of talent in the ECE field:

- Pending further study, tax benefits should be put in place to ensure ECE educators across the mixed delivery system are not unfairly penalized by earning increased wages that would disqualify them from government benefits OR a separate eligibility category should be created for the ECE workforce.
- Expand REETAIN awards so that ECE workforce members from all early care and education settings are eligible to receive one. Revise the application process for REETAIN bonuses<sup>31</sup> to make it easier for eligible individuals to take advantage of the opportunity (for example, by increasing the amount of time the application window is open, accepting rolling applications, increasing communications to all members of the workforce, etc.)
- Based on successes of and lessons learned from the Child care Stabilization Base Grant program, plan for on-going funding to programs for the stabilization of the ECE workforce. Ensure there is a mechanism in place to enforce a connection between grant funds and increased compensation and/or benefits.

#### REETAIN Bonus

REETAIN Bonuses are offered to center-based and family child care workers based on their education and state/federal priorities. They are awarded annually and range from \$500-\$3,000. There are various eligibility criteria and an application process. Eligibility criteria include that recipients: must be in a licensed child care program, agree to continue working at a licensed Minnesota program for at least one year after receiving the bonus, not be a T.E.A.C.H. scholarship recipient, have an hourly wage of \$25/hour or less (if a center-based staff), and submit their Develop DHS Learning Record which demonstrate particular employment roles and educational attainment.

#### Benefits Recommendations

The Task Force believes all workforce members deserve access to benefits and offers the following healthcare and retirement benefits recommendations needed to support, attract, and retain the ECE workforce. These recommendations are for best practices that differ by program type:

- Healthcare Coverage

<sup>31</sup> "Retain Bonuses: Financial Rewards for Committed Professionals." *Child Care Aware of Minnesota*, <https://www.childcareawaremn.org/providers/grants-and-scholarships/retain-bonuses/>.

- **Centers, Head Start:** All employees should have access to health care coverage via subsidies, reimbursements, or paid upfront costs.
  - **FCC:** An FCC health benefits program should be created that would subsidize the cost of premiums for FCC providers, including funding for health care navigators that specialize in serving child care providers.
  - If eligible, providers would enroll in Medicaid or Minnesota Care, with any premiums reimbursed.
  - If not eligible, providers would purchase health care through MNSure (state health insurance marketplace), with premiums reimbursed.
- Retirement Savings
  - **Centers, Head Start:** All employees should have access to a retirement savings plan (e.g., 401K or IRA) that includes an employer contribution and an option for employee contributions.
- Availability of additional benefits via a “cafeteria plan”
  - **Centers, Head Start:** A negotiable package equivalent to 10 percent of an employee’s salary should be made available for benefits such as: child care for employee’s own children; family member health coverage; short- and long-term disability insurance; dental insurance; optical insurance; and life insurance.
  - **FCC:** Employees working more than 20 hours per week on a regular basis should have the following benefits prorated for the number of hours worked: health care coverage, paid sick and vacation leave, paid holidays, paid planning time, and a professional development fund.
- Access to child-care subsidies for children of the ECE workforce
  - All providers should have access to child care subsidies for their own children through the raising of income eligibility limits (\*connection to affordability recommendations)
- School-based
  - School-based ECE educators should be provided with the same benefits package option(s) as K-3 educators within their district.

### Time Off Recommendations

The Task Force developed recommendations for the ECE workforce to be able to take time off for vacation or sick days, in alignment with similarly credentialed professions. These are the recommendations:

- After further study of specific models, like that in Washington state, regional substitute pools should be created so that ECE educators are able to pursue professional development and utilize paid time off.
- Any cost modeling study completed to estimate the expense of substitute providers should assume a minimum of 5 paid days off per year per full-time ECE worker.
- All ECE Center-based and FCC providers across the mixed delivery system should be provided with and encouraged to use best practice guidance (below) when developing time off policies that are adequate to meet the need of both vacation time and sick time, whether those are separate or pooled together.
- School-based and Head Start providers should be provided with guidance for determining time off in alignment with best practices for elementary educator time off, accounting for 9- and 12-month schedules. These policies should be adequate to meet the need of both vacation and sick time, whether those are separate or pooled together.

The Task Force also investigated and voted in support of best practice guidance from “Model Work Standards” of Child Care Employment and included additional recommended guidance on how to provide benefits typical of other professions for Centers and Family Child Care.<sup>32</sup> This guidance is:

- Centers
  - Full-time employees accrue paid vacation time based on longevity in their program: minimally five days per year during the first year of employment; 10 days per year during years two through four; and 15 days per year with five or more years of employment. Part-time employees earn paid time off on a prorated basis.
  - A minimum of eight holidays are paid each year for each full-time employee.
  - Full-time employees receive at least 5 paid sick/personal days per year, which can be taken to care for sick family members, as well.
- FCC
  - The provider sets aside between five and 10 vacation days per year, which are paid in full by families enrolled in the program. Additional unpaid vacation leave may be negotiated with parents in the contract.
  - The provider receives a minimum of eight holidays per year, which are paid in full by families whose contracted hours fall on these days.  
The provider set aside a minimum of two paid sick/personal days per year, which can be taken to care for sick family members, as well.

### Transforming Minnesota’s Early Childhood Workforce

Finally, the Task Force was directed by statute to consider the recommendations and strategies included in the *Transforming Minnesota’s Early Childhood Workforce* plan. After considering those recommendations during plan development, this Task Force found there is significant alignment between that report and the work of the Task Force. The *Transforming Minnesota’s Early Childhood Workforce* group relied on the Power to the Profession Unifying Framework in development of its plan.

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<sup>32</sup> “The Model Work Standard.” *Center for the Study of Childcare Employment (CSCCE)*, 19 Nov. 2019, <https://csce.berkeley.edu/publications/report/creating-better-child-care-jobs-model-work-standards/>.

## Additional Action Needed

Furthermore, the Task Force acknowledges that early care and education is one of many systems that support the healthy development of children and families. Other programs outside of the scope of the Great Start for all Minnesota Task Force matter deeply to Minnesota’s families, and work in concert with early care and education to support the healthy development of children and families. These items are also critical to the improvement of Minnesota’s ECE system including but not limited to Economic Supports, Child Welfare Services, Community Services, Mental Health Services, and Health Care.<sup>33</sup> While mentioned in this report, more could be done to examine the unique needs of early childhood special education. Additionally, the Task Force’s charge, timeline, and membership did not allow for examination of early intervention, home visiting, or early childhood mental health. Each of these items has its own unique challenges and considerations and deserves particular focus and attention.

## Implementation Considerations and Timeline

Establishing legislation directed that the Task Force “develop an implementation timeline that phases in the plan over a period of no more than six years, beginning in July 2025 and finishing no later than July 2031”. Accordingly, the Task Force created a timeline detailing how these recommendations should be sequenced for roll out. Though legislation was clear in the directive to begin this timeline in 2025, the Task Force recognizes the many acute crises within the ECE system that need to be addressed in the near-term. Immediate action is needed to address these issues, and the Task Force urges action as soon as possible.

Many of the stated recommendations build on each other and are interrelated, so thoughtful sequencing is required. Included in this implementation timeline is a high-level identification of the legislative, state agency, local agency, and community roles required for successful implementation. By July 2031, this Task Force hopes to see their vision for an affordable, accessible, high-quality ECE system fully realized.

Year	Milestones & Roles
<b>2025 Milestones</b>	<p><b>General</b></p> <p>The Great Start for All Minnesota Children Task Force will have developed strategies and submitted their plan and implementation timeline for all Minnesota families to have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families by February 1, 2023. By 2025, the state should <b>review and adopt the submitted plan and implementation timeline.</b></p> <p>An initial action in implementing this plan is to <b>study the fiscal impact</b> of the Task Force recommendations. Specifically, the state should conduct a fiscal study of each budget-related recommendation, a comprehensive economic impact assessment of the long-term recommendations, and a strategic financing study. (p. 20)</p> <p><b>Affordability</b></p>

<sup>33</sup> "Illinois Commission on Equitable Early Childhood Education and Care Funding: Commission Report of Findings and Recommendations." *Governor’s Office of Early Childhood Development*, Spring 2021, <https://www2.illinois.gov/sites/OECD/Documents/Early%20Childhood%20Funding%20Commission%20Full%20Report.pdf>.

	<p>To <b>address existing challenges with the Child Care Assistance Program and Early Learning Scholarships</b>, the state should make impactful improvements to these programs. These include co-pay reductions and scholarship increases, expanding eligibility, and improving administrative systems. (p. 25-27)</p> <p>To prepare for more systemic changes to make Minnesota’s ECE system more affordable for families, the state should <b>launch recommended affordability studies</b> including a cost modeling study, a plan implementation evaluation study, and an affordability standard study. (p. 25)</p> <p><b>Program Funding</b></p> <p>While this Task Force recommends future changes to the ways ECE programs are funded, in the immediate term, there should be a <b>continuation of base operational funding</b>. (p. 30 &amp; 51)</p> <p>The state should implement immediate <b>improvements to ECE program funding processes</b> including creating simplified, clear policies and equitably distributed program funding. (p. 30-31)</p> <p><b>Accessibility</b></p> <p>The state should immediately implement <b>many of the Task Force’s recommendations to make the Minnesota ECE system more equitably accessible</b>. These include evaluating family barriers, choices and preferences; improving the cultural responsiveness of ECE programming; incentivizing non-traditional care hours by offering higher CCAP reimbursement rates for licensed and legally non-licensed care; exploring options to recruit and retain a diverse ECE workforce; investigating existing and potential future community collaborations; and implementing recommendations for capacity building. (p. 33-37)</p> <p><b>Effectiveness</b></p> <p>There are several <b>“quick wins” the state can implement to improve the effectiveness</b> of the Minnesota ECE system. These include endorsing the ongoing efforts to improve Parent Aware, including the Racial Equity Action Plan and Equity Report and endorsing the ongoing Child Care Regulation Modernization projects conducted by DHS. Additionally, the state should continue and expand existing opportunities to improve ECE program’s business acumen. (p. 39-41)</p> <p><b>Workforce Compensation &amp; Supports</b></p> <p>To improve recruitment and retention of the ECE workforce, the state should <b>expand point-in-time financial resources</b> such as bonuses and scholarships. (p. 45 &amp; 51)</p> <p>To address racial inequities within the ECE workforce, the State of Minnesota should commission a <b>Workforce Study</b> that will monitor progress towards the goal of sustaining and supporting a more diverse workforce. This study should be commissioned every three years, with 2025 being the first. (p. 46-47)</p> <p>In 2025, the state should <b>share best practices to support and equitably compensate the ECE workforce</b>. This includes endorsing that ECE employers provide accessible healthcare and retirement benefits, expand wellness and mental health for the ECE workforce, build in dedicated time for reflective supervision and create opportunities for ECE educators to have voice in programmatic decisions. (p. 47 &amp; 52)</p>
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	<p>To allow for the ECE workforce to have time off for vacation or sick time, in alignment with similarly credentialed professions, the state should create <b>regional substitute pools</b>. (p. 52-53)</p> <p>To inform the compensation framework, the state should <b>define comparable competencies and experience</b>, aligned with the MN Knowledge and Competency Frameworks, using a human-centered design process inclusive of relevant state agency representatives, all types of ECE providers, and other relevant end-users (i.e., parents, teachers in the ECE field) (p. 50)</p>			
2025 Roles	Legislative Roles	State Agency Roles	Local Government Roles	Community-Based Organization Roles
	<p>Draft and pass legislation carrying the short-term recommendations identified here for the 2025-2026 budget biennium.</p> <p>Direct a comprehensive economic impact assessment of the long-term recommendations.</p> <p>Direct a strategic financing study for the totality of the plan.</p> <p>Direct affordability studies, including cost modeling study.</p> <p>Direct a workforce study.</p> <p>Appropriate necessary funding to implement recommendations.</p>	<p>Explore and prioritize ways to administratively advance recommendations where possible.</p> <p>Once given funding and direction from legislation, carry out recommended programmatic changes.</p>	<p>Partner with community-based organizations to help support and coordinate local community building efforts.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p> <p>Partner with the state and community organizations in advancing recommendations where possible.</p>	<p>Coordinate providers and families to participate in accessibility evaluation efforts.</p> <p>Partner with local government to help support and coordinate local community building efforts.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p> <p>Partner with the state and local governments in advancing recommendations where possible.</p>

