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Office of the Ombudsperson for Family Child Care Providers

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Ombudsperson for Family Child Care Providers

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

3000 - Federal							350	350
Total							350	350
Biennial Change				0		0		700
Biennial % Change								
Governor's Change from Base								700
Governor's % Change from Base								

Expenditures by Program

Family Child Care Providers Ombudsperson							350	350
Total							350	350

Expenditures by Category

Compensation							180	180
Operating Expenses							170	170
Total							350	350

Full-Time Equivalents

							1.00	1.00
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Ombudsperson for Family Child Care Providers

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
3000 - Federal								
Receipts							350	350
Expenditures							350	350
Biennial Change in Expenditures				0		0		700
Biennial % Change in Expenditures								
Governor's Change from Base								700
Governor's % Change from Base								
Full-Time Equivalents							1.00	1.00

Ombudsperson for Family Child Care Providers

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<i>Dedicated</i>				
Fund: 3000 - Federal				
Change Items				
Establishing the Office of the Ombudsperson for Family Child Care		350	350	700
Total Governor's Recommendations		350	350	700
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 3000 - Federal				
Change Items				
Establishing the Office of the Ombudsperson for Family Child Care		350	350	700
Total Governor's Recommendations		350	350	700

Ombudsperson for Family Child Care Providers

FY 2026-27 Biennial Budget Change Item

Change Item Title: Establishing the Office of the Ombudsperson for Family Child Care

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends establishing the Office of the Ombudsperson for Family Child Care Providers as an independent state agency, effectively ending the administrative support provided by the Department of Human Services. The office received an ongoing allocation of funds from the federal Child Care Development Fund during the 2024 legislative session.

Rationale/Background:

The Ombudsperson for Family Child Care Providers supports family child care providers across the state to assist them with licensing, compliance, and other issues facing family child care providers. The Ombudsperson for Family Child Care Providers is tasked with the following duties and advocating on behalf of family child care providers to address areas of concern including:

- Monitoring activities, licensing actions, and other interactions with state and county licensing staff;
- Providing recommendations for family child care licensing improvement or education;
- Answering questions, receiving complaints, and discussing agency actions when family child care license holders believe their rights or programs may have been adversely affected; and
- Assisting a license applicant to navigate the license application process.

The Family Child Care Provider Ombudsperson position was signed into law in June 2021 after it was included in the recommendations of the Family Child Care Task Force Report issued in February 2021. The position was funded through September 30, 2024 by federal COVID related child care funds and DHS was directed in statute (Laws of Minnesota, Section 245.975) to provide office and administrative support. Minnesota is the first state in the nation to implement this innovative approach to supporting family child care providers and addressing the persistent shortage of available child care options for families.

In the 2024 legislative session the legislature funded the office with an allocation of \$350,000 annually ongoing from the federal Child Care and Development Block Grant (CCDBG) funds. With the intent to make the agency more explicitly independent, the proposal repealed Laws of Minnesota, Section 245.975, Subdivision 8 that required DHS to provide office and administrative support. This proposal supports the implementation of this by establishing the Office in statute as an independent agency, similar to other comparable ombudsperson offices.

The number of family child care providers across the state has been declining since the early 2000s. Specific focus on their needs is necessary to ensure adequate child care access across the state. This proposal aligns with feedback heard from family child care providers and with the Administration's goal to increase access to child care by better supporting potential and existing family child care businesses across the state understanding the

importance of these small businesses particularly in rural, underserved, and culturally and linguistically diverse communities.

Proposal:

The proposal establishes in statute the Office of the Ombudsperson for Family Child Care Providers. This will end the administrative support currently provided by DHS and enable the Office to be eligible for small agency support from the Department of Administration.

Dollars in Thousands

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund	0	0	0	0	0	0	0
Total All Funds	0	0	0	0	0	0	0

Impact on Children and Families:

As of October 2024, there were 5,849 family child care providers across the state providing early care and education that supports businesses to thrive, families to work, and children to learn and grow. From January 2019 to October 2024, the total capacity of licensed child care providers decreased by 8,481 slots.

- Child Care Centers (CCC):
 - The total capacity of all licensed CCCs increased by 15,589 slots.
 - The average available capacity increased from 76 to 83 slots per CCC license.
- Family Child Care (FCC):
 - The total capacity of all licensed FCC providers decreased by 24,070 slots.
 - The average available capacity remained stable at 12 slots per FCC license.

The year over year decline of the number of family child care providers is a significant driver in the annual decrease in total child care capacity. Supporting new and existing family child care providers must continue to be a focus of efforts to expand child care capacity across the state. The Ombudsperson supports the administration's priorities to increase access to affordable and quality child care and early education by providing independent support and navigation of licensing and compliance related issues tailored specifically to the unique needs of family child care providers. This proposal strengthens the Office and its relationship with providers by making it independent in the same way as other similar ombudsperson offices.

Equity and Inclusion:

Many family child care programs provide culturally and linguistically relevant child care services to children and families that can be more challenging to find in other licensed or certified child care settings. Additionally, the intimacy of these setting often appeals to BIPOC and immigrant communities, as well as provides a pathway to business ownership particularly for BIPOC women. The Office would support potential and existing family child care providers, aiming to recruit and retain FCC providers. Family child care providers have long advocated for an Ombudsperson and many have expressed the desire for ongoing funding for the office.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Results:

The goal of the establishment of the Office of the Ombudsperson for Family Child Care Providers as an independent agency is to effectively and independently support and assist family child care providers and their businesses across the state. Child care is the back bone of our economy and family child care providers serve a critical need in many communities.

This proposal is for operational improvements which cannot be studied through a randomized control trial or quasi-experimental design study. The Office of the Ombudsperson for Family Child Care Providers or DHS have not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Establishing the independence of the family child care office aims to make the office more trusted and accessible to providers. This is not intended to significantly change services, and may increase the likelihood of some providers to engage with the office. The measures and projected changes below are more general for the office than specific to this change in office structure.

Measure	Measure Type	Measure data source	Most recent data	Projected change
The number of providers accessing supports through the office continues to increase	Quantity	Annual office report	During the 2023 calendar year, this office received 229 inquiries for assistance from family child care license holders	Inquires increase by 10%.
Providers attend and report satisfaction with annual conference	Quality	Survey following conference	N/A	85% of providers in attendance report satisfaction with their learning and experience
The number of children served by family child care providers stabilizes	Result	Licensing open and closure data	Oct. 2024: 5,849 family child care providers can serve a maximum capacity of 69,162 children	Unknown.

Statutory Change(s):

M.S. 245.975

Ombudsperson for Family Child Care Providers

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
U.S. Dept of Health and Human Services 93.575/93.596	In the 2024 legislative session the legislature funded the office with an allocation of \$350,000 annually ongoing from the federal Child Care and Development Block Grant (CCDBG) funds. This will be a subgrant starting in FY 2026 from the Department of Children, Youth and Families. [Change Item]	\$ -	\$ -	\$ 350	\$ 350		1
	Federal Fund – Agency Total	\$ -	\$ -	\$ 350	\$ 350		1