

November 15, 2018

The Honorable Tim Walz  
321 State Capitol  
75 Rev Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155

Dear Congressman Walz,

Congratulations on becoming Governor-elect of Minnesota! We very much look forward to working with your administration and bipartisan members of the Legislature to address two pressing crises facing Minnesotans:

- 1) Our worst-in-the-nation achievement gaps and**
- 2) A severe child care shortage in many parts of the state.**

These two problems are intertwined and must be addressed together. Both crises have profound implications for our children, communities and economy, and require immediate action before they grow even worse.

**Who We Are.** Over the past few months, broad groups of organizations ranging from advocacy organizations, business interests, child care providers and other organizations, have been meeting as a Crisis Work Group to identify recommendations for addressing both of these crises. The various organizations come to the issue with different motivations, but we share a common commitment to addressing the crises and keeping Minnesota moving forward.

This memo summarizes the Crisis Work Group's recommendations for program/policy changes under the direct control of your administrative agencies. In coming weeks, we will finalize our Crisis Work Group recommendations for legislative proposals for 2019. But since you are wisely already considering your policy agenda, we wanted to immediately convey the following recommendations for policy and program changes that are under your new administration's control, without requiring legislative action.

- 1) Improve Early Learning Scholarship (ELS) and Basic Sliding Fee (BSF) administration efficiency to ensure eligible children receive the full benefits available to support their access to high quality ECE.**

**State management of BSF and Early Learning Scholarship wait lists.** The Administration could change current policy so that the waiting list of families seeking BSF is maintained and managed at the state level. This would mean counties and Regional Administrators would no longer have to take on the financial risk of moving a family off the waiting list, especially toward the end of the fiscal year. Outreach and enrollment for both programs should continue to be done at the local level, but fiscal administration of ELS and BSF could be done at the state level. The agency administering BSF for a county must spend 90% or more of the county's allocation before the end of the fiscal year. If they do so, any unspent funds may be rolled into the next fiscal year. If they do not spend to the 90% level, then the unspent funds go back to state appropriation, with the intent that DHS would redistribute the funds to counties that have waiting lists or unmet needs. For smaller counties, even a few families added to BSF can result in spending over 100%, which then becomes the responsibility of the county. This is particularly burdensome to smaller counties.



Similarly, for Early Learning Scholarships, smaller counties/regions also have a much smaller scale and do not have much flexibility to make new Scholarship awards to families on the waiting list, especially toward the end of the year.

**Lift Scholarship cap.** Another administrative policy that would help both families and program administrators seeking to fully spend appropriations on their intended use would be for MDE to lift the \$7,500 Early Learning Scholarship cap. We know that some families, especially those combining CCAP and Scholarships, may need less than \$7,500 per year, while others, especially those not eligible for CCAP, may need more than the arbitrary amount of \$7,500 to attend a high-quality program that meets their needs.

**Eliminate use of ELS funds for purposes other than access.** There is also currently policy through which regional administrators are able to grant permission for ECE programs serving kids with Scholarships to project if there will be underspending in any/all children's Scholarship awards for the year (i.e., spending projected at less than \$7,500/child). If so, the regional administrator (based on MDE policy) can grant permission for providers to submit a plan for using those funds on activities/uses other than program tuition. For example, they may use the funds for professional development, program improvement or equipment. This is contrary to legislative intent that Scholarships should be used to support low-income/high-needs children's access to quality ECE.

**Coordinate administration of Child Care Assistance Program and Early Learning Scholarships using MEC<sup>2</sup>.** Currently, the two programs are administered through separate information systems: CCAP by the Minnesota Electronic Child Care Information System (MEC<sup>2</sup>) and Scholarships through the Early Learning Scholarship Administration System (ELSA). Coordinating administration of both funding streams through MEC<sup>2</sup> would be the first step toward coordinating families' benefits in a way that maximizes their access to programs and reduces possibility for fraud or inadvertent billing errors.

## **2) Improve coordination and efficiency in child care licensing to support child care business and protect child health/safety.**

Child care providers statewide have been clear that the current system of licensing and oversight by various branches of DHS results in frustration, inconsistency, and likely less than desirable ability to achieve our shared goals of keeping children safe and supporting the child care business that are so critical to families' employment and children's development. The Administration has many opportunities to address this frustration by supporting efforts underway or in development through the Office of the Inspector General at DHS; as well as better coordinating efforts across Office of the Inspector General and Child Development Services at DHS and county licensing staff responsible for licensing family child care programs:

- » The Office of the Inspector General at DHS is currently planning and implementing efforts to improve licensing process and relationships with licensed family child care programs statewide without compromising basic health and safety in those programs. The new administration should monitor and support that work. One example of work the Administration should support and highlight is that Office of the Inspector General has implemented a Family Child Care Outreach Unit (5 FTE) responsible for holding counties in their region accountable for improving their service to licensed family child care programs.
- » The new Administration should work with state and county staff on robust efforts to make the licensing system more coherent, consistent and supportive of providers (supporting them in entering the field, staying in business and/or expanding) while continuing to protect the interests of children. The DHS has made progress by laying a foundation for this work through their new [webpage](#) focused on creating a "one stop shop" for licensed family child care resources available through DHS.
- » The Administration should direct DHS to analyze administrative data on licensing violations to assess which violations are red flags for later, more egregious violations and which may benefit from more flexibility or supports to providers. Results of that analysis should focus technical assistance on areas that data shows would benefit providers and children most directly.
- » The Administration should direct DHS to analyze administrative data on programs that exit their licenses to systematically understand why they are leaving the field and tailor interventions/ supports to prevent future program closures.
- » Change policies to allow for tiering or weighting of violations and citations by licensors to more appropriately respond to the severity of the problem. Currently, a violation for inadequate supply of materials (such as books) is equal in severity to presence of hazardous materials in the program.

## **3) Streamline entry into Parent Aware for currently eligible providers.**

Direct DHS to proactively use administrative data on child care providers to identify programs that are meeting Parent Aware rating standards and offering them a simple way to enter Parent Aware and access all the benefits available to participating providers, including support in increasing their star rating.

## **4) Establish a state Office of Early Learning.**

Establishing an Office of Early Learning with the authority to actually coordinate program policy and funding would provide a foundation for some of the changes proposed in this memo, as well as the more sweeping recommendations in the April 2018 [Early Childhood Program Evaluation](#) conducted by the Office of the Legislative Auditor.

**5) Begin immediate implementation of all recommendations from the OLA Early Childhood Program Evaluation under Administrative Agency control.**

A number of the recommendations included in this memo are also encompassed in the 2018 Evaluation Report on Early Childhood Programs prepared by the Office of the Legislative Auditor. We fully support all of the OLA recommendations and would call out the following recommendations not encompassed above as worthy of immediate action to build a foundation of accountability and improvement and to allow your administration and other interest policy makers to ask and answer critical policy questions:

- » Identify and use a universal identification number for children participating in publicly funded ECE programs.
- » Collect attendance rates/dates of participation for children receiving services from publicly funded ECE programs.

Our colleagues and we are excited about the opportunities presented by your administration, given your commitment to children and families. We are available to discuss these proposals and support your efforts in any way we can.

Again, congratulations, and thank you for your consideration.

Sincerely,

Close Gaps by 5

First Children's Finance

Minnesota Business Partnership

New Horizon Academy

Southern MN Initiative Foundation

EdAllies

Little Learners Child Care Center (Ada, MN)

Minnesota Child Care Association

Phyllis Wheatley Community Center

Think Small