Year	Milestones & Roles			
<b>2026 Milestones</b>	<p><b>Effectiveness</b></p> <p>To closely consider more dramatic changes to improve the effectiveness of the ECE system, in 2026, the state should conduct an <b>analysis of expanding the Parent Aware system and better understand infrastructure needs</b> to inform planning for future system changes. (p. 39 &amp; 41)</p> <p><b>Workforce Compensation &amp; Supports</b></p> <p>The state should <b>start implementation of the new Compensation Framework</b>. Over the implementation timeline, as funding to providers increases through our long-term affordability recommendations, wages should be increased for the existing workforce and new members of the field. As programs opt-in to these systems of funding, they will be able to implement wage increases in alignment with additional funding. Throughout the phased-in implementation timeline, employers will be incentivized to pay ECE educators at wages commensurate with both experience and education, and to hire educators who meet educational and/or competency guidelines. The compensation framework will be fully implemented by 2031. (p. 48-50)</p>			
<b>2026 Roles</b>	<b>Legislative Roles</b>	<b>State Agency Roles</b>	<b>Local Government Roles</b>	<b>Community-Based Organization Roles</b>
	Make changes as necessary to fund recommendations through a supplemental budget.	<p>Explore and prioritize ways to administratively advance recommendations where possible.</p> <p>Once given funding and direction from legislation, carry out recommended programmatic changes.</p>	<p>Partner with the state and community organizations in advancing recommendations where possible.</p> <p>Coordinate providers to participate in effectiveness evaluation efforts.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>	<p>Partner with the state and local governments in advancing recommendations where possible.</p> <p>Coordinate providers to participate in effectiveness evaluation efforts.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>

	Milestones & Roles
<b>2027 Milestones</b>	<p><b>Program Funding</b></p> <p>There should be several <b>significant changes to the state’s approach to funding ECE programs</b> within existing program funding streams. This includes that public funding</p>

	<p>should be paid for in advance of services, it should be provided through both per child rates and base operational funding amounts, and amounts should be based on cost modeling rather than market rates. (p. 29-31)</p> <p><b>Accessibility</b></p> <p>To make the ECE system more accessible for families with children with disabilities and with transportation challenges, the state should <b>leverage partnerships between pre-K school based programs and child care programs</b> which offer before and after care. Additionally, the state should leverage lessons learned through the Inclusive Child Care Pilot Grant Program, which is seeking to expand access to early care and education for children with disabilities. (p. 36-37)</p> <p><b>Effectiveness</b></p> <p>To improve the effectiveness of the ECE system, a <b>new and centralized governance structure</b> with adequate funding and resources, and enhanced coordination and consolidation should be created. (p. 41)</p> <p><b>Workforce Compensation &amp; Supports</b></p> <p>The state should <b>support the advancement of the ECE workforce</b> by supporting higher education and non-higher education programs in offering strong ECE programs, exploring alternative credentialing and competency models, and developing a paid peer mentorship model for the ECE workforce. (p. 45-46)</p> <p><i>*Continue phasing in the Compensation Framework.</i></p>			
<b>2027 Roles</b>	<b>Legislative Roles</b>	<b>State Agency Roles</b>	<b>Local Government Roles</b>	<b>Community-Based Organization Roles</b>
	<p>Draft and pass legislation carrying the short-term recommendations identified here for the 2027-2028 budget biennium.</p> <p>Direct affordability studies, including cost modeling study.</p> <p>Appropriate necessary funding to implement recommendations.</p>	<p>Explore and prioritize ways to administratively advance recommendations where possible.</p> <p>Once given funding and direction from legislation, carry out recommended programmatic changes.</p>	<p>Partner with the state and community organizations in advancing recommendations where possible.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>	<p>Partner with the state and local governments in advancing recommendations where possible.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>

Year	Milestones & Roles			
<b>2028 Milestones</b>	<p><b>Affordability</b></p> <p>At this point in time, the state should <b>launch the new Great Start Minnesota Program</b>, replacing Child Care Assistance Program and Early Learning Scholarships. The new program would blend funding streams currently used for CCAP and Early Learning Scholarships, as well as additional funding needed to fund the program. This new program will make the Minnesota ECE system dramatically more affordable for families. (p. 23-24)</p> <p>Along with the launch of the Great Start Minnesota Program, the state should start to <b>phase in the new affordability standard</b>, where by 2031, no family will have to pay more than 7% of their income on early care and education. (p. 24-25)</p> <p><b>Program Funding</b></p> <p>There should be several <b>program funding changes made in line with the start of the Great Start Minnesota program</b>. This includes a shift to one payment system and one administrative agency for the program. (p. 29-31)</p> <p><b>Accessibility</b></p> <p>In 2028, several <b>new strategies should be implemented to make the ECE system more accessible, all based on previously conducted studies</b>. This includes a state-provided navigator function, local community collaborations, and expansion of benefits programs for families to cover costs such as transportation. (p. 34-37)</p> <p><i>*Continue phasing in the Compensation Framework.</i></p>			
<b>2028 Roles</b>	<b>Legislative Roles</b>	<b>State Agency Roles</b>	<b>Local Government Roles</b>	<b>Community-Based Organization Roles</b>
	<p>Make changes as necessary to fund recommendations through a supplemental budget.</p> <p>Direct a workforce study. (Three years after 2025 study, in alignment with recommendation to conduct studies every three years).</p>	<p>Explore and prioritize ways to administratively advance recommendations where possible.</p> <p>Once given funding and direction from legislation, carry out recommended programmatic changes.</p>	<p>Partner with the state and community organizations in advancing recommendations where possible.</p> <p>Partner with community-based organizations to help support and coordinate local community building efforts.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>	<p>Partner with the state and local governments in advancing recommendations where possible.</p> <p>Partner with local government to help support and coordinate local community building efforts.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>

Year	Milestones & Roles			
<b>2029 Milestones</b>	<p><b>Accessibility</b></p> <p>The final Task Force recommendation related to creating a more accessible ECE system to offer a <b>Child Care Expansion Tax Credit</b> to support employers' investments in local child care capacity should be implemented in 2029. (p. 34)</p> <p><b>Workforce Compensation &amp; Supports</b></p> <p>In 2029, the state should make two more adjustments to licensing for ECE programs. This includes updating requirements for ECE teachers to obtain their license, including accounting for prior experience in the field and aligning licensing qualification between PELSB and DHS. (p. 45-46)</p> <p><i>*Continue phasing in the Compensation Framework and Great Start Minnesota Program including the new affordability standard.</i></p>			
<b>2029 Roles</b>	<b>Legislative Roles</b>	<b>State Agency Roles</b>	<b>Local Government Roles</b>	<b>Community-Based Organization Roles</b>
	<p>Draft and pass legislation carrying the short-term recommendations identified here for the 2029-2030 budget biennium.</p> <p>Direct affordability studies, including cost modeling study.</p> <p>Appropriate necessary funding to implement recommendations.</p>	<p>Explore and prioritize ways to administratively advance recommendations where possible.</p> <p>Once given funding and direction from legislation, carry out recommended programmatic changes.</p>	<p>Partner with the state and community organizations in advancing recommendations where possible.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>	<p>Partner with the state and local governments in advancing recommendations where possible.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>

Year	Milestones & Roles			
<b>2030 Milestones</b>	<p><i>*Continue phasing in the Compensation Framework and Great Start Minnesota Program including the new affordability standard.</i></p>			
<b>2030 Roles</b>	<b>Legislative Roles</b>	<b>State Agency Roles</b>	<b>Local Government Roles</b>	<b>Community-Based Organization Roles</b>
	<p>Make changes as necessary to fund recommendations</p>	<p>Explore and prioritize ways to administratively</p>	<p>Partner with the state and community organizations in</p>	<p>Partner with the state and local governments in</p>

	through a supplemental budget.	advance recommendations where possible.  Once given funding and direction from legislation, carry out recommended programmatic changes.	advancing recommendations where possible.  Communicate relevant changes to the ECE system with families and ECE programs.	advancing recommendations where possible.  Communicate relevant changes to the ECE system with families and ECE programs.
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Year	Milestones & Roles			
<b>2031 Milestones</b>	<p><b>Workforce Compensation &amp; Supports</b></p> <p>By 2031, the end of the implementation timeline, the <b>Compensation Framework should be fully implemented</b>, meaning all members of the workforce whose employers opt-in to the compensation grant will be paid a base wage equal to or above the DEED cost of living. At this point, the corresponding competencies and experience guidelines for wage incentives should be re-evaluated. (p. 48-50)</p> <p><b>Affordability</b></p> <p>By July 1, 2031, the end of the implementation timeline, the new <b>Great Start MN Program should be fully implemented along with the new affordability standard</b>. This new program will dramatically improve affordable access to high-quality early care and education services for families. (p. 23-25)</p>			
<b>2031 Roles</b>	<b>Legislative Roles</b>	<b>State Agency Roles</b>	<b>Local Government Roles</b>	<b>Community-Based Organization Roles</b>
	<p>Draft and pass legislation carrying the short-term recommendations identified here for the 2031-2032 budget biennium.</p> <p>Direct affordability studies, including cost modeling study (recurring).</p>	<p>Explore and prioritize ways to administratively advance recommendations where possible.</p> <p>Once given funding and direction from legislation, carry out recommended programmatic changes.</p>	<p>Partner with the state and community organizations in advancing recommendations where possible.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>	<p>Partner with the state and local governments in advancing recommendations where possible.</p> <p>Communicate relevant changes to the ECE system with families and ECE programs.</p>

	Direct a workforce study (recurring).  Appropriate necessary funding to implement recommendations.			
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## Conclusion

This Task Force has met its charge to “develop a plan and implementation timeline that ensures all families have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families.” This Task Force took a thorough and thoughtful approach to research the current Minnesota ECE system and develop a strategic framework for considering challenges and putting forth actionable solutions to address these challenges. This strategy was built on intentional stakeholder engagement from those who will be most impacted by these recommendations, an equity framework to allow for those who have historically been disenfranchised to be prioritized, previous work on early care and education done in Minnesota by knowledgeable partners, and a transparent, open process. Through this process and by particularly prioritizing children, the Task Force was able to align across differences in beliefs and differences in ECE provider types to produce these recommendations.

