Child Care in Minnesota
Guide for Legislators
2011

Prepared by the Minnesota Child Care Association
The Minnesota Child Care Association (MCCA) is a statewide organization representing licensed child care centers throughout Minnesota. MCCA advocates so that policy makers and elected officials understand the vital role that licensed child care centers play in providing quality early learning opportunities for families. MCCA works to educate elected officials on the impact that rules and regulations have on centers and their ability to provide quality early learning programs for families.

MCCA urges you to help Minnesota’s children. There are more than 370,000 children up to age five in Minnesota. These children need access to high-quality early care and education programs that prepare them both for short term success in school and long term success in life. Good child care helps working parents to have peace of mind that allows them to succeed at work. Minnesota’s Child Care Assistance Program (CCAP) serves more than 31,000 children in an average month, with over 3,900 families on the waiting list for child care assistance.

High-quality child care helps children, families, and communities prosper. Along with helping our state stay competitive by producing a stronger workforce, it helps children learn and develop skills they need to succeed in school and life. It also gives parents the support and peace of mind they need to be productive at work. But for many families – especially, but not only, low-income families – high quality child care is unaffordable and unattainable.

This document was developed to help elected officials understand the need for and the complexities of child care in Minnesota.

The Importance of Quality Child Care

Quality early childhood education pays high dividends. Children who do better in school are more likely to become productive members of society, thus strengthening our communities and our economy.

According to Art Rolnick and Rob Grunewald of the Minneapolis Federal Reserve Bank, every $1 we spend on quality early education saves taxpayers up to $12.

A report by Wilder Research states that children who enter kindergarten unprepared for school cost the K-12 system $113 million a year.

Child care centers are small businesses and support a strong economy. In 2003 the Resource and Referral Network issued a report with the National Economic Development and Law Center on the economic impact of the child care industry in Minnesota. In that report they made three points about the way child care affects this state’s economy:

- Child care is itself a major contributor to this economy, providing work for over 36,000 employees and bringing in approximately 1 billion dollars as of 2003—about 77% the size of the corn industry at the time to give you some perspective.
- It impacts the economy in the here and now by supporting working parents.
- It impacts the long term economy by providing quality programs that prepare children for school and reduces costs for a whole range of social issues in the future.

You work with, or know someone who depends on child care. If your coworker, employee, friend, relative or business associate does not have reliable child care, they will likely miss work or meetings, turn to you for help, or leave the workforce entirely.

According to the 2000 Census, 82% of families in MN have both parents in the work force and 50% of mothers with children under the age of 5 are in the workforce.

Children who receive quality child care do better in school and in life. Access to high quality early learning experiences produce excellent results for children, families and communities.

In a study of accredited child care centers in Minnesota, almost twice as many children in the accredited child care center sample were determined to be ready for school as compared to the statewide 2003 Minnesota School Readiness Study. Very few children in the accredited child care center study were performing in the “Not Yet Ready” range.

As adults, children who participated in high quality early learning are more likely to graduate from high school and enroll in post secondary education, and less likely to be school dropouts, need remedial education, be dependent on public assistance or be involved in criminal activity.

Why Child Care Reimbursement Rates Matter

Minnesota’s Child Care Assistance Program (CCAP) provides financial subsidies to help income-eligible families pay for child care while parents are working, searching for employment, or pursuing education leading to employment. Child care subsidy rates are set by the state with guidance from the federal government. The federal government requires that the state conduct a market rate survey to determine the rates throughout the state and recommends that the
rate ceiling be set at the 75th percentile in each county. And, according to a nationwide study by the National Women’s Law Center on reimbursement rates, Minnesota’s reimbursement rates are below the level designated to give families such access.

Currently only 39% of licensed child care centers are covered by the maximum reimbursement rates. In addition, the CCAP reimbursement rate has been frozen since 2003 at the 2001 market rate, with only a 1.75% one-time increase in 2006, even though child care costs have increased by about 35% since 2001.

Low reimbursement rates:
• Limit parents’ ability to afford and access high quality child care programs – the kind of early childhood experiences that research shows makes the most difference for at-risk children’s success in school.
• Create a disincentive for quality providers to enroll CCAP children. Many providers are currently providing subsidies to low income families by charging only the CCAP 2001 market rate and discounting the remainder of their rate or charging the difference back to families. There will come a time when providers can no longer afford to provide these subsidies to families and those children will no longer have access to these programs.
• Legislation passed in 2007 established School Readiness Service Agreements (SRSAs) to provide incentives for selected high-quality child care programs to partner with counties and parents to improve school readiness. The November 2008 interim report stated that one result was an increased amount of access to child care and more continuity of care. Through the SRSA program, families were able to access child care assistance funds that allowed the parents to continue working, attending school or other applicable activities while allowing the children to attend a high quality child care program, all with more consistency and continuity.

Child Care Assistance
Minnesota’s child care assistance program (CCAP) subsidizes the child care expenses of eligible low-income families through two 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 assistance while they look for work, or attend training or education needed for future employment. BSF child care provides a child care subsidy to low-income working families to help pay for care so they are able to work. State and federal funding for CCAP for the 2010-11 biennium is projected to total $436 million. This includes $232 million, of which $121 million is state funding, for MFIP child care assistance and $203 million, of which $85 million is state funding, for BSF child care assistance.

For 2009 and 2010, the American Recovery and Reinvestment Act (ARRA) provided Minnesota with an additional $26 million for the Child Care and Development Block Grant (CCDBG), including $3.4 million for improving the quality of child care, of which $1,249,440 is targeted for activities to improve the quality of care for infants and toddlers.

Currently 3,900 families are on the waiting list, showing the impact of the federal ARRA funds on supporting working families.

Maintaining child care assistance:
Minnesota used $14.6 million to cover child care caseload growth for families receiving Temporary Assistance for Needy Families (TANF). Without the funding the state would have had to consider changes in eligibility levels, copayments, or reimbursement rates.

Reducing the waiting list for child care assistance:
Minnesota used $8 million to remove approximately 379 families per month over two years from the waiting list.

Implementing and strengthening the quality rating and improvement system:
Minnesota used $1.4 million to continue to pilot its Parent Aware Quality Rating System and $1.3 million for training, coaching, consultation, and other supports to help providers improve their quality in preparation for the full implementation of the system.

Improving the quality of care through other strategies:
Minnesota is using $750,000 to continue a pilot program begun in 2007 that aims to improve the quality of family, friend, and neighbor care. The funding will be used to continue grants for current grantees. The state is also using $211,000 to partially continue funding the School Readiness Connections Pilot, which supports continuity of care for children receiving child care assistance, higher reimbursement rates for providers participating in the pilot, and incentives for parents and providers to choose high-quality care.

Past Budget Reductions
In FY2010-2011 the state appropriation for MFIP child care was $126 million and $85 million for BSF child care. State support for child care has decreased the last several years. According to the MN Budget Projects, Lost Decade Report:

• Minnesota severely weakened its child care assistance programs as a viable support for working families as a result of cuts made in the 2003 and 2005 Legislative Sessions.
• 11,000 fewer children accessed child care assistance in October 2005 than in June 2003, after deep cuts were made to child care.
• State general fund spending for child care assistance dropped by 26% from FY 2000 to FY 2009. Increased federal funding made up for some of the lost dollars, but total federal and state child care spending in Minnesota in FY 2009 is still 16% below FY 2000 levels.
• The state cut funding for child care assistance by a cumulative total of $250 million from FY 2004 to FY 2007.
• Accreditation reimbursements were eliminated in 2003 but reinstated in 2006. Child care providers that offer high quality care (defined in MN as accredited child care programs) are eligible to receive a reimbursement rate that is higher than the
maximum rate (established by the state through a market survey) for their particular type of care when they care for children receiving child care assistance. Currently MN has a 15% tier reimbursement rate for accredited child care programs.

Waiting lists for Basic Sliding Fee Child Care: Basic Sliding Fee Child Care provides child care assistance to working families. Minnesota had 700 children on the waiting list in December 2007; 3,500 children in May 2008; and 6,900 in September 2009.

Income eligibility: A family’s ability to obtain child care assistance depends on a state’s income eligibility limit. Minnesota’s income eligibility limit is currently set at $32,944 for a family of three. Minnesota used to be a pioneer in helping working families. The state was ranked third in the nation for income eligibility for child care assistance in 2001. Currently Minnesota is ranked 40th.

**MN Specific Facts** (based on 2000 Census)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide population:</td>
<td>4.9 million</td>
</tr>
<tr>
<td>Number of children ages 0 through 5:</td>
<td>370,142</td>
</tr>
<tr>
<td>Number of families with two parents in the home:</td>
<td>489,704</td>
</tr>
<tr>
<td>Number of single-parent headed families:</td>
<td>161,471</td>
</tr>
<tr>
<td>Number of families with both parents in work-force:</td>
<td>1.03 million (82%)</td>
</tr>
<tr>
<td>Number of families with one parent in work-force:</td>
<td>1.4 million</td>
</tr>
<tr>
<td>Male</td>
<td>821,786 (65%)</td>
</tr>
<tr>
<td>Female</td>
<td>639,719 (50%)</td>
</tr>
<tr>
<td>Number of families with children under age 5 living in poverty:</td>
<td>11,113</td>
</tr>
</tbody>
</table>

Here is an example of Child Care Rate information for a program in Sherburne County (this most closely represents the state average in both tuition costs and reimbursement rates):

<table>
<thead>
<tr>
<th>Category</th>
<th>Infant</th>
<th>Toddler</th>
<th>Preschool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time Rate (Weekly)</td>
<td>$247</td>
<td>$227</td>
<td>$200</td>
</tr>
<tr>
<td>Full-time Rate (Annually)</td>
<td>$12,844</td>
<td>$11,804</td>
<td>$10,400</td>
</tr>
<tr>
<td>CCAP Reimbursement</td>
<td>$210.86</td>
<td>$179.85</td>
<td>$166.21</td>
</tr>
<tr>
<td>CCAP Reimbursement with 3% decrease</td>
<td>$204.53</td>
<td>$174.45</td>
<td>$161.22</td>
</tr>
<tr>
<td>Difference (weekly) Per Child *</td>
<td>$36.14</td>
<td>$47.15</td>
<td>$33.79</td>
</tr>
<tr>
<td>Difference (weekly) with 3% decrease</td>
<td>$39.47</td>
<td>$52.55</td>
<td>$38.78</td>
</tr>
<tr>
<td>Difference (annually) Per Child *</td>
<td>$1,879.28</td>
<td>$2,451.80</td>
<td>$1,757.08</td>
</tr>
<tr>
<td>Difference (annually) with 3% decrease</td>
<td>$2,052.44</td>
<td>$2,732.60</td>
<td>$2,016.56</td>
</tr>
</tbody>
</table>

* These are in addition to the co-payments.

There is currently a 15% increased rate differential for programs that are accredited.

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**Child Care in MN**

The average weekly out-of-pocket cost (includes co-payments and differences not covered by child care assistance) for these families, for all their children, is $111 or $5,781 yearly. The average weekly costs go down as the age of the child goes up:

- Age 2 and younger—$110 per week, about $5,700 per year.
- Ages 3 to 5—$95 per week, about $4,900 per year.
- Ages 6 to 9—$68 per week, about $3,600 per year.
- Ages 10 to 12—$64 per week, about $3,300 per year.

For perspective, state college tuition is about $3,400 per year, and state university tuition is about $4,500 per year.

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
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<tbody>
<tr>
<td>Percent of children in licensed child care setting:</td>
<td>39%</td>
</tr>
<tr>
<td>Number of licensed child care centers:</td>
<td>1,568</td>
</tr>
<tr>
<td>Number of families on CCAP, on average, per month:</td>
<td>31,426</td>
</tr>
<tr>
<td>Number of families on Basic Sliding Fee Waiting List:</td>
<td>3,900 (Sept. 2010)</td>
</tr>
<tr>
<td>Percentage of providers covered by reimbursement rate:</td>
<td>39% Urban</td>
</tr>
<tr>
<td>Percentage of BSF children served in centers:</td>
<td>36%</td>
</tr>
<tr>
<td>Percentage of MFIP children served in centers:</td>
<td>42%</td>
</tr>
</tbody>
</table>

**Licensing and Background Study Requirements**

Minnesota state law requires child care centers and employees to meet certain licensing guidelines. State law also requires all child care providers to pass a background study before working with children.
Following is a general overview of the primary child care center licensing requirements; it does not include all specific requirements. **Staff qualifications:** The center must have a director and the appropriate number of staff qualified as teachers, assistant teachers, and aides based on staff ratio and distribution requirements. Within each age category, the first staff needed to meet the staff-to-child ratio must be a teacher; the second staff must be at least aide qualified; the third staff must be at least assistant teacher qualified; and the fourth staff must be at least aide qualified.

**Teacher:** Must be at least 18 years and meet one of nine possible combined credential, education and experience requirements, such as a high school diploma with 4,160 hours experience as an assistant teacher and 24 quarter credits in a child care-related field.

**Assistant teacher:** Must work under the supervision of a teacher, must be at least 18, and meet one of the nine possible combined credential, education and experience requirements, such as a high school diploma with 2,080 hours experience as an aide or intern and 12 quarter credits.

**Aide:** Carries out the child care program activities under the supervision of a teacher or assistant teacher. Must be at least age 16; if under age 18 must be directly supervised by a teacher or assistant teacher at all times except with sleeping children or assisting with toileting and diapering.

**Volunteers:** If included in the staff ratio, must meet the requirements for the assigned staff position. Volunteers who have direct contact or access to children must be supervised by director, teacher or assistant teacher.

**Staff orientation and in-service training:** The applicant must ensure that every staff person and volunteer, who will have direct contact with children, is given orientation training before starting assigned duties. At least one staff person trained in cardiopulmonary resuscitation and first aid must be present in the center at all times when children are in care. The applicant must ensure that an annual in-service training plan is developed and implemented as required.

**Child age groups:**
- Infant – Age 6 weeks but less than 16 months old
- Toddler – Age 16 months but less than 33 months old
- Preschooler – Age 33 months but has not yet attended the first day of kindergarten
- School age – Is at least of sufficient age to have attended the first day of kindergarten, or is eligible to enter kindergarten within the next four months, but is younger than 13 years of age.

**Staff ratios and group size:** The applicant must meet the minimally acceptable staff to child ratios and the maximum group size within the following age categories:
- Infant 1:4 (8)
- Toddler 1:7 (14)
- Preschooler 1:10 (20)
- School age 1:15 (30)

**Child care program plan:** The applicant must develop a written child care program plan that addresses supervision; age categories and number of children served; days and hours of operation; goals and objectives; activities; each child’s progress; and the daily schedule. When a program admits a child with special needs, the program must ensure that an individual child care program plan is developed to meet the child’s individual needs.

**Required policies:** The applicant must develop and implement written policies in the following areas:
- Behavior guidance. This includes positive behavior guidance, unacceptable behavior procedures and prohibited actions.
- Information for parents. At the time of enrollment, parents must be provided with written notification of the: ages and numbers of children served; hours of operation; educational methods; political, religious, behavioral and philosophical ideology; parent rights; parent conferences; health care summary; sick care policies; first aid; medication administration; parental permission; pet policy; visiting procedures; and grievance procedure.
- Emergency and accident policies and records. The applicant must keep a record of incidents, emergencies, accidents and injuries that occur. Policies must address: first aid; safety rules; daily inspections for hazards; fire prevention; disaster procedures; missing child procedures; unauthorized pickup of child; medical emergency; recording procedures; and annual analysis of center policies.
- Health policies. The applicant must have approved health policies and have a health consultant review the center’s health policies annually, including first aid, safety, diapering and sanitation. The applicant must follow required procedures for immunizations, notices about sick children, administration of medicine, and sanitation practices concerning toilet facilities, diaper changing and hand washing.
- Mandated reporting policies and procedures. The applicant must develop policies and procedures for reporting suspected maltreatment and for reporting complaints about the program.

**Records:**
- Administrative records: Parent information; personnel records; children’s records; child care program plan; emergency and accident records; staff distribution schedule; separation reports; and health consultant reports.
• Personnel records: Staff person’s identifying information; documentation that the staff person meets the job requirements and education and experience; documentation of orientation; documentation of first aid and CPR, as applicable; in-service documentation; and documentation of a completed background study.
• Children’s records: Identifying information; parent’s name, address, phone number and emergency contact information; people authorized to pick up child; medical and emergency care; immunizations; attendance hours; diet; individual child care program plan; and parent conferences documentation.

Facility requirements:
• Zoning. Must meet applicable local zoning codes.
• Building code. Applicant must comply with applicable building code standards.
• Fire code. Center must be inspected by a fire marshal within 12 months before initial licensure.
• Health code. Must meet applicable health department code standards.

Floor plan and designated areas: Indoor and outdoor space to be used for child care must be designated on facility floor plan.

Outdoor activity area: The outdoor activity area must meet specified requirements including 1,500 square feet with at least 75 square feet per child, must be within 2,000 feet of the center and enclosed if adjacent to traffic and other hazards, must be free of litter and other hazards, and must contain the required outdoor large muscle equipment.

Indoor space: The licensed capacity is limited by the amount of indoor space. A minimum of 35 square feet is required for each child. Hallways, stairways, closets, utility rooms, lavatories, water closets, kitchens and space occupied by cribs may not be counted as useable indoor space.

Toilets and sinks: One sink and one toilet must be provided for each 15 children; one toilet training seat for every 15 toddlers; hand sinks other than for infants must be in toilet area; single service towels or air dryers are required; fixtures must be placed at age-appropriate heights; and water temperatures must not exceed 120 degrees Fahrenheit.

Furnishings, equipment, materials and supplies: The program must have the quantity and type of furnishings, equipment and materials specified for infants, toddlers, preschoolers and school-age children. The following are some examples of required furnishings, equipment and materials:
• Furnishings: rugs or carpets, nonfolding chairs, cribs and changing tables.
• Program equipment and materials: Books, large and small building blocks, infant mobility equipment, cognitive development material, manipulative equipment and arts and crafts supplies.
• Supplies: Blankets and sheets, disposable changing table paper, diapers, single service towels and liquid hand soap.

To begin the initial licensing process, the applicant must:
• Submit completed license application forms provided by DHS.
• Document compliance with applicable building codes, fire and safety codes, health rules, and zoning ordinances or document that an appropriate waiver has been granted.
• Provide evidence of compliance with worker’s compensation insurance coverage requirements.
• Provide Social Security and Minnesota business identification numbers.
• Submit a nonrefundable initial license application fee. The fee is $500.
• Submit required policies and procedures.

Background studies: All individuals having direct contact with children in care must have a background study conducted by DHS. Before an initial license is issued, the person(s) who signed the application and the individual(s) with the highest degree of decision-making authority over the program must have a background study clearance notification from DHS.

A license application is considered complete when all the required documentation is submitted. After DHS receives a complete application, a child care licensor will schedule and conduct an on-site inspection.

Child Care Center Notification Modifications
During the 2010 legislative session, MCCA was the driving force in making changes to the Maltreatment of Minor’s Act to address ongoing challenges with the law. MCCA sought these changes because we felt the law was too broad and did not allow for cases that were truly an accident. Most importantly, because of challenges with the law, child care centers were losing qualified and caring child care teachers.

What changes were made? We were successful in getting a new definition called “non-maltreatment” mistake and implemented a process to assure that centers are evaluating and addressing potential risks.

Non-maltreatment mistake
The Maltreatment of Minor’s Act was amended to add a new definition called a “non-maltreatment mistake.” The Commissioner of Health and Human Services must recognize a non-maltreatment mistake made by a child care center employee if the following conditions are met:
• At the time of the incident, the individual was performing duties identified in the center’s child care program plan required under MN rules;
• The individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;
• The individual has not been determined to have committed a similar non-maltreatment mistake for at least four years;
• Any injury to a child resulting from the incident, if treated, was treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and
• Except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

These changes do not change any current requirements outlining when a maltreatment investigation must occur and the process by which a maltreatment determination is made. However, when this determination is made, an employee will not have their background study removed and can continue to work in a licensed child care center without seeking a “set aside”. It also does not require licensed child care centers to post the determination.

Risk Assessment and Risk Reduction Plan
Child care centers currently have policies and procedures in place to ensure the safety of their students. However, a new requirement was added to provide a more formalized process for centers to identify and address risks specific to their centers.

Effective January 1, 2011, licensed child care centers are now required to develop a risk assessment and risk reduction plan that assesses the general risks to children served by the child care center. Staff must receive orientation to the risk assessment and risk reduction plan prior to providing unsupervised direct contact with a child within 14 days of employment in a center.

The center must review the risk assessment and risk reduction plan annually and must consider incidents that have occurred in the center since the last review including assessment factors in the plan, any internal reviews conducted, any substantiated findings of maltreatment, and any incidents that caused injury or harm to a child since the last review.

Centers must complete a risk assessment and risk reduction plan but if a maltreatment investigation occurs, they cannot cite you for the contents of a plan.

References
Children’s Defense Fund, Cradle to Prison Pipeline Report

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www.ececonsortium.org

Evaluation of School Readiness Connection Project, Interim Report, November 2008
www.dhs.state.mn.us/main/groups/economic_support/documents/pub/dhs36_143750.pdf

Federal Reserve Bank of Minneapolis, The ABCs of ECD Report
http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=3351

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www.dhs.state.mn.us

MN State Demographer
www.demography.state.mn.us

Minnesota Budget Project, Lost Decade Report
www.mncn.org/bp/lostdecade.html?child

National Women’s Law Center, Issue Brief on Child Care Assistance Policies 2009

Study on School Readiness in Child Care Settings
www.cehd.umn.edu/CEED/projects/ccrp/15_SchReadinessCC.pdf

Tiered Reimbursement in Minnesota Child Care Settings
http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_FILE&RevisionSelectionMethod=LatestReleased&Rendition=Primary&allowInterrupt=1&noSaveAs=1&DocName=DHS_id_027967

Wilder Foundation, The cost burden to Minnesota K-12 when children are unprepared for kindergarten

Other Reports of Interest
A Science-Based Framework for Early Childhood Policy
www.developingchild.harvard.edu/library/reports_and_working_papers/policyFramework/

The Science of Early Childhood Development: Closing the Gap Between What We Know and What We Do
www.developingchild.harvard.edu/library/reports_and_working_papers/science_of_early_childhood_development/

Websites of Interest
 Minnesota Child Care Association
www.minnesotachildcareassociation.org

Child Care Works
www.childcareworks.org

Ready 4 K
www.ready4k.org

Center on the Developing Child
http://developingchild.harvard.edu/

National Women’s Law Center
http://www.nwlc.org/

The Heckman Equation
http://www.heckmanequation.org/