



March 17, 2021

House Early Childhood Finance and Policy Committee  
Minnesota State Capitol Building  
75 Dr. Martin Luther King Drive  
Saint Paul, MN 55155

RE: Concerns with HF 2203 & 2230

Dear Chair Pinto and Members:

On behalf of the Minnesota Child Care Association (MCCA) I write with concerns about HFs 2203 & 2230. While we strongly support increased investment in both Early Learning Scholarships (ELS) and the Child Care Assistance Program (CCAP), elements of these bills would make this funding less effective for families and providers.

#### CCAP Rate Implementation Date Change

HF 2230 includes a provision changing the effective date of CCAP rate adjustments to January 1 following the year of the most recent provider rate survey. **As the survey concludes in late winter, waiting to implement rates until the following January means that the rates are already a year out of date, and would be 4 years out of date by the time of the next post-survey implementation.** This is not in keeping with the spirit of federal law requiring rate surveys no less frequently than every 3 years.

We have seen time and again that the Department of Human Services is capable of getting rates adjusted and ready to pay much sooner, as recently as 2020 when law changed in June and updated payments began in September. While the proposed change may work better for county budgeting, it does not work better for the families and providers it is intended to serve. **I urge you to reconsider delaying CCAP payment adjustments past September of the year in which the rate survey is completed.**

#### Pathway II Early Learning Scholarships

I also urge the Committee to invest the vast majority of total ELS funding through the more flexible, family-driven Pathway I approach for several reasons:

**Pathway II Structure Favors School Districts at Expense of Community Providers:** Currently 66% of Pathway II funding goes to school districts. Pathway II uses an RFP process that is most suited for school districts with more administrative/grant staff than individual child care programs, particularly small and/or family child care providers. School districts have three other early learning-related funding streams dedicated for them (Voluntary Pre-K, School

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Readiness, and School Readiness Plus), so we need not expand this fourth funding stream at the expense of models that better serve the needs of children and families with children birth – 5 instead of only 3-5 year olds. More on that below.

**Pathway II Is Poorly Targeted:** Pathway II funding is not effectively reaching the children who are at the highest risk. **Currently only 8% of Pathway II funding is serving those statutorily prioritized:** experiencing homelessness, in foster care, in child protection, or with parents who are teens and/or in prison. At the same time, 55% of the better targeted Pathway I Scholarships are going to those highest risk children. When a majority of Pathway II funds go to school districts, we also offer preferential support for 3-5 year olds, when a goal of this committee is to prioritize birth-3. **School district programs are almost exclusively for 3-5 year olds, so dedicating the majority of Pathway II funding there shuts out families of infants and toddlers.**

**No matter the final decision on Pathway II, we urge that steps be taken to better target Pathway II funds to the highest-risk children.** Serving only 8% is not good enough, and simply expanding the cap on Pathway II allocations will not make this change. Pathway II funds that flow to programs, not parents, should be prioritized for programs serving the largest populations of highest-risk children, not just those with low incomes. The highest-risk families are experiencing the most acute crisis, and the small subset of programs dedicated to supporting them are better served by Pathway II (due to the intensive case-management work providers often must do in partnership with an on behalf of these families).

**Pathway II Non-Portability Destabilizes Families and Children:** The money doesn't follow the child when a family needs to change programs. When families are searching for an initial or new program to meet their needs in terms of work hours, location, cultural preferences, etc., having Pathway II funds tied to one program only is not helpful and needlessly disrupts child access to a high-quality program. Families need maximum choice.

Thank you for your consideration of these concerns, and for your attention on the investment needs of young children, their families, and the professionals who support them.

Sincerely,



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