**The legislation establishing the Task Force was ambitious; the recommendations stemming from it are even more ambitious.** The Task Force took this opportunity to reimagine access and affordability for families, including a recommendation of the development of a nation-leading family affordability program that centers children and families, promotes family choice, encourages quality, and holds all parties accountable for effective use of taxpayer dollars. It improves funding for programs so that providers can do the work being asked of them and serve Minnesota’s children and families well. It includes strategies to make early care and education that is more accessible and relevant to each individual family, especially to Minnesota’s most historically disenfranchised and underserved communities, including racial and ethnic minorities, members of the LGBTQIA community, those experiencing multi-generational or ongoing trauma, those at risk of or with developmental delays or disabilities, those from homes where English is not the primary language, and those experiencing homelessness or living in low-income households. It seeks to improve program effectiveness so that Minnesota’s youngest citizens develop a strong foundation for school, career, and life. And, it seeks to improve workforce compensation and supports and finally recognize the ECE workforce with compensation commensurate with their contributions to a healthy, thriving Minnesota. These strategies will create a more affordable, accessible, and effective ECE system for children and families; provide more stable and more equitable funding for ECE programs; result in better compensation and support for the ECE workforce; provide Minnesota’s business community with a more stable workforce immediately and in the future; and support a healthy and thriving Minnesota economy.

As outlined in the implementation plan, the legislature is called on to draft and pass legislation as well as to appropriate funding to implement the recommendations. Though the directed timeline begins in 2025, the many acute crises within the ECE system that need to be addressed in the near-term, and the Task Force urges action as soon as possible. State agencies are called on to explore and prioritize ways to administratively advance requirements wherever possible and to implement programmatic changes

as directed by the legislature and with appropriated funding. Local agencies and community organizations are also tasked with implementing changes with a particular eye towards communicating with and supporting local ECE programs and families to understand changes. First and most importantly, the Great Start for All Minnesota Task Force calls on the Minnesota legislature and the governor to carefully consider and ultimately move forward with these recommendations, which we believe to be in the best interest of all Minnesota's communities.

## Appendix A: Full List of Approved Recommendations

### *Prioritizing Equity in Decision-Making*

The Task Force adopted the Early Childhood Systems Reform Report<sup>34</sup> definition of equity:

“When every person, regardless of race, ethnicity, gender, age, socioeconomic status, or geographic location has the opportunity to realize their full potential of physical, social, emotional, and cognitive well-being, without limits imposed by structural inequities. Equity is ensuring everyone has what they need to be successful. This is different from equality which involves treating everyone the same.”

The Task Force identified the following historically disenfranchised groups as those who have not experienced equity in the ECE system and so, are most in need of prioritization:

- Racial and ethnic minorities, including People of Color and Indigenous people (POCI)
- Members of the LGBTQIA community
- Those experiencing multi-generational or ongoing trauma
- Those at risk of or with developmental delays or disabilities
- Those from homes where English is not the primary language
- Those experiencing homelessness or living in low-income households

### *Balancing the Needs of ECE Stakeholders*

The Task Force created a stakeholder wheel which identified particular groups who have a stake in an effective, quality early care and education system. The following stakeholders were identified, with children in the center as the prioritized population.

- Children (in the center of the wheel)
- Parents/Families
- Programs/Providers
- Direct ECE Workforce
- Indirect ECE Workforce
- Businesses/Employers
- Federal, State, Local governments
- Tribal Nations
- K12 & Higher Education

### *Essential Commitments*

- The Task Force formally acknowledges its commitment to the Mixed Delivery System, acknowledging that all types of providers and settings provide value to families and children, and family preference must be honored and respected by design.
- The Task Force also formally acknowledges that care and education cannot be separated: Every single experience a child has is a learning opportunity, making care and education inextricably intertwined. All settings within the mixed delivery system offer safety, supervision, and education to the children they serve. Learning in early childhood is based in play, interactions, and experience, and care and education cannot be separated.

### *Fiscal Impact and Revenue*

- The legislature should support and make funding available for 1) a fiscal study of each budget-related recommendation included in the plan and implementation timeline, and 2) a

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<sup>34</sup> “Early Childhood Systems Reform: Year One Report.” *Early Childhood Systems Reform Project Team*, Fall 2018, <https://mn.gov/mmb-stat/2-gen/early-childhood-systems-reform-year-one-final-report.pdf>.

comprehensive economic impact assessment of the long-term recommendations, which should consider child and family outcomes, economic impacts including potential savings, and cost to taxpayers.

- In addition, the legislature should support and make funding available for 3) a strategic financing study to identify and assess the impact of revenue options available and ways to maximize existing funding streams to cover the costs of the long-term plan.
- The fiscal study of each budget-related recommendation should follow normal legislative procedure, and the comprehensive economic impact assessment and strategic financing study for long-term recommendations should be completed by July 2026.

#### *Family Affordability Through a Reimagined Benefits Program*

All Minnesota families should have affordable access to high-quality early care and education (ECE) services. Our The Task Force vision is that the state moves toward a system where no family is paying more than 7% of their yearly income on ECE, in alignment with the federal Department of Health and Human Services affordability standard. We This Task Force proposes the following long-term affordability framework to achieve that vision by July 2031:

- A new family benefits system is built to center the child and promote brain development. This program could be called "Great Start MN Program". Existing state and federal resources and necessary new contributions are combined to form the new program, which is fully funded to cover the full cost of quality care for the true demand in the system. This means there should be enough money in the system to provide coverage based on eligibility guidelines and established family contribution schedules. With this level of funding, there would be no systemic waitlists (though program-specific waitlists may still exist) and all eligible families would have access to benefits. The new program would blend federal and state funding streams currently used for CCAP, Early Learning Scholarships, and other existing funding streams that support access to ECE as well as additional funding needed to fully support the program.
- Federal investments are maximized to minimize costs to the state. This means if federal eligibility levels increase, the state increases its eligibility levels to match accordingly over the phase-in timeline and maintains its investment efforts as federal appropriations increase. Upon commencement, eligibility immediately increases to the maximum federal level in place.
- Early care and education is affordable for lower- and middle-income families in the new system. (Note that this is also known as the Task Force's "affordability standard" and will be discussed further below). This is done in four ways:
  - Expanding income eligibility levels for existing programs at the beginning of the implementation timeline for program participation to percentage of state median income (SMI) allowed under federal law (*in alignment with short-term recommendations, as of today this is 85% SMI*)
  - Expanding income eligibility for the new program to all families by the end of the implementation timeline, in accordance with the state's clear goal to make early care and education affordable to families.
  - Eliminating contributions for lower-income families – families below 75% SMI should not be required to pay a family contribution
  - Reducing family contributions for middle-income families – families should contribute an increasing amount of income, but no more than 7% of gross income
- The system is structured to promote access to quality. Quality measures used by the state must be clear and navigable, and the benefit of quality care and education to child brain development

should be communicated. Families must have support in finding a quality program that meets their needs. The benefit program must cover the cost of quality programs, through a combination of public contribution and family contribution, and give families no financial (or other) disincentive to choose quality care.

- The new system is structured to promote family choice among provider and program types that best meet family needs. Families have the information necessary to make informed decisions about program/provider types, and can easily find the choices available to them that meet their needs and preferences. Between a combination of public contribution and family contribution, the program amount covers the cost of each provider/program type, and there must be no financial (or other) disincentive to attend the program type of family choice.

The program is easily accessible for families, given the opportunity for positive impact on child development. It does this by making participation affordable, but also by removing barriers to participation, including: reduce administrative complexity, increase access points, streamlined communications, create clear connections to other social programs, and minimize stigma.

Affordability Standard:

- Families earning less than 75% of SMI should pay no contribution.
- Families earning between 75-100% of SMI should pay a contribution between 0-2% of income.
- Families earning between 100-125% of SMI should pay a contribution between 2-4% of income.
- Families earning between 125- 250% of SMI should pay a contribution between 4-7% of income.
- Families earning more than 250% of SMI should pay a contribution of 7% of income. If the price of their chosen ECE program amounts to less than the affordability standard, they will be responsible for paying for the full amount.

Eligibility for the future state benefits program should be in line with this affordability standard by the end of the implementation timeline for this plan (July 2031). In addition:

- The affordability standard and maximum eligibility must be re-evaluated periodically, no less than every two years, to assess the impact of changes in:
  - Family Incomes, including understanding family income in comparison to inflation and cost of living
  - Costs of care, including levels of quality and increasing compensation, which may make the full cost of care more challenging for even higher income families to cover, and
  - Federal landscape – including both federal funding changes and changing requirements – which could dramatically alter costs to the state and families
- A cost study must be done alongside the periodic re-evaluation of the affordability standard to understand 1) true cost of care including varying levels of quality across provider types, 2) geographic differences in costs of care, and 3) total costs to the state. This study must also include an assessment of full system take rates and demand, in order to understand total costs to the state.
- The state should conduct an evaluation of progress of plan implementation from 2025-2031, including family demand, ability to build up the provider and workforce base, and impact of scale on quality.

*Short-term Recommendation for Family Affordability: Child Care Assistance Program*

- Expand eligibility by adjusting income requirements, including by updating income eligibility guidelines annually for inflation and increasing to the federal allowed eligibility of 85% of State Median Income (SMI).

- Expand eligibility by increasing eligible activities\*
  - Families with a caregiver in a substance use treatment program, families experiencing domestic violence, families with an incarcerated caregiver, and families with a caregiver in a mental health treatment program should be eligible for child care assistance.
  - Children who are in foster care or who are under CPS supervision should have automatic access to child care assistance programs.
  - Increase hours covered to ensure continuity of care.
  - *\*Authorized activities currently include working, looking for work, or education. In order to qualify for the program, a family must meet income guidelines and authorized activity requirements.*
- Reduce co-payments to improve affordability for lower-and middle-class families
- Make other improvements, including the following recommendations:
  - System Improvements
    - Clear policy, process, and training to create even administration of the program across counties.
    - Consider multiple entry points to meet families' needs. This could include family resource hubs or Early Learning Scholarship Area Administrators.
  - Legislative Program Changes
    - Permanent reprioritization of the Basic Sliding Fee waitlist.
  - For Further Study
    - Remove the eligibility requirement to cooperate with child support requirements, replace the eligibility requirement with education about child support enforcement and information about opting-in.
    - Make payments simpler for families: one idea could be creating a debit card linked to a provider ID with a preloaded benefit amount. This would have to be done in a non-stigmatizing way.

*Short-term Recommendation for Family Affordability: Early Learning Scholarships*

- Increase scholarship funding to cover the full cost of care, while increasing funds appropriated for scholarships
  - There has been some progress in raising caps in the last few years but even the highest ones for 4-star programs and children with priority status do not cover full-time care. The scholarship cap is too low to cover many providers, especially for infants.
  - Once a child receives a scholarship, they receive it annually until they enter kindergarten. By increasing the scholarship cap, this Task Force does not mean to limit the number of children receiving scholarships. Any increase in the scholarship cap should take that into consideration by also increasing total funds allocated.
- Expand age eligibility to include birth-3
  - Scholarships are currently focused on 3- and 4-year-olds (and children with priority status aged birth-4, along with younger siblings of scholarship recipients). Given what is known about brain development, scholarships should be eligible for children aged birth to five, because the earliest years are developmentally critical.
  - Once a child receives a scholarship, they receive it annually until they enter kindergarten. By increasing eligibility to children aged birth-3, this Task Force not mean to limit the number of children receiving scholarships. Any increase in the age eligibility should be met with corresponding increases in total funds allocated.
- Expand the categories included in priority populations

- Families with a caregiver in a substance use treatment, families experiencing domestic violence, families with an incarcerated caregiver, and families with a caregiver in a mental health treatment program should be eligible for priority status.
- Simplify the administrative system and reduce burden
  - Scholarships and CCAP have completely different billing and tracking systems, which causes undue burden on families and providers. Having them be in the same system would go a long way. Administrative agencies must determine the appropriate management and oversight structures to allow for this.
  - Income eligibility for scholarships is based on percentage of Federal Poverty Level (FPL), and CCAP income eligibility is based on percentage of State Median Income (SMI). To reduce confusion between eligibility guidelines, income eligibility for scholarships should be translated to be based on percentage of SMI.
  - Effective electronic systems that can be updated to meet the changing needs of families and administrators are needed.

#### *Program Funding Amounts*

This Task force recommends that Minnesota should establish early care and education funding amounts based on cost modeling, rather than market rates (as is current practice). Cost modeling will estimate the actual cost of providing care, reflective of all costs associated with running a program. This should be done across provider types, quality levels, and regions of the state.

- This should begin with modeling current costs of care and should be updated no less than every two years to take into account changes in cost elements including phase-in of Task Force recommendations (including compensation), new mandates, other recommendations or requirements including requirements to meet quality standards, and for changes in cost of living and inflation.
- Additionally, this Task Force's recommendations (including compensation) should be included in the ongoing work to create an updated Cost Modeling Report.

#### *Program Funding Processes*

- To make funding stable:
  - Public funding should be based on enrollment rather than attendance (pay for absent days).
    - This covers sick days, vacation days, and professional development days.
  - Public funding should be paid in advance of services, rather than reimbursed.
    - Ideally this is for a full month to allow for planning and preparing their services over a longer time horizon.
  - Once eligibility is established, it should remain in place for at least one year under most circumstances, resulting in continuity of state funding for enrolled children.
  - Public funding should be provided through both per child rates and base operational funding amounts that provide stable funding for fixed cost structures essential to effective services.
    - Providers need a base funding level that allows them to plan long-term.
    - Base operational funding minimizes revenue loss/provider risk caused by enrollment and eligibility changes, allowing programs to cover fixed operational costs.
    - This also supports the state's goals for increasing stability while building toward a system of increased access and quality.

- To make the funding process transparent:
  - The state's calculation methods for public funding (i.e. cost model inputs) must be clearly communicated to the public and the field; Any changes to public funding mechanisms and/or amounts are done with ample, appropriate notice by the state.
  - The state must have publicly-available, clear policies and procedures in place for how funding is to be determined.
- To make program administration simple and consistent:
  - The state should blend and braid funding to ensure providers participating in the Great Start MN Program are effectively funded.
  - The state should have one payment system rather than multiple, and one administrative state agency for the program.
  - Local administrative entities apply policies and procedures clearly and consistently.
  - Simplify paperwork for families and providers to reduce payment errors and deliver funding more effectively.
  - Require that administrative entities offer electronic processing of state program billing and payment for providers.
- To make funding equitably accessible across programs
  - The differences between schools, Head Start, centers (non-profit and for-profit), licensed family child care, and family, friend, and neighbor care are recognized, and funding is distributed to best support programs in their settings.
  - Funding that is not provided as a per child rate, such as base operational funding, must be equitable across settings based on their intended purpose.
  - Additional program funding (such as VPK, start up and incubation funding, etc.) should be equitably accessible to all settings who qualify to provide services.
  - Offer flexible provider grants that allow for innovation and specialization in early care and education services.
    - For providers offering reasonable and valuable services that exceed quality components included in the cost model, offer provider grants to cover those additional costs, rather than passing on the cost to families (ex. Infant mental health services in an area with high rates of child trauma).
- To have accountability for use of funding:
  - This system maintains family choice as a priority, where a significant portion of funding, to the extent possible, follows the child, creating opportunity for families and an ultimate accountability lever for funding through the new family benefits program.
  - The state has clear, publicly-available expectations for use of public funding.

### *Accessibility*

An equitably accessible system provides a clear process through which families can access affordable programs at all income levels and ensures availability in programs of family choice that meet individual child and family needs and expectations, given each family's unique context and circumstances.

The Task Force identified six factors that must be considered to develop an equitably accessible plan, including:

- Flexible availability (schedule and hours) and greater accessibility (geography, location) of early care and education that meets the diversity of families' needs.

- The role local communities should have in both determining access priorities for their communities and how to meet access needs.
- Resources and ability of providers to offer culturally responsive programming and environments.
- Transportation and other barriers, such as language barriers, affecting access to families' programs of choice.
- Accessibility and ease of the process through which parents determine eligibility, identify options, and secure early care and education.
- Income and other eligibility requirements that lead to public subsidy access for early care and education.

*Flexible Availability (Schedule and Hours) and Greater Accessibility (Geography, Location) of Early Care and Education that Meets the Diversity of Families' Needs.*

- Incentivize non-traditional care hours by offering higher CCAP reimbursement rates for licensed and legally non-licensed care.
- Understand and systemically support parent choice patterns (e.g. preference for Family, Friend, or Neighbor (FFN) care over licensed programs for night and weekend coverage) including systemically supporting FFN providers in understanding and meeting requirements to receive CCAP, and supporting FFN providers in offering non-traditional care hours.
- Invest ongoing resources, prioritized in areas of largest access gaps, to support new early care and education programs to startup, and existing child care programs to expand. Identify and consider incubation funding opportunities.
- Invest ongoing funding to recruit, train, and support new, qualified early educators to join the field, working in partnership with a statewide resource and referral network, training partners, community colleges and higher education institutions, with prioritization for areas of largest access gaps.
- Invest ongoing resources to support early care and education programs to improve and expand their facilities. Support local communities to identify infrastructure opportunities through local collaborations.
- Establish a regional child care facility fund that could receive requests and award funds to eligible, shovel-ready projects in focus communities where need for more child care capacity is most acute.<sup>35</sup>
- Extend funding for business supports for child care programs to stabilize the sector (currently funded through federal Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act resources).

For further study:

- State agencies should review the results of ongoing parent survey efforts to inform policy decisions, including assessing parents' wants and needs -- type, location, hours, ages, etc. in partnership with local communities, with a particular focus on historically underserved needs and communities.

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<sup>35</sup> Recommendation is in alignment with the Minnesota Business Vitality Council's Child Care Business Supports Working Group report, which Task Force members reviewed. [https://mn.gov/deed/assets/child-care-mbvc-report-acc\\_tcm1045-526238.pdf](https://mn.gov/deed/assets/child-care-mbvc-report-acc_tcm1045-526238.pdf).

- Use data to understand what capacity exists, service gaps, and determine priorities for investment.
- Conduct a study of other programs (ECE in other geographies or non-ECE programs) that have successfully invested in incubation, start up, and expansion to identify appropriate infrastructure and funding mechanisms.

*The Role Local Communities Should Have in Both Determining Access Priorities for Their Communities and How to Meet Access Needs*

- Establish a mechanism for local communities to have meaningful voice and the ability to influence state policy and resourcing decisions.
  - Consider how resources and ‘starting points’ are different among communities, in order to equitably support communities to identify and advocate for their needs.
  - Study existing structures to avoid duplicative efforts and feedback mechanisms.
  - Form local round tables with providers, school districts, local employers and chambers, and local governments to meet and devise plans that work for their communities.
  - Community-centered coordination organizations should be developed that work to align, coordinate, and make a seamless system for families with children 0-5, with coverage of the full state through regional organizations.
- Support and expand the state’s efforts around program navigation for families.
  - Provide community planning funding and support in all regions.
- Determine where there is policy flexibility to allow tailoring at the local community level and what must remain consistent across the state.
- Provide support and facilitation to help communities plan for early care and education needs.
  - Continue and expand availability of community planning supports to help localities address supply gaps in ways that meet their unique local needs.
- After further study and validation from employers, offer tax incentives to employers for investments in child care capacity by creating a Child Care Expansion Tax Credit. Provide a refundable credit to private employers that make qualified contributions to increase child care capacity within their communities.<sup>36</sup>
- Use cost modeling data to inform future financing decisions within communities.

For further study:

- Define “communities” in order to determine access priorities and determine how community voice is represented and heard. Consider looking to previous and existing work including through the Preschool Development Grant (PDG).
- Consider ways Minnesota and other states have organized for local voice, and the potential implementation considerations through stakeholder engagement.
- The state should evaluate which Minnesota programs have been successful through a formalized process, based on data, to determine programs to further invest in.

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<sup>36</sup> Recommendation is in alignment with the Minnesota Business Vitality Council’s Child Care Business Supports Working Group report, which Task Force members reviewed. [https://mn.gov/deed/assets/child-care-mbvc-report-acc\\_tcm1045-526238.pdf](https://mn.gov/deed/assets/child-care-mbvc-report-acc_tcm1045-526238.pdf).

*Resources and Ability of Providers and Programs to Offer Culturally Responsive Programming and Environments*

- To address that recruiting for culturally and linguistically responsive educators is especially difficult in rural areas, develop ECE workforce recruitment and retention programs that prioritize cultural and linguistic diversity across the ECE system. Include pathways to leadership positions and business supports for BIPOC communities.
- Include anti-bias, implicit-bias, and trauma-informed care training in required workforce trainings.
- Promote and provide readily available access to affordable, low-barrier cultural competency training across the mixed delivery system of programs and providers, including resources for members of the ECE workforce to learn about various cultures.
- Current strategies to explore may include: continually refining and encouraging use of Knowledge and Competency Frameworks, short- and long-term strategies presented in the Parent Aware Equity Report and the Parent Aware Racial Equity Action Plan.
- Providers must be funded to create culturally responsive programming and families must be supported in identifying care options that meet their needs and preferences
- Leverage connections between the Child Care Wayfinder and economic development programs by ensuring two-way information sharing between staff of the Child Care Wayfinder and workforce development programs to provide resources in training and technical assistance.<sup>37</sup>

For further study:

- Substantiate or survey families regarding demand for culturally responsive programming to validate understanding of family demand.
- Improve data systems' ability to capture and analyze data on race, ethnicity, and language spoken of the ECE workforce, as well as census data to identify care and education programs serving racially, ethnically, and linguistically diverse communities so that supports and outreach can be customized to meet local needs.
- Study other states' ability to recruit and retain a diverse workforce.

