

Child Care Assistance

What is child care assistance?

Child care assistance programs subsidize the child care expenses of eligible low-income families. The Minnesota Department of Human Services administers two child care assistance programs: Minnesota Family Investment Program (MFIP) child care assistance and Basic Sliding Fee (BSF) child care assistance. MFIP child care subsidizes the child care costs of families receiving cash assistance through MFIP and provides child care assistance for eligible families for the first 12 months after the family leaves MFIP cash assistance (transition year child care). BSF child care provides a child care subsidy to low-income working families who are not receiving cash assistance from MFIP.

What are the eligibility requirements for child care assistance?

To be eligible for child care assistance, both parents (or one parent in single-parent households) must participate in an authorized work, education, or training activity, cooperate with child support enforcement, and meet income eligibility guidelines. The maximum income limit to be eligible for child care assistance is 47 percent of state median income at program entry and 67 percent or less of state median income at program exit. (For fiscal year 2017, 47 percent of state median income was \$37,264, and 67 percent of state median income was \$53,122 for a family of three.)

Children up to age 12 are eligible for child care assistance (up to age 14 for disabled children). During fiscal year 2016, there were an average of two children per family receiving MFIP child care assistance and 1.9 children per family receiving BSF child care assistance.

County agencies or their contractors must determine eligibility within 30 days of receiving a request for child care assistance. Direct reimbursement is the only method of receiving child care assistance.

What is the average annual subsidy a family receives?

In fiscal year 2016, the estimated average annual subsidy for a family receiving MFIP child care assistance was \$18,900, and the estimated average annual subsidy for a family receiving BSF child care assistance was \$12,540.

Maximum reimbursement rates paid for child care assistance are set by the legislature. The 2011 Legislature decreased provider reimbursement rates by 2.5 percent, effective October 31, 2011. The 2013 Legislature modified reimbursement rates effective February 3, 2014, and created a provider rate differential for child care providers that hold a three- or four-star quality rating under the Parent Aware quality improvement and rating system.

Are families required to pay for some child care expenses?

There is a family co-payment requirement based on family size and income. The maximum family co-payment is about 14 percent of gross monthly income. Families with incomes below 75 percent of the federal poverty level are exempt from making co-payments (\$15,119 and below for a family of three in 2017).

How is child care assistance funded?

The child care assistance programs receive funding from a variety of sources, including the federal Child Care Development Fund (CCDF), federal Temporary Assistance for Needy Families (TANF) funds, the state general fund, and county funds.

Total estimated fiscal year 2017 annual direct service payments are \$157.2 million for MFIP and transition year child care and \$112.2 million for BSF child care assistance.

How many families receive child care assistance?

During fiscal year 2017, an estimated average of 7,738 families received MFIP child care assistance and 8,334 families received BSF child care assistance per month.

Not all families who apply for child care assistance receive it. MFIP child care is a forecasted, fully funded program, while BSF child care receives a capped allocation. As of March 31, 2017, there were 4,997 families on the waiting list for BSF child care assistance.

What is the child care quality rating system?

Minnesota has a voluntary child care and early learning program quality rating system called Parent Aware. The rating system is available in all 87 counties.

What are some potential legislative issues?

During previous legislative sessions, there were several proposals to consolidate the child care assistance programs into one program to reduce administrative and program complexity. However, none of these proposals have been passed by the legislature. There may be future attempts to consolidate the child care assistance programs.

There have also been proposals to make BSF child care a forecasted, fully funded program to eliminate the waiting list.

Finally, the federal child care development block grant was reauthorized by Congress in 2014. This reauthorization requires the state to make changes to the child care assistance programs to comply with federal laws and regulations.

Minnesota has enacted changes to child care licensing, background study provisions, and family-friendly eligibility policies to comply with the federal law. In order to be in full compliance, the state still needs to enact changes to health and safety requirements and provider reimbursement.

For more information: See the House Research publications [Funding to Support Child Care Assistance](#), December 2011, and [Minnesota Family Assistance](#), February 2016.

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