



March 11, 2021

Dear Members of the House Early Childhood Finance and Policy Committee:

On behalf of the Minnesota Chamber of Commerce, a statewide organization representing more than 6,300 businesses and more than half a million employees throughout Minnesota, thank you for the opportunity to share our appreciation for the hard work the committee has undertaken this session to demonstrate the importance of early care and education (child care) policy to all Minnesotans. As the committee begins to finalize its early childhood omnibus policy proposal, we would like to share our support for prioritizing these types of investments in Minnesota.

To reiterate the top message we have shared with the legislature on behalf of the Minnesota business community – Minnesota’s economic recovery from the COVID-19 pandemic must be the top priority for the 2021 Legislative Session. Earlier this year, the Minnesota Chamber released our Blueprint for Economic Recovery. The first economic imperative is to stabilize at-risk businesses. Their viability directly translates to economic activity, employment, community sustainability, and generating revenues that benefit state and local government and the core services the public sector provides. The second imperative is to take strategic actions to accelerate economic recovery in the short term by making smart investments that reduce barriers to workforce participation.

Investments in early care and education (child care) satisfies both of those imperatives. Child care was identified as the biggest workforce challenge for our members in 2020, with over 62% indicating the lack of affordable, quality child care is the top issue impacting their ability to find workers. Prior to the COVID-19 pandemic, Minnesota’s working parents were facing a severe shortage of quality child care. Now, decreased capacity and new pandemic-related costs mean operating losses for child care providers that will eventually lead to more closures and even less available early care and education options. This is not only devastating for the child care industry itself - comprised of many small businesses, many of which are run by women and women of color - but for thousands of Minnesotans and their employers, returning to work at full capacity is contingent on securing early care.

Early care and education program accessibility and affordability is not just a workforce issue, it is a dual education and workforce issue. Working parents need a safe, reliable place of learning and care for their children so they are able to participate in the current workforce. Providing children who eventually become our workforce with quality early learning opportunities ensures school and career readiness in the long term. Providing low-income families with access to quality early childhood education programs is necessary for closing the preparation gap and ultimately leads to closing the achievement gap.

As you are aware, the Minnesota Chamber has partnered with a number of the organizations that have testified before the committee this session. We co-chair the Early Childhood Crisis Group which is dedicated to simultaneously solving the connected issues of Minnesota’s worsening achievement and opportunity gaps and the severe shortage of quality early care and education programs. We’re pleased to see that some of our work and recommendations have been incorporated into the foundation of the committee’s work.

We support investment in early childhood education and care - historically, our efforts have focused on supporting the evidence-based, quality-focused, achievement-gap closing Early Learning Scholarships approach and child care capacity building grants. This year, we have joined with a broad group of Minnesota civic, children's, and business organizations to come together to work to ensure that new resources available with the state's improved budget outlook be invested in both Early Learning Scholarships and the Child Care Assistance Program. As a business organization, we support measures that support program integrity, improvement, and accountability relating to Parent Aware Improvement Evaluations and Kindergarten Entry Assessments. To inform better decision-making and system improvement, better data must be collected, analyzed and made publicly available to allow better understanding of our youngest learners' outcomes and their publicly-funded program participation.

Clearly, longer-term analysis is required to address deficiencies in the private-sector child care business model to determine how public resources invested in early childhood education, including Early Learning Scholarships, the Child Care Assistance Program, Voluntary Pre-K and the Parent Aware system, should be allocated and utilized. Families and employers throughout the state have the flexibility to find or develop a quality program that fits their unique needs – and state policy should enable providers to quickly enter the marketplace and build capacity as well as remain operational.

Recognizing the larger impacts to our overall economic recovery, it is crucial to address the immediate needs related to child care and to build more capacity in the system. Both supply and demand side support is necessary. Incentives for employers should also be considered to support quick and innovative ways for employers to help address child care issues within their own or their community's workforce.

Over the past year, the state has taken appropriate steps to invest targeted supplemental funding due to the coronavirus pandemic. We should continue to seek to maximize the use of federal funds for this purpose. We know there will be an active debate across the Capitol about how best to allocate state resources in a sustainable way moving forward. We're looking forward to working with the legislature to get this right, and make Minnesota more affordable for employers, employees and their families – now and in the future.

Sincerely,

Lauryn Schothorst

Director, Workplace Management and Workforce Development Policy
Minnesota Chamber of Commerce