

Position Statement

For 2022 Session

Permanent Basic Sliding Fee Child Care Reprioritization

Proposal

Issue:

Insufficient funding is available to assist low income families to secure quality child care. The Basic Sliding Fee (BSF) Child Care Program supports families who are striving to work and avoid going onto MFIP, while also ensuring that the children in the family get the benefits of child care. BSF child care offers a ladder and support out of poverty. Legislative action is needed so that counties can serve more families with the Basic Sliding Fee Child Care program while reducing the risk of needing to spend local property tax dollars. The upcoming legislative session is a key moment to address this issue, to capitalize on the growing awareness and strong support received during the 2021 session that resulted in a temporary measure that expires in 2024.

Implementation Strategy:

MACSSA supports increasing resources and aligning existing resources to reduce BSF waiting lists in counties that have them, while maximizing spending across the state to better meet the needs of Minnesota families.

MACSSA will seek legislative action to **permanently** simplify the Basic Sliding Fee Child Care Program by reordering the BSF wait list priorities to increase the use of forecast funds. This was done on a temporary basis in 2021 and now is an excellent opportunity to make the change permanent.

The proposal would make permanent the temporary reprioritization of the five existing categories within the Basic Sliding Fee (BSF) child care program. Prior to this temporary reprioritization, the original statute required counties to prioritize funding for families exiting MFIP. However, these families are already receiving child care through the MFIP Child Care Program, which does not use limited county BSF funds. The proposal does not require scarce BSF funds to be spent on these families until all other categories have been served, including veterans, and working poor families (the largest category). The temporary measure is already permitting more children to receive care and more families to receive child care assistance. Making it permanent will increase and extend these good results.

MACSSA recognizes the need for child care options across the state that meet the needs of families and communities.

MACSSA will support sensible measures that discourage, reduce, and where necessary investigate fraudulent behavior on the part of providers and recipients, and are supported by efficient IT solutions.

It is critical that positions and legislation direct any additional BSF funding toward the purpose of the funding to avoid allocating too much to counties that can't use it while other counties must maintain waitlists. This results in underspending statewide despite not meeting the needs of families who want to work. In contrast, the 2019 [**is 2019 correct?]** waiting list reduction funding was directed to counties with waiting lists, successfully reducing waitlists and serving more families.

Systemic Priority Alignment (highlight all that apply and explain why)

- Equity
- Integrated Services
- Fiscal Framework

From the GARE Toolkit (See www.racialequityalliance.org): What are the racial equity impacts of this particular decision? Who will benefit from or be burdened by it? Are there strategies to mitigate unintended consequences?

Comments:

Access to Basic Sliding Fee Child Care varies across the state, due to complexities in the formula used to allocate funds to counties. This proposal will assist all counties in serving families, taking an important step toward the goal that families do not experience different levels of access simply due to their county of residence.

Families experiencing poverty and financial de-stabilization are disproportionately families of color. Child care is a two-generation issue, supporting parents in their employment and supporting children in their social-emotional development and early learning. Access to the BSF program reduces financial and educational disparities that are present in our communities.

Affordable child care helps the adults in the family obtain and maintain stable employment, helps child wellbeing in the critical 0 – 3 age range, and helps children prepare to enter Kindergarten ready to succeed. This stability allows families to begin working on other issues they are confronting. Improved access to BSF Child Care will help families who are receiving Child Protection services. There is an additional connection to SNAP Employment & Training for families who are receiving SNAP and who need child care in order to work.

Counties will be able to serve more families with the Basic Sliding Fee Child Care program with a reduced risk of needing to spend local property tax dollars.

**Relevant Committee
(highlight all that apply and explain why)**

- **Adult Services**
- **Behavioral Health**
- **Children's Services**
- **Modernization**
- **Policy**
- **Self-Sufficiency**

Why: This proposal was first developed in 2016 through Self-Sufficiency. Access to stable, high-quality child care has been proven to lead to increased child wellbeing. In addition to expanding access for people needing access to BSF child care, this proposal simplifies the administrative process for counties. This simplified process will help pave the way for modernization of BSF child care.

Rationale/Background:

Child care is a key investment in Minnesota families and their children. BSF child care represents a ladder out of poverty and addresses our early childhood goals. BSF also represents an important resource when employers need workers, but potential workers do not have child care. However, over the past 20 years, the BSF has struggled to continue helping working poor families stay employed and off of MFIP. A major portion of BSF been used to fund child care assistance for families who were formerly on MFIP, leaving reduced funds available for other working poor families. Some families recognize this dynamic and make the decision to go on MFIP solely so they can gain access to Child Care Assistance. This proposal addresses that unintended problem.

This proposal makes use of priority groups already established in BSF child care. Prior to the temporary change, BSF priorities regulate that families coming off of MFIP – who will continue to receive child care assistance regardless of their BSF status – receive funding before other groups of families waiting for access. It has seemed particularly unfair when veterans end up on a waiting list rather than receiving child care. Expanding forecast funding and removing an entire group of people ahead of them in priority helps eligible families who otherwise may wait years for child care.

Past proposals to forecast the entire BSF have foundered in part on the size of the needed appropriation. By using previously identified priorities, this proposal suggests the next logical step, avoiding previous all-or-nothing approaches.

This proposal simplifies BSF child care for both county staff and families who apply. Counties and their families where there is currently no waiting list will not be harmed by this expansion, and may benefit in future years. This proposal uses much of the current process, simplifying and speeding implementation, with few or potentially no systems changes required in MEC2. Both DHS and the Minnesota Childcare Association testified in support of this proposal in 2021.



MACSSA
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Approved on: