

Child Care Assistance Program: An Overview

December 2024

The child care assistance program (CCAP) subsidizes the child care expenses of eligible low-income families while parents are working or participating in educational or training programs.

The child care assistance program, or CCAP, is a federal-state program that is funded with federal, state, and county dollars. In Minnesota, the Department of Children, Youth, and Families (DCYF) oversees the program, and counties administer CCAP under the supervision of DCYF.

CCAP is divided into subprograms: Minnesota Family Investment Program (MFIP) assistance; transition year assistance; and Basic Sliding Fee (BSF) assistance. The subprograms are largely governed and administered in the same way, with some differences. One important difference has to do with how the subprograms are funded. MFIP and transition year assistance are forecasted and fully funded, and everyone who is eligible receives assistance. In contrast, BSF assistance has a capped allocation. If funding is insufficient for the BSF program, families may end up on a waiting list.

Child and family eligibility

Children and their families must meet financial and other requirements to be eligible for CCAP. Financial eligibility is based on a family's income and assets. There are income maximums at program entry and exit based on state median income (SMI). At entry, the income maximum is 67 percent of SMI for families that receive MFIP and 47 percent of SMI for all other families (\$84,182 and \$59,053 for a family of four in 2024). At program exit, the income maximum is 67 percent of SMI for all families. Additionally, a family's assets cannot exceed \$1,000,000.

In addition to meeting the financial requirements, a family is eligible if: (1) both of a child's parents (or one parent in a single-parent household) participate in an authorized work, education, or training activity and cooperate with child support enforcement; and (2) the family has at least one child under age 13 (or 15 if the child is disabled) that meets citizenship requirements.

Child care provider eligibility and payment rates

Several types of child care providers are eligible to register with CCAP and receive payments, including licensed family child care providers; licensed child care centers; certified, license-exempt child care centers; and legal, nonlicensed child care providers.

Once a CCAP-eligible family chooses and utilizes a child care provider, the county reimburses the provider for the care provided. DCYF conducts a survey of child care prices in the state every three years, and the Minnesota Legislature sets the program's standard maximum reimbursement rate. As of October 30, 2023, the rate is the greater of the 75th percentile of the 2021 child care provider rate survey or the rates in effect at the time of the update. Beginning in January 2025, the rate will be based on the "most recent" survey rather than the 2021 survey.

The maximum reimbursement rate varies by several factors, including county, type of child care provider, and the age of the child receiving the assistance. Additionally, providers that are accredited or have 3- or 4-star Parent Aware ratings can earn a rate differential over the maximum reimbursement

rate. For accredited providers or those with 3 stars, it is 15 percent, and for providers with 4 stars, it is 20 percent, up to the actual provider rate.

Families' financial responsibilities

Families are required to pay a copayment under CCAP that is based on family size and income. The copayment is \$0 for families with income under 75 percent of the federal poverty level (\$22,500 or less for a family of four in 2023). The copayment gradually increases to 14 percent of income. Families are also responsible for the difference between the amount the county reimburses a provider and the provider's actual charges.

Funding

CCAP is funded with federal, state, and county dollars. The multiple federal funding streams for child care subsidies are typically referred to collectively as the child care and development fund (CCDF). The Minnesota Legislature appropriates state funding from the general fund for CCAP, and each county is required to contribute a fixed monetary match for BSF assistance. Total spending on direct services under CCAP in Minnesota was about \$237 million in fiscal year 2023, with about 77 percent coming from federal funds, 21 percent from state funds, and about 1 percent from county funds.

Recipient profile in fiscal year 2023

In fiscal year 2023, an average of 11,539 families participated in CCAP each month, and the average monthly child care payments per family were \$1,710. See the table below for more information.

CCAP Caseload and Direct Service Payments, FY 2023

Program	Average Number of Families Enrolled Each Month	Average Number of Children Enrolled Each Month	Average Monthly Child Care Payments per Family
MFIP child care assistance	4,765	8,988	\$1,776
BSF child care assistance	6,775	13,169	\$1,663
All child care assistance	11,539	—	\$1,710

Sources: Minnesota Department of Human Services, Minnesota Child Care Assistance Program, State Fiscal Year 2023 Family Profile; Minnesota Department of Human Services, Background Data Tables for February 2024 Forecast.

Notes: The data sources do not provide the average number of children enrolled in the entire program each month. MFIP child care assistance includes transition-year families.

Impending changes

In March 2024, the federal government issued a final rule that modifies the federal regulations governing child care subsidy programs, like CCAP. In the next few years, CCAP will have to come into compliance with the final rule, which means the program will change. For more information about how the final rule may affect CCAP and the children, families, and child care providers who participate in the program, see the House Research Department publication [Federal Changes for CCAP](#), December 2024.



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