*Transportation, Language, and Other Barriers Affecting Access to Families' Programs of Choice*

- The state must better understand the systemic challenges families face in accessing ECE, and how those differ across communities. There must be a process to continually understand, assess, and address systemic barriers.
- Create a consistent process to meet families where they are and help them navigate the system through a state-provided navigator function. Help families overcome individual barriers to participation and link them with resources. Navigation could include translation services, direction to the right resources (including financial assistance and early childhood screening), providing forms in their home language, etc.
- Increase benefit programs for family access to early care and education, ensuring funds are flexible to cover a variety of costs, such as transportation; consider adding transportation vouchers to existing benefit programs.

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<sup>37</sup> Recommendation is in alignment with the Minnesota Business Vitality Council's Child Care Business Supports Working Group report, which Task Force members reviewed. [https://mn.gov/deed/assets/child-care-mbvc-report-acc\\_tcm1045-526238.pdf](https://mn.gov/deed/assets/child-care-mbvc-report-acc_tcm1045-526238.pdf).

- Leverage partnerships between public school pre-k programs and child care programs providing before- and after-school care. Having on-site care at school sites can address transportation needs, as well as provide workforce development opportunities for older students.

For further study:

- Study ‘Help Me Connect’ model, family resource center model, and other state examples of Navigator programs (within ECE or other initiatives) to understand which programs are effective and worth investing in further.
- Examine how school districts and Head Start provide transportation to enrolled families. Look to a co-op model that could include additional providers or further coordination.
- Leverage lessons learned through the Inclusive Child Care Pilot Grant Program, which is seeking to expand access to early care and education for children with disabilities.
- Conduct family focus groups to better understand some of the specific systemic barriers they face, by community. This could start through existing networks of advocates and support organizations. Some potential additional barriers:
  - Ensuring language barriers are inclusive of ASL or hearing impairments.
  - Accessing care if you are undocumented.
  - Accessing care if you don’t have access to health care (e.g., immunizations for children are required in many settings).
  - Caregivers who are not legal guardians; how can they access and advocate for kids in their care.

### *Effectiveness*

The Task Force vision for effectiveness states that: in addition to being affordable and accessible, an effective experience centers child and family well-being through a system of choice. It does this by:

- Ensuring offerings address and advance the social, emotional, psychological, cultural, physical, and intellectual needs of each child, in a trauma-informed manner.
- Providing safe, stable, secure, consistent, nurturing, and enriching environments for each child.
- Building trusting relationships founded on mutual respect between each family and their caregivers.
- Promote linguistically responsive and culturally relevant environments with a diverse workforce that reflects the families they serve and the whole state.
- Connecting families to resources and supports *they* have identified will increase their family well-being.

To achieve the Task Force’s vision of effectiveness across all providers in the mixed delivery system where all families have access to an effective early care and education environment in the location of their choice, **Minnesota’s early care and education system needs significant investment and reinvigorated focus and alignment on its importance to a thriving Minnesota.** To enable the early care and education workforce to bring this Task Force’s vision of effectiveness to reality for all children and families, Minnesota needs:

- Consistent and equitable standards and growth-oriented accountability systems,
- A healthy business environment and clear, consistently applied, regulations,
- Cohesive, high functioning infrastructure and ecosystem,
- Fair compensation and supports for the ECE workforce, and
- More, consistent, and equitable funding, which enables many of the above.

*Consistent and Equitable Standards and Growth-oriented Accountability Systems*

- Endorsement of the ongoing continuous improvement efforts for Parent Aware, including the Racial Equity Action Plan and the Parent Aware Equity Report, being implemented.
- The state should, in partnership with a diverse stakeholder body inclusive of providers of all types, complete an analysis of the option to include all licensed programs and Family Child Care providers in Parent Aware, the Quality Rating and Improvement System (QRIS). Under this structure, Parent Aware would be expanded to include a new entry standard of “licensed.” This option acknowledges that licensed programs are required to meet a certain level of basic standards and enables parents to more readily assess and compare programs through one rating system. The analysis should account for any impacts to existing pathways to achieving ratings.

*A Healthy Business Environment and Clear, Consistently Applied, Regulations*

- Endorsement of the ongoing Child Care Regulation Modernization projects conducted by the Department of Human Services (DHS), which may include alternative licensing models, abbreviated licensing inspections, and risk-based tiered violation systems. These projects are developing a report and proposed legislation to implement the new licensing tools and revised licensing standards, submitted by February 1, 2024.
- The state should continue existing opportunities to improve business acumen, including knowledge of existing resources and programs for increased access to capital, among current and new small business providers; and explore options to increase opportunities including incentives for participation. The state should consider programs focused on developing business acumen, including technology skills, for small business owners from historically disenfranchised communities and in areas with child care deserts where business development and expansion is most needed.

*Cohesive, High-functioning Infrastructure and Ecosystem*

- To fully understand the infrastructure needs of the future ECE system, including technology, staffing, and programmatic changes the state should utilize existing data and seek new information where necessary to inform planning for system changes based on the Task Force recommendations. State agencies responsible for administering ECE programs should consult intermediary structures and providers when evaluating changes.
- To better meet the comprehensive needs of children, their caregivers, and the interconnected and complex ECE system, a new and centralized governance structure with adequate funding and resources, and enhanced coordination and consolidation should be created. Any structural changes should account for interactions between the ECE system and the business community, the broader state workforce, the broader early childhood system and programs, and issues that affect Minnesota’s families.

*Qualified Workforce Recommendations: Individuals*

- Provide financial and academic support to new and current early educators as they move up the career ladder by:
  - Promoting awareness and ensuring adequate funding of existing scholarship programs (i.e. the T.E.A.C.H. Early Childhood Minnesota Scholarships<sup>38</sup>).

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<sup>38</sup> “T.E.A.C.H. Scholarships: Your Pathway to Higher Education.” *Child Care Aware of Minnesota*, <https://www.childcareawaremn.org/providers/grants-and-scholarships/teach-scholarships/>.

- Expanding awareness of and connecting eligible recipients to the Minnesota Future Together Grant program which provides tuition-free pathways for high-need careers (early childhood named as one).
- Expanding “last dollar” scholarships for students entering ECE education programs to cover the full cost of study.
- Developing a Minnesota Early Childhood Educator apprenticeship model (for example, the model currently being explored through T.E.A.C.H. National Center).
- Develop and expand opportunities to earn “credit for prior learning” to account for knowledge and competencies gained through on-the-job exposure and years of experience when entering higher education. This would include multiple ways to demonstrate knowledge and competence gained through one’s experience, including but not limited to skills tests; portfolio; demonstration.
- Support retention and professional development in the field by developing a paid peer mentorship/coaching model for the current and new ECE workforce, including a focus on BIPOC staff, to learn from and consult with seasoned professionals.

*Qualified Workforce Recommendations: Support for the Higher Education System and Training Infrastructure*

- Expand the ‘Grow Your Own’ program to include the early childhood education field (pilot currently underway).
- Expand the use of the Minnesota Transfer Pathways framework amongst existing 2- and 4-year institutions of higher education that offer early childhood education programming.
- Align information on teacher licensing qualification standards and program licensing standards for both Minnesota’s Professional Educator Licensing and Standards Board (PELSB) and the Minnesota Department of Human Services (DHS).
- Expand the adoption of MN’s Knowledge and Competency Framework in all ECE higher education programming to support standardized understanding of competencies.
- After a period of review and input from members of the workforce, update requirements to obtain teacher licensure, including to account for prior experience in the field.
- Work towards a state where ECE programming and coursework in higher education and across training settings is accessible to all students, including offering classes on nights and weekends; virtually and in-person; and in languages other than English.
- Support institutions of higher education in developing strong ECE preparation programs by establishing a new fund to support ECE and child development programs at institutions of higher education. Grant funds could be used to:
  - Subsidize programs with low enrollment; market ECE programming more aggressively.
  - Pay students for their internships and/or required student teaching; RELATED: pay “cooperating teachers” for their time supervising students.
  - Implement institution-led improvements for degree programs at 2- and 4-year colleges.
  - Support practice-based learning by developing guided pathways and capacity building, such as hiring and training well-qualified, diverse faculty.
  - Support flexible scheduling and the provision of courses in alternative locations to make coursework accessible to more students.
  - Develop cohort models that support the completion of ECE programs.
  - Develop graduate programs in ECE to support the development of educators and instructional leaders with expertise in ECE.

- Support non-higher-education programming infrastructure by establishing a new fund to support credentialing programs (including apprenticeships and training programs) that are focused on preparing ECE educators for the classroom. Grant funding could be used to:
  - Market programming more aggressively.
  - Pay students for their apprenticeships and/or training.
  - Implement institution-led improvements for credentialing programs.
  - Support practice-based learning by developing guided pathways and capacity building, such as training well-qualified, diverse faculty.
  - Support flexible scheduling and the provision of training in alternative locations to make coursework accessible to more students.
  - Develop cohort models that support the completion of programs.

#### *Diverse Workforce Recommendations*

The Task Force recognizes that to recruit, retain, and support a diverse workforce, racial inequities within the profession need to be addressed. The best levers to impact these inequities are through compensation reform, increased access to benefits, increased educational support, and focused efforts to provide supports to advance Black, Indigenous, and people of color into leadership roles within the profession.

- A study should be administered every three years to better understand the current state of Minnesota's early childhood education workforce across the mixed delivery system in terms of demographic composition, compensation, and education. Tangible outcome metrics should also be established for decreasing current wage disparities for people of color and increasing representation of people of color in advanced roles within the field. Administered every three years, the study would allow the state to measure progress towards these outcomes and make necessary adjustments to help support, develop, and retain a diverse workforce.

#### *Supported Workforce Recommendations*

- Access to mental health and wellness resources for all ECE workforce members should be strengthened and expanded, including but not limited to, through the following methods:
  - Providing time off to pursue therapeutic services
  - Bringing wellness services on-site
  - Providing subsidies for individuals to pay for needed services
  - Ensuring health care benefits include affordable coverage for mental health and wellness activities
- To allow for the voices of the frontline ECE workforce to be both heard and valued, programs employing multiple staff should ensure dedicated time for reflective supervision and regularly collect and incorporate employee feedback and input into administrative operations, curriculum design, and other programmatic improvements.
- The state should continue and expand successful programs in the areas of supporting ECE educators and students:
  - Early Childhood Mental Health Consultation (ECMHC). This program partners with mental health professionals to provide evidence-informed mental health consultation to Parent Aware enrolled early care and education providers.
  - Providing grant funding for programs in the ECE system, such as the Center for Inclusive Child Care (CICC), which provides free relationship-based professional development to early childhood educators.

- Early Childhood Mental Health Grants, which provides mental health services to children ages zero to five eligible for Medical Assistance (MA).

#### *Longer-Term Financial Compensation Recommendations*

- Currently, employers in the early care and education field are required to meet state and local minimum wage. This Task Force believes current hourly minimum wages are not adequate for workers in the ECE field, and current median wages for early educators reflect an undervaluing and under-compensation of a critical workforce whose work is highly demanded, supports the broader Minnesota economy, and supports the future of Minnesota's youngest learners.
- Minnesota believes that the early care and education workforce should be paid fair and appropriate wages that allow them to support themselves and their families; however, this Task Force respects the needs and rights of businesses to make their own business decisions. Therefore, the Task Force recommends a phased-in recommended base wage for ECE employees. The base wage recommendation is based on the DEED Cost of Living tool at the individual level and will be supported by additional funding to cover the additional costs of wages paid. The recommended base wage will:
  - Serve as a recommended floor for all members of the early care and education workforce
  - Reflect the local geographies' individual living wage
  - Reflect an appropriate wage for an entry level role in the ECE field
  - Be updated no less than every two years based on the DEED Cost of Living tool, at the individual cost of living wage.

Minnesota recognizes that achieving substantial and sustained improvements in the education and experience levels of the early care and education workforce requires investments aimed at reducing inequities in pay. To support ECE programs in attracting, retaining, and supporting a qualified workforce, the state will implement a workforce compensation grant that provides financial resources to programs paying wages at the recommended base level. As programs opt into publicly funded compensation grants, documentation and submission of compliance would be required for accountability.

- In addition to the recommended base wage, the recommended wage scale\* includes wages above and beyond the base wage. These higher wage recommendations are associated with higher levels of education and experience. The recommended wage scale should be included in cost modeling efforts (per this Task Force's cost modeling recommendation). Family Child Care providers should plan to pay themselves a recommended base annual wage (profit) equivalent to a lead role on the wage scale, to reflect their dual responsibilities as directors *and* providers of care and education. FCC providers who employ additional staff should follow the recommendations for employers, including the recommended wage scale. Increased per child rates for the increased costs associated with education and qualifications needed for higher quality programs would be provided through cost modeling and the family benefits program (Great Start MN Program). Employers hiring or retaining employees with the recommended levels of education and/or experience to provide quality care and education will be incentivized to pay those workers higher wages in alignment with the recommended wage scale. Wages at the highest level of the wage scale are commensurate with elementary school teacher salaries. Documentation of compliance would be required at the levels required for

funding received. Rules for this implementation would need to be determined through the future program administrative agency.

\*The Proposed MN ECE Professional Wage Scale has been used as a starting point for the recommended wage scale, with edits made to:

- Adjust wages based on current cost of living
- Take out references to the ECE I, II, and III levels
- Align with the Achieve career lattice and include comparable competencies for the phased-in implementation period.

Further updates are needed to:

- Reflect regional variation, in alignment with regional cost modeling. Regional variation should be determined during the planning and implementation phase.
- Fill in the comparable competencies and experience guidelines, based on thorough process inclusive of stakeholders and end-users.

Implementation:

- Over the implementation timeline, as funding to providers increases through the long-term affordability recommendations, wages should be increased for the existing workforce and new members of the field. As programs opt-in to these systems of funding, they will be able to implement wage increases in alignment with additional funding.
- Throughout the phased-in implementation timeline, employers will be incentivized to pay workers at wages commensurate with both experience and education, and to hire workers who meet educational and/or competency guidelines.
- By the end of the implementation timeline, all members of the workforce whose employers opt-in to the compensation grant will be paid a base wage equal to or above the DEED cost of living. At this point, the corresponding competencies and experience guidelines for wage incentives should be re-evaluated.

**Table 1. Recommended Base Wage**

	<b>Hourly Wage</b> <i>(2021 numbers)</i>	<b>Annual Wage</b> <i>(2021 numbers)</i>	<b>Based On</b>
Recommended base wage for all members of the workforce by 2031*	\$16.21	\$33,717	Individual Cost of Living (DEED)

\*Appropriate wage for an entry level role

**Table 2. Recommended Wage Scale**

	<b>Educational Guidelines for Role</b> <i>Aligned with MN Achieve Career Lattice</i>	<b>OR Comparable Competency and Experience Guidelines for Role **</b> <i>(To be reevaluated at the end of the implementation period in 2031)</i>	<b>Role Employees must meet statutory requirements</b>	<b>Hourly Wage (2021 numbers)</b>	<b>Annual Wage (2021 numbers)</b>	<b>Based On</b>

Wage Incentivized	CDA Certificate <i>Steps 6-7</i>	<ul style="list-style-type: none"> <li>• Qualified apprenticeship program OR</li> <li>• <b>X</b> hours of professional training AND <b>X</b> years of experience</li> <li>• AND corresponding competencies</li> </ul>	<b>Support</b> <ul style="list-style-type: none"> <li>• Support Educator in 0-5 settings</li> </ul>	\$19.40	\$40,352	Family Living Wage (DEED)
Wage Incentivized	Early Childhood-related Associate Degree <i>Steps 8-9</i>	<ul style="list-style-type: none"> <li>• Qualified apprenticeship program OR</li> <li>• <b>X</b> hours of professional training AND <b>X</b> years of experience</li> <li>• AND corresponding competencies</li> </ul>	<b>Lead I</b> <ul style="list-style-type: none"> <li>• Lead Educator in 0 – 5 settings</li> <li>• Guide Support Roles</li> <li>• FCC enrolling fewer than 10 children</li> </ul>	\$24.25	\$50,440	125% of Support
Wage Incentivized	Early Childhood Ed BA <i>Steps 10-12</i>	<ul style="list-style-type: none"> <li>• <b>X</b> hours of professional training AND <b>X</b> years of experience and corresponding competencies</li> </ul>	<b>Lead II</b> <ul style="list-style-type: none"> <li>• Lead Educator in 0 – 5 settings</li> <li>• Guide Support and Lead I Roles</li> <li>• FCC enrolling 10 or more children</li> </ul>	\$30.31	\$63,050	Parity with Elementary Teachers (125% of Lead I)

\*\*Comparable competencies and experience, aligned with the MN Knowledge and Competency Frameworks, will be defined using a human-centered design process inclusive of relevant state agency representatives, all types of ECE providers, and other relevant end-users (i.e., parents, teachers in the ECE field).

These numbers reflect statewide median data. Per the recommendation, regional data would be used for implementation.

#### *Short-Term Financial Relief Strategies Recommendations*

To support recruitment of new talent to the ECE field:

- The state should create a publicly funded program for ECE programs to provide a one-time incentive/bonus to individuals who enter the field, with awards provided after the first 6 months of employment.
  - Building on the lessons learned from the Workforce Development Grants project, a bonus (starting at \$500, evaluated yearly to account for inflation) for new employees who complete training or CDA credential and start a job in a child care and early education program.
  - A bonus (starting at \$1,000, evaluated yearly to account for inflation) for new employees who have earned an AA, BS, and/or BA degree in early care and education, complete initial training, and orientation, and start a job in an early care and education program.

To support retention of talent in the ECE field:

- Pending further study, tax benefits should be put in place to ensure ECE educators across the mixed delivery system are not unfairly penalized by earning increased wages that would disqualify them from government benefits OR a separate eligibility category should be created for the ECE workforce.
- Expand REETAIN awards so that ECE workforce members from all early care and education settings are eligible to receive one. Revise the application process for REETAIN bonuses<sup>39</sup> to make it easier for eligible individuals to take advantage of the opportunity (for example, by increasing the amount of time the application window is open, accepting rolling applications, increasing communications to all members of the workforce, etc.)
- Based on successes of and lessons learned from the Child care Stabilization Base Grant program, plan for on-going funding to programs for the stabilization of the ECE workforce. Ensure there is a mechanism in place to enforce a connection between grant funds and increased compensation and/or benefits.

#### *Benefits Recommendations*

- Healthcare Coverage
  - **Centers, Head Start:** All employees should have access to health care coverage via subsidies, reimbursements, or paid upfront costs.
  - **FCC:** An FCC health benefits program should be created that would subsidize the cost of premiums for FCC providers, including funding for health care navigators that specialize in serving child care providers.
  - If eligible, providers would enroll in Medicaid or Minnesota Care, with any premiums reimbursed.
  - If not eligible, providers would purchase health care through MNsure (state health insurance marketplace), with premiums reimbursed.
- Retirement Savings
  - **Centers, Head Start:** All employees should have access to a retirement savings plan (e.g., 401K or IRA) that includes an employer contribution and an option for employee contributions.
- Availability of additional benefits via a “cafeteria plan”
  - **Centers, Head Start:** A negotiable package equivalent to 10 percent of an employee’s salary should be made available for benefits such as: child care for employee’s own children; family member health coverage; short- and long-term disability insurance; dental insurance; optical insurance; and life insurance.
  - **FCC:** Employees working more than 20 hours per week on a regular basis should have the following benefits prorated for the number of hours worked: health care coverage, paid sick and vacation leave, paid holidays, paid planning time, and a professional development fund.
- Access to child-care subsidies for children of the ECE workforce
  - All providers should have access to child care subsidies for their own children through the raising of income eligibility limits (\*connection to affordability recommendations)
- School-based

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<sup>39</sup> “Reetain Bonuses: Financial Rewards for Committed Professionals.” *Child Care Aware of Minnesota*, <https://www.childcareawaremn.org/providers/grants-and-scholarships/reetain-bonuses/>.

- School-based ECE educators should be provided with the same benefits package option(s) as K-3 educators within their district.

#### *Time Off Recommendations*

- After further study of specific models, like that in Washington state, regional substitute pools should be created so that ECE educators are able to pursue professional development and utilize paid time off.
- Any cost modeling study completed to estimate the expense of substitute providers should assume a minimum of 5 paid days off per year per full-time ECE worker.
- All ECE Center-based and FCC providers across the mixed delivery system should be provided with and encouraged to use best practice guidance (below) when developing time off policies that are adequate to meet the need of both vacation time and sick time, whether those are separate or pooled together.
- School-based and Head Start providers should be provided with guidance for determining time off in alignment with best practices for elementary educator time off, accounting for 9- and 12-month schedules. These policies should be adequate to meet the need of both vacation and sick time, whether those are separate or pooled together.

The Task Force also investigated and voted in support of best practice guidance from “Model Work Standards” of Child Care Employment and included additional recommended guidance on how to provide benefits typical of other professions for Centers and Family Child Care.<sup>40</sup> This guidance is:

- Centers
  - Full-time employees accrue paid vacation time based on longevity in their program: minimally five days per year during the first year of employment; 10 days per year during years two through four; and 15 days per year with five or more years of employment. Part-time employees earn paid time off on a prorated basis.
  - A minimum of eight holidays are paid each year for each full-time employee.
  - Full-time employees receive at least 5 paid sick/personal days per year, which can be taken to care for sick family members, as well.
- FCC
  - The provider sets aside between five and 10 vacation days per year, which are paid in full by families enrolled in the program. Additional unpaid vacation leave may be negotiated with parents in the contract.
  - The provider receives a minimum of eight holidays per year, which are paid in full by families whose contracted hours fall on these days.
  - The provider set aside a minimum of two paid sick/personal days per year, which can be taken to care for sick family members, as well.

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<sup>40</sup> “The Model Work Standard.” *Center for the Study of Childcare Employment (CSCCE)*, 19 Nov. 2019, <https://csce.berkeley.edu/publications/report/creating-better-child-care-jobs-model-work-standards/>.

## Appendix B: HF 33/SF 27-Omnibus Health and Human Services Bill Signed by Governor Walz on June 29, 2021

Article 14, Miscellaneous, Section 18. Great Start for All Minnesota Children Task Force

Sec. 18. AFFORDABLE, HIGH-QUALITY EARLY CARE AND EDUCATION FOR ALL FAMILIES.

### Subdivision 1. **Goal.**

It is the goal of the state for all families to have access to affordable, high-quality early care and education that enriches, nurtures, and supports children and their families. The goal will be achieved by:

- (1) creating a system in which family costs for early care and education are affordable;
- (2) ensuring that a child's access to high-quality early care and education is not determined by the child's race, family income, or zip code; and
- (3) ensuring that Minnesota's early childhood educators are qualified, diverse, supported, and equitably compensated regardless of setting.

### Subd. 2. **Great Start for All Minnesota Children Task Force; establishment.**

The Great Start for All Minnesota Children Task Force is established to develop strategies that will meet the goal identified in subdivision 1.

### Subd. 3. **Membership.**

(a) The task force shall consist of the following 15 voting members, appointed by the governor, except as otherwise specified:

- (1) two members of the house of representatives, one appointed from the majority party by the speaker of the house and one appointed from the minority party by the minority leader;
- (2) two members of the senate, one appointed from the majority party by the majority leader and one appointed from the minority party by the minority leader;
- (3) two individuals who are directors of a licensed child care center, one from greater Minnesota and one from the seven-county metropolitan area;
- (4) two individuals who are license holders of family child care programs, one from greater Minnesota and one from the seven-county metropolitan area;
- (5) three individuals who are early childhood educators, one who works in a licensed child care center, one who works in a public school-based early childhood program, and one who works in a Head Start program or a community education program;
- (6) two parents of children under five years of age, one parent whose child attends a private early care and education program and one parent whose child attends a public program, and one parent from greater Minnesota and one parent from the seven-county metropolitan area;
- (7) one representative of a federally recognized tribe who has expertise in the early care and education system; and

(8) one representative from the Children's Cabinet.

(b) The task force shall have nonvoting members who participate in meetings and provide data and information to the task force upon request. One person appointed by each of the commissioners of the following state agencies, one person appointed by the board of each of the following organizations, and persons appointed by the governor as specified, shall serve as nonvoting members of the task force:

- (1) the Department of Education;
- (2) the Department of Employment and Economic Development;
- (3) the Department of Health;
- (4) the Department of Human Services;
- (5) the Department of Labor and Industry;
- (6) the Department of Management and Budget;
- (7) the Department of Revenue;
- (8) the Minnesota Business Partnership;
- (9) the Minnesota Community Education Association;
- (10) the Minnesota Child Care Association;
- (11) the statewide child care resource and referral network, known as Child Care Aware;
- (12) the Minnesota Head Start Association;
- (13) the Minnesota Association of County Social Service Administrators;
- (14) the Minnesota Chamber of Commerce;
- (15) a member of a statewide advocacy organization that supports and promotes early childhood education and welfare, appointed by the governor;
- (16) a faculty representative who teaches early childhood education in a Minnesota institution of higher education, appointed by the governor;
- (17) the Minnesota Initiative Foundations;
- (18) a member of the Kids Count on Us Coalition, appointed by the governor;
- (19) the Minnesota Child Care Provider Information Network;
- (20) the Minnesota Association of Child Care Professionals;
- (21) a member of Indigenous Visioning, appointed by the governor; and
- (22) a nationally recognized expert in early care and education financing, appointed by the governor.

**Subd. 4. Administration.**

(a) The governor must select a chair or cochair for the taskforce from among the voting members. The first task force meeting shall be convened by the chair or cochair and held no later than December 1, 2021. Thereafter, the chair or cochair shall convene the task force at least monthly and may convene other meetings as necessary. The chair or cochair shall convene meetings in a manner to allow for access from diverse geographic locations in Minnesota.

(b) Compensation of task force members, filling of task force vacancies, and removal of task force members shall be governed by Minnesota Statutes, section 15.059, except that nonvoting members of the task force shall serve without compensation.

(c) The commissioner of management and budget shall provide staff and administrative services for the task force.

(d) The task force shall expire upon submission of the final report required under subdivision 9.

(e) The duties of the task force in this section shall be transferred to an applicable state agency if specifically authorized under law to carry out such duties.

(f) The task force is subject to Minnesota Statutes, chapter 13D.

**Subd. 5. Plan development.**

(a) The task force must develop strategies and a plan to achieve the goal outlined in subdivision 1 by July 2031.

(b) The plan must include an affordability standard that clearly identifies the maximum percentage of income that a family must pay for early care and education. The standard must take into account all relevant factors, including but not limited to:

- (1) the annual income of the family;
- (2) the recommended maximum of income spent on child care expenses from the United States Department of Health and Human Services;
- (3) the average cost of private child care for children under the age of five; and
- (4) geographic disparities in child care costs.

**Subd. 6. Affordable, high-quality early care and education.**

In developing the plan under subdivision 5, the task force must:

- (1) identify the most efficient infrastructure, benefit mechanisms, and financing mechanisms under which families will access financial assistance so that early care and education is affordable, high-quality, and easy to access;
- (2) consider how payment rates for child care will be determined and updated;
- (3) describe how the plan will be administered, including the roles for state agencies, local government agencies, and community-based organizations and how that plan will streamline funding and reduce complexity and fragmentation in the administration of early childhood programs; and

(4) identify how to maintain and encourage the further development of Minnesota's mixed-delivery system for early care and education, including licensed family child care, to match family preferences.

**Subd. 7. Workforce compensation.**

In developing the plan under subdivision 5, the task force must:

- (1) include strategies to increase racial and ethnic equity and diversity in the early care and education workforce and recognize the value of cultural competency and multilingualism;
- (2) include a compensation framework that supports recruitment and retention of a qualified workforce in every early care and education setting;
- (3) consider the need for and development of a mechanism that ties child care reimbursement rates to employee compensation;
- (4) develop affordable, accessible, and aligned pathways to support early childhood educators' career and educational advancement;
- (5) set compensation for early childhood educators by reference to compensation for elementary school teachers; and
- (6) consider the recommendations from previous work including the Transforming Minnesota's Early Childhood Workforce project and other statewide reports on systemic issues in early care and education.

**Subd. 8. Implementation timeline.**

The task force must develop an implementation timeline that phases in the plan over a period of no more than six years, beginning in July 2025 and finishing no later than July 2031. In developing the implementation timeline, the task force must consider:

- (1) how to simultaneously ensure that child care is affordable to as many families as possible while minimizing disruptions in the availability and cost of currently available early care and education arrangements;
- (2) the capacity for the state to increase the availability of different types of early care and education settings from which a family may choose;
- (3) how the inability to afford and access early care and education settings disproportionately affects certain populations; and
- (4) how to provide additional targeted investments for early childhood educators serving a high proportion of families currently eligible for or receiving public assistance for early care and education.

**Subd. 9. Required reports.**

By December 15, 2022, the task force must submit to the governor and legislative committees with jurisdiction over early childhood programs preliminary findings and draft implementation plans. By February 1, 2023, the task force must submit to the governor and legislative committees with

jurisdiction over early childhood programs final recommendations and implementation plans pursuant to subdivision 5.

## Appendix C: About the Great Start for All Minnesota Children Task Force

The Task Force was established by categorical appointments including eleven voting members appointed by the governor, four voting members appointed by legislative leadership, and 22 non-voting members appointed by varying individuals. Voting membership was required to include parents of children under five, center directors, family child care providers, school-, center-, and Head Start-based educators, state legislators, and a member of a federally recognized tribe. Of the 22 non-voting members, ten are representatives of organizations and appointed by their boards, seven are state agency employees appointed by commissioners, and five were appointed by Governor Walz.

15 voting members include:

- Representative Peggy Bennett, MN House of Representatives
- Representative Liz Bolden, MN House of Representatives
- Shakira Bradshaw, Parent Children Under 5, Metropolitan; private early care and education program – **co-chair**
- Meghan Caine, Early Childhood Educator - Public School-based Early Childhood Program
- Luciana Carballo, Family Child Care Program License Holder, 7 County Metropolitan Area
- Kathleen Church, Family Child Care Program License Holder, Greater MN
- Senator Karin Housley, MN State Senate
- Patricia Ives, Director of Licensed Child Care Center, Greater MN
- Brook LaFloe, Representative of a Federally Recognized Tribe with Expertise in Early Care and Education
- Adriana Lopez (served from November 2021-October 2022), Johanna Villa (served from December 2022-January 2023) Early Childhood Educator - Licensed Child Care Center
- Jennifer Moses, Children's Cabinet Representative -- **co-chair**
- Krystal Shatek, Director of Licensed Child Care Center, 7 County Metropolitan Area
- Sandy Simar, Early Childhood Educator - Head Start or Community Education Program -- **co-chair**
- Jayne Whiteford, Parent Children Under 5, Greater MN; public program
- Senator Melissa Wiklund, MN State Senate

22 non-voting members include:

- Janell Bentz, Department of Revenue
- Nicole Blissenbach (served from November 2021-September 2022), Siv Dobrolvony (served from September 2022-January 2023) Department of Labor and Industry
- Lydia Boerboom, Kids Count on Us Representative
- Summer Bursch, Minnesota Association of Child Care Professionals (MACCP)
- Oriane Casale, Department of Employment and Economic Development
- Cyndi Cunningham, MN Child Care Provider Information Network
- Barb Fabre, Indigenous Visioning Representative
- Deb Fitzpatrick, Statewide Advocacy Organization
- Karen Fogg, Department of Health
- Kraig Gratke, Minnesota Head Start Association
- Nancy Hafner, Faculty Representative who teaches Early Childhood Education in a Minnesota Institution of Higher Education
- Debbie Hewitt, Department of Education

- Ann McCully, Statewide Child Care Resource and Referral Network, known as Child Care Aware of Minnesota
- Missy Okeson, Minnesota Initiative Foundations (MIFs)
- Suzanne Pearl, Nationally Recognized Expert in Early Care and Education Financing
- Clare Sanford, Minnesota Child Care Association
- Rena Schlottach-Ratcliff, Management and Budget
- Lauryn Schothorst, Minnesota Chamber of Commerce
- Michelle Trelsted, MN Community Education Association
- Tonia Villegas, Minnesota Association of County Social Services Administrators
- Amy Walstien, Minnesota Business Partnership
- Cindi Yang (served from November 2021-October 2022), Bharti Wahi (served from October 2022-January 2023), Department of Human Services

The first Task Force meeting was held on November 30, 2021 and subsequent meetings were held monthly through January 31<sup>st</sup>, 2023. Full Task Force Meetings were held virtually and in the evenings, to allow for access from diverse geographic locations in Minnesota as well as access for Task Force members who work in child care settings and are unavailable during standard business hours. Meetings followed Open Meetings law and were livestreamed to the public.

The Task Force also convened two working groups: Family and Provider Affordability as well as Workforce Compensation and Supports. Each of these working groups also met monthly between February and October 2022. Between the Task Force and its Working Groups, the Task Force was responsible for establishing, advising, and setting priorities for the Working Group, the Working Group was responsible for researching, analyzing, and bringing proposals to the Task Force and the Task Force would review, adjust, and formally approve recommendations for incorporation into this report.

The Family & Provider Affordability Working Group was responsible for considering what it means to have an affordable system that works for families and that providers want to be a part of and crafting a plan for how to achieve this vision. They were responsible for researching and proposing many of the recommendations included in the Affordability and Program Funding sections above. Working Group members included:

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

The Workforce Compensation and Supports Working Group was responsible for defining qualified, diverse, supported, and equitably compensated workforce and crafting a plan for how to achieve these definitions. This working group was responsible for researching and proposing many of the recommendations included in the Workforce Compensation and Supports section above. Its members included:

- Lydia Boerboom, Kids Count on Us Representative
- Nicole Blissenbach, MN Department of Labor and Industry
- Meghan Caine, Early Childhood Educator, Public school-based
- Oriane Casale, Department of Employment and Economic Development
- Cyndi Cunningham, MN Child Care Provider Information Network
- Siv Dobrovolny, MN Department of Labor and Industry
- Nancy Hafner, Faculty Representative
- Debbie Hewitt, Minnesota Department of Education
- Pat Ives, Director of Licensed Child Care
- Adriana Lopez, Early Childhood Educator, Licensed Center
- Ann McCully, Child Care Aware of Minnesota
- Jenny Moses, Children’s Cabinet
- Krystal Shatek, Director of Licensed Child Care
- Michelle Trelsted, MN Community Education Association
- Senator Melissa Wiklund

The role of co-chairs was to lead Task Force meetings, keep the Task Force equity-centered, help prioritize issues for discussion, build consensus among membership, engage members of the public, formally accept recommendations, and deliver the final recommendations and implementation plan to the governor and legislative committees with jurisdiction over early childhood programs.

The role of Task Force members was to endorse the charge, guiding principles, deliverables, and timeline, proactively offer diverse expertise and perspectives, be informed by research, analytics, public, and stakeholder input, participate in working groups, and that voting members vote on key process steps and recommendations.

The Task Force developed norms and expectations to guide their discussions, work towards productive conversations, and aim to have all voices heard. These were developed and confirmed by Task Force members and revisited at all meetings. The norms and expectations included:

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

The Task Force also created and held to specific voting protocols including:

- **Formal votes** include only voting members and are held regarding formal recommendations that would be included in the report. In accordance with open meeting law, votes were held with a roll call.
- **Informal voting** (ex. thumbs up) may be used to engage all Task Force members on items such as a matter of process, or an item necessary to get to a vision statement or recommendation.
- **Quorum** is defined as a majority of voting members.

- A **record of votes** of members was maintained in accordance with open meeting law.

While recommendations were accepted through a majority of voting members, the Task Force worked towards consensus of voting and non-voting members.

## Appendix D: Glossary of Defined Terms

**Early Care and Education (ECE):** A term that encompasses the services provided to children from birth to age 5, through all types of programs that aim to support children’s social, emotional, cognitive, and physical development.

**Mixed Delivery System:** System of programming and services for children from birth through age 5 delivered through a variety of providers, settings, and funding structures. These settings include licensed child care centers, licensed family child care providers, family, friend, and neighbor care, school-based pre-kindergarten, and Head Start programs. Minnesota and other states use a mixed-delivery system in order to offer choices to families that best meet the needs and preferences of families, children, and communities. All types of providers provide benefit and value to the families they serve.

**Tribal Governments:** There are 11 sovereign tribal nations in Minnesota. Tribal governments may license providers through a licensing agency, and eight offer Head Start programs. Tribal governments may also be responsible for determining eligibility for the Child Care Assistance Program (CCAP) in Minnesota.

**County Governments:** County governments partner with DHS to license family child care providers. Counties perform the major functions related to licensing of family child care programs in Minnesota, including conducting inspections and issuing correction orders. Counties are also responsible for determining eligibility for the Child Care Assistance Program (CCAP) in Minnesota.

### Types of Care and Education

(Definitions adapted from Parent Aware)

**Child Care Centers and Private Preschools:** These programs are often in free-standing buildings, businesses, community centers, or places of worship. These centers are licensed and monitored through DHS or a tribal licensing agency.

**Public School-based programs:** Public schools, including charter schools, may offer many program options, including early childhood education, extended day, family literacy, and school readiness programs (*see below*). These programs are administered by independent school districts with support and resources offered by the Minnesota Department of Education (MDE).

**Early Childhood Special Education (ECSE):** ECSE programs provide supports and services to infants, toddlers, and preschool children with disabilities and their families.

**Family Child Care (FCC):** Family child care providers may care for infants, toddlers, preschoolers, and school-age children in their homes. Some family child care programs are also provided in commercial spaces or places of worship. Many family child care professionals offer planned play and scheduled activities that help children learn. Family child care programs are licensed through DHS and monitored by the county or tribal licensing agency with delegated authority from the Commissioner of Human Services.

**Family, Friend, and Neighbor care settings (FFN):** Settings where a child is cared for by a relative, friend, or neighbor in a home setting. As an FFN, the provider must care for only children they are related to and/or children from only one unrelated family. FFN settings may become certified in order to be eligible to accept CCAP reimbursement for children in their care who they are not related to.

**Early Head Start** (prenatal to age 3) and **Head Start** (3 to 5-year-olds): Head Start is a federally funded program that promotes children’s learning and development from low-income families. The program focuses on cognitive, social, and emotional development. The program may take place through home visits or a classroom setting in an early learning center, a local school, or a family child care home. Head Start may be offered as a half-day or full-day program.

A family may be eligible by meeting one of the following criteria:

- Family income is equal to or below 100% of the federal poverty guideline.
- Family is eligible for public assistance, including TANF child-only payments.
- Experiencing homelessness.
- Child being in foster care.

**Early Childhood Family Education (ECFE):** ECFE provides programming and services for families of young children through school districts based on community-developed plans determined through annual community needs assessment data. School Readiness is district-implemented public preschool programming.

## Licensing and Regulation

**Licensing:** To be issued a child care license by DHS, programs must show they are able to operate in compliance with requirements. Licensure provides oversight mechanisms to ensure child care meets health and safety requirements, meets workforce qualification requirements, and meets the developmental needs of all children. To be licensed, programs must:

- Submit an application
- Undergo fire and health inspections (*when required*)
- Complete background checks for all caregivers and staff
- Complete required trainings
- Receive a pre-licensure inspection

**Certification:** License-exempt centers can become certified by DHS in order to accept CCAP reimbursement payments. Certification provides oversight mechanisms to prove that providers meet minimum standards for care and physical environment. To become certified, programs must show they are able to operate in compliance with requirements. To be certified, programs must:

- Submit an application
- Undergo fire and health inspections (*when required*)
- Complete background checks for all caregivers and staff
- Complete required trainings

### Non-licensed Programs:

There are programs that do not need a license from DHS or a Tribal government but qualify to receive CCAP payments after meeting a set of requirements. Those programs can be either “license-exempt” or “legally non-licensed”.

**License-exempt:** Programs that can provide care without having a license through DHS or a Tribal government. Public school-based prekindergarten programs, which are offered through independent school districts, are license-exempt. Their school boards are responsible for ensuring they meet health and safety requirements. To accept CCAP payments, they must become certified.

**Legally non-licensed:** Programs that are legally non-licensed are limited to care provided in specific circumstances by family, friend, and neighbor providers. To accept CCAP payments, they must complete a registration process and meet training requirements.

There are child care programs that are informal and not regulated. Examples include:

- **Care in Your Own Home:** This term refers to a care arrangement when an individual comes to a child's home to provide care. This may be a babysitter, nanny, or family member. This term may be applied to a one-time event or a full-time care arrangement, and is not regulated.
- **Playgroups and Exchanges:** This term refers to informal arrangements for children from multiple homes to be cared for together on a short-term basis.

**Quality Rating and Improvement System (QRIS):** A systemic approach to assess, improve, and communicate the level of quality in early care and education programs. Most states have a statewide or regional QRIS. Minnesota's QRIS is called Parent Aware.

**Parent Aware:** Minnesota's QRIS, Parent Aware, is a voluntary quality rating and improvement system for providers, and it offers free tools and resources to help families find quality child care and early education programs. Participating programs can earn ratings on a four-star scale. Ratings are based on use of research-based practices that prepare children for school and life. Parent Aware is not a required program, and currently around 30% of child care programs in Minnesota participate.

- **For Parents and Guardians:** The Parent Aware website has resources for families, including:
  - A downloadable guide for finding the right child care for each family
  - A searchable online directory of child care programs in the state
  - A four-star rating scale to indicate level of use of best practices.
- **For Providers:** The program provides the following benefits for rated programs:
  - Coaching and assistance for licensed providers
  - Training and career advising
  - Parent Aware grants:
    - Building Quality Grant. Participating programs are eligible to receive up to \$1,000.
    - Full-Rating Grant. Full-Rating Grant amounts are tiered based on Star-Level. Programs that earn a Rating through the Full-Rating Pathway, including Four-Star, are eligible to receive up to \$4,000.
    - Accelerated Grant. Licensed and accredited programs that earn a Four-Star Rating through the Accelerated Pathway are eligible to receive up to \$2,000 following Rating.
    - Expedited Grant. Newly licensed child care centers that are owned by a currently Rated program and earn a Three- or Four-Star Rating are eligible to receive up to \$4,000.
  - Eligibility to serve children awarded an Early Learning Scholarship (*see more information on Early Learning Scholarships below*).
  - Eligibility for higher Child Care Assistance Program (CCAP) rates (*see more information on CCAP below*).
  - Free marketing kits and promotion

## Appendix E: Acknowledgements

### Project Team

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