

# 2024-2025

## Early Care and Education Crisis Work Group Legislative Priorities

The Minnesota Legislature made historic progress toward the Crisis Work Group's dual mandate to address the state's child care supply crisis and its child outcomes crisis simultaneously. Most notably, Early Learning Scholarship investments grew from \$70 million per year to \$197 million per year in fiscal years 2024 and 2025, with base level spending continuing at \$100 million per year in fiscal year 2026 and beyond. This movement, which garnered bipartisan support, cuts the number of young children un- or under-served by the program from an estimated 31,000 to 15,000.

Additionally, the Work Group's call for greater accountability was also acted on with the establishment of a universal Kindergarten Entry Assessment, as were our long-standing recommendations to streamline the early childhood system both through the creation of a new state agency and through the commitment to merge Early Learning Scholarships and the Child Care Assistance Program (CCAP). Finally, our recommendation to align the 1-Star Parent Aware Rating with the child care licensing process was also acted on making it more likely that providers will begin offering kindergarten readiness best practices in the future.

This progress is very encouraging, but the broad membership of our Work Group understands well that there is more work to do. We stand ready to partner with the Walz Administration and the Legislature to ensure a strong, child-focused implementation of these changes. We will also continue our push for Minnesota to use every available opportunity to make progress toward the Work Group's ultimate goal of improving access to high quality early care and education programs.

To that end, the Crisis Work Group puts forward the following recommendations for action in 2024 and 2025:

### Maintain and Grow Scholarship Funding for High Needs Children.

In market economies, supply of services grows when consumer demand increases. Therefore, to increase the supply of quality programs, we must stimulate new consumer demand. This can be accomplished by maintaining the level of funding appropriated for Scholarships in fiscal years 2024-25 and growing funding to serve the remaining 15,000 low-income children still left behind. Beyond addressing the shortage, this will also address a major cause of Minnesota's worst-in-the-nation achievement gaps, which pose such a huge threat to the future of our children, communities, and economy.

### Expand Support for Lower Middle Class Families.

The Work Group has long acknowledged the challenge facing families that fall outside of eligibility for Early Learning Scholarships or other supports for accessing early care and education, such as CCAP. This "cliff" creates unhelpful incentives for families, makes it difficult for employers to reward their employees, and misses many children who would benefit from the opportunity and for whom a public return on investment is possible. For this reason, we renew our 2018 recommendation to make families earning up to 300% of the Federal Poverty Guideline (FPG) eligible for sliding scale Scholarships. This step should be taken in conjunction with efforts to fully fund Scholarships for all low-income children ages 0-5.

## Renew Emphasis on Quality.

The Work Group believes in the power of *quality* early care and education to shape children's outcomes and to net taxpayers an oft promised return-on-investment. Unfortunately, there has not been enough attention to quality in recent years. Minnesota must expand quality improvement, capacity-building, coaching, and technical assistance initiatives and should take advantage of every opportunity to use public investments as incentives to spur the adoption of kindergarten readiness best practices by early care and education providers. One constructive way to direct these types of quality improvement investments is to make them in support of efforts to improve young children's early literacy skills. In this way the state's emerging early care and education system can contribute to solving the state's poor reading achievement outcomes.

## Build a True Mixed Delivery System.

We are heartened by the strong desire to bring the full force of state government to bear on the child care supply crisis. At the same time, we are concerned that simultaneous efforts to expand the state's Voluntary Pre-K program will work at cross purpose. We support families having options and school-based Pre-K programs being among those options, but we do not feel that the child care sector is strong enough to withstand such a disruptive change at this point in its post pandemic recovery. Nor do we see the state funding available to support infants and toddlers via CCAP or Early Learning Scholarships being sufficient to offset the planned Pre-K expansion. Given this, we strongly recommend the state work with school districts to both share with them the relationship between child care supply and Pre-K expansion and to make it as attractive and minimally burdensome as possible to enter into mixed delivery partnerships.

