



# Legislative Report

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## Status of Child Care in Minnesota, 2019

**Office of Inspector General**

**Children and Family Services**

February 2020

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$7,272.00.

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# I. Executive Summary

The Minnesota Department of Human Services (DHS) Licensing Division and Child Care Services, which includes the Child Care Assistance Program (CCAP), Child Care Professional Development System, and Parent Aware Quality Rating and Improvement System, all support access to safe, healthy and quality child care and early education programs. This report provides information about all four programs, including summary data, department efforts and recommendations in continuing to improve child care for Minnesota families, and changes to policy and legislation.

The state's overall child care capacity has remained relatively constant since fiscal year 2015. This stability is the result of a gradual increase in child care centers and a gradual decrease in family child care providers. However, when looking at capacity changes at a local level, it becomes clear that child care openings and closures have affected communities around the state differently. While Greater Minnesota has seen a disproportionate loss in capacity, it is not uniform, and the reasons for the losses are varied.

A frequent concern voiced by family child care providers has been that county licensors are inconsistent in how they interpret licensing standards and that providers are being cited for minor violations. The department now has access to data about compliance for licensed family child care providers given that the county licensors have been using the DHS Electronic Licensing Inspection Checklist Information (ELICI) tool for over a year. A review of 12 months of licensing visit data shows that 80% of family child care providers received no correction orders during their annual licensing reviews. Of the 20% that do, the vast majority of those providers (65%) were only cited for one or two violations. In addition, counties regardless of population, tended to issue correction orders at the same rate—20%. This indicates that generally there is consistency in licensing visit outcomes across the state. Over time, using ELICI will promote even greater consistency among counties and the resulting data will allow the department to tailor training for licensors and for both family child care providers and child care centers.

In addition to improving training for licensors, the department has taken steps to make training more accessible, relevant and affordable for child care providers. As a result, availability of child care training has improved significantly. Attendance at training events has also grown. Nearly 29,000 individuals attended one or more child care training events in state fiscal year 2019, up from nearly 25,000 attendees in state fiscal year 2018.

Evaluation of Parent Aware has continued. One important part of this work has been surveys that ask child care providers and parents to share their experiences with Parent Aware. This feedback is used to improve the program ongoing. Parent Aware has experienced growth in program participation, and in the numbers of children receiving child care assistance enrolled in Parent Aware Rated programs. From 2014 to 2018, the percent of children ages 0 to 5 and not yet in kindergarten and receiving child care assistance enrolled in Parent Aware Rated programs grew from 34% to 54%.

To support affordable, high quality, and safe child care and early education programs, the department offers 17 recommendations on pages 55 and 56; highlights include:

- Support legislative proposals that bring Minnesota into compliance with federal Child Care Development Block Grant changes, including rate increases for the Child Care Assistance Program that will better align with the private pay market.

- Institute abbreviated inspections for licensed family child care providers and licensed child care centers that have a history of demonstrated compliance with the licensing standards. Use national experts to conduct the required statistical analysis of compliance data, to gather input from stakeholders on criteria for these inspections, to develop procedures for licensors, and to provide training to licensors on the new abbreviated inspection protocol.
- Update regulations for licensed family child care providers and licensed child care centers in their entirety, including both statute and rule, and adopt risk-based violations systems for monitoring compliance, grounded in national best regulatory practices, as other states have done. Use national experts to guide the process for gathering stakeholder input (e.g., parents, providers, early childhood advocates, state and county licensors) through focus groups, surveys, etc., and doing the required statistical analysis of the data. Given the size of this undertaking, the work would likely need to be staggered, replacing one licensing framework and then the other.
- Explore whether family child care providers should be issued continuous licenses, like others who are licensed to provide services by the department, instead of requiring providers to apply for a new license every two years.
- Address Minnesota’s child care shortage by:
  - Helping communities develop assessments of supply gaps and development of local-level solutions, and funding for grants to help child care programs start up and expand.
  - Increasing visibility and access to existing supports related to business practices and quality improvement through consultation services for child care programs and a one-stop-shop platform for all programs.
  - Encouraging more people to enter and stay in the child care and early education workforce by investing in scholarships for credentials and higher education degrees, loan forgiveness, tax credits and retention bonuses.

## II. Legal Mandate for Report

### Statute

#### 245A.153 REPORT TO LEGISLATURE ON THE STATUS OF CHILD CARE.

Subdivision 1. **Reporting requirements.** Beginning on February 1, 2018, and no later than February 1 of each year thereafter, the commissioner of human services shall provide a report on the status of child care in Minnesota to the chairs and ranking minority members of the legislative committees with jurisdiction over child care.

Subd. 2. **Contents of report.** (a) The report must include the following:

(1) summary data on trends in child care center and family child care capacity and availability throughout the state, including the number of centers and programs that have opened and closed and the geographic locations of those centers and programs;

(2) a description of any changes to statutes, administrative rules, or agency policies and procedures that were implemented in the year preceding the report;

(3) a description of the actions the department has taken to address or implement the recommendations from the Legislative Task Force on Access to Affordable Child Care Report dated January 15, 2017, including but not limited to actions taken in the areas of:

(i) encouraging uniformity in implementing and interpreting statutes, administrative rules, and agency policies and procedures relating to child care licensing and access