

Child care: Improving access for families and children, supporting providers, addressing the child care shortage

Minnesota took significant steps in 2023 to ensure long-term stability for child care providers, families and children. The changes mean that more families will receive child care assistance, including foster care families, relative custodians and guardians. Updated payment rates and streamlined administrative requirements will improve business conditions for child care providers. Other improvements will help address the shortage of child care, including one of the country's first state-funded compensation support programs and additional measures to strengthen child care businesses and draw new people into the field of child care.

Equitable, affordable and sustainable child care is critical for strong child development and the economic stability of families and communities. Each month, Minnesota's Child Care Assistance Program serves approximately 15,000 families with 30,000 children.

2023 legislation

Making child care assistance rates more competitive. The maximum rate paid to child care providers for the Child Care Assistance Program will increase to the 75th percentile of market rates, with adjustments every three years to reflect the market. Raising maximum rates supports providers serving families who use child care assistance and helps ensure access to affordable child care for families. The new rates will be effective on Oct. 30, 2023. *FY 2024-25: \$146 million; FY 2026-27: \$277 million*

Reducing waiting lists and increasing access to Basic Sliding Fee child care assistance. Spending on the Basic Sliding Fee Child Care Assistance Program will go up \$30 million per biennium, increasing access to child care for approximately 500 more families with 1,000 children. Permanently reprioritizing the Basic Sliding Fee waiting list will expedite access to child care for families who are not yet receiving support. The Child Care Development Fund will pay for part of the waiting list reprioritization. *FY2024-25: \$37.8 million; FY 2026-27: \$47.4 million*

Improving access to child care for foster parents and relative caregivers. Expanded eligibility for the Child Care Assistance Program will include foster and kinship caregiving families. The change will give 1,300 more families, including approximately 2,600 children, access to child care support beginning on Aug. 25, 2024. *FY2024-25: \$11.8 million; FY 2026-27: \$58.3 million*

Expanding access to affordable, quality child care provided by friends, family and neighbors. High costs and limited availability have more people turning to people they know for child care. The Family, Friend and Neighbor Child Care Grant Program supports these caregivers to offer quality care and early learning opportunities, equalizing access for Minnesota families. *FY2025: \$3 million; FY2026-27 and beyond: \$5 million*

Supporting better compensation for child care workers. Great Start Compensation Support Payments will be a nation-leading program and one of the first state-funded programs to directly support compensation for child

care workers. The goal is to address long-standing economic problems in the child care industry that result in severely low wages for early childhood educators. *FY2024-25: \$358.6 million; FY2026-27: \$259.8 million*

Aligning early care and learning programs. Funding to plan implementation of the new Great Start Scholarship Program will integrate administrative and funding structures for early care and learning programs, including Early Learning Scholarships and the Child Care Assistance Program. The eventual goal is to cap the family share of child care costs at 7% of income. The Department of Human Services will work with the Department of Education and the Children's Cabinet. *FY2024-25: \$2.6 million in one-time funding*

Laying the groundwork for competitive wages for child care workers. The Minnesota departments of Human Services, Education, and Employment and Economic Development and the Children's Cabinet will create a cost-of-care estimation model for early care and learning programs. They will also develop an early childhood professional wage scale based on education, experience and training, and a process to recognize competencies achieved through training and experience that are comparable to degrees and credentials. *FY2024-25: \$1 million in one-time funding*

Supplementing income for qualified early childhood educators. Increasing grants for the Retaining Early Educators Through Attaining Incentives Now program, or REETAIn, will help supplement income for early childhood educators as they work to establish careers in the field. The grants can be used for program supplies, professional development or personal expenses. *FY2024-25: \$4.2 million; FY2026-27: \$1.8 million*

Developing the child care workforce. Scholarships will help more people become qualified to work in the child care industry. The state will also fund recruitment, training and higher education scholarships. *FY2024-25: \$2 million; FY2026-27: \$4 million*

Supporting child care centers and providers. Expanded funding will provide business supports, including an assistance network for new and existing child care businesses, grants for shared services for family child care providers and grants for technology for child care programs. *FY2024-25: \$4.5 million; FY2026-27: \$7.4 million*

Establishing an Early Childhood Registered Apprenticeship Grant Program. Early childhood workers will have access to employment-based training and mentoring opportunities. Apprentices will receive a mentor for one-on-one learning and up to \$10,000 in higher education scholarships. *FY2024-25: \$3.2 million; FY2026-27: \$2 million*

Increasing the number of quality child care and early learning programs. Marketing, signing bonuses, outreach and staffing will help increase the number of child care and early learning programs in the Parent Aware quality rating and improvement system. Changes include a process to align a one-star Parent Aware quality rating with licensure by 2026. *FY 2024: \$1 million in one-time funding*

Providing support for mental health. The Minnesota Family Investment Program will offer up to 20 hours of child care assistance for children ages 6 and younger each week when a child's primary caregiver has a diagnosis of a mental illness. This provision takes effect on May 12, 2025. *FY2024-25: \$1.5 million; 2026-27: \$4.8 million*

Simplifying administrative requirements for child care providers. A provider licensing and reporting hub will create a unified licensing experience for all licensed human services programs. A continuous licensing process for family child care providers will include streamlined provider registration and renewals for the Child Care Assistance Program and removing duplicative background studies for legal non-licensed child care providers. *FY2024-25: \$1.8 million; 2026-27: \$1.4 million*

Improving early learning facilities. Investments will focus on renovating and building early learning facilities.
FY2024: \$900,000 in general obligation bonds and \$1.1 million in general funds

Related information

- [DHS 2023 session fact sheets](#)
- [Child care assistance: Facts and figures](#)
- [Basic Sliding Fee child care assistance program](#)
- [Child Care Assistance Program](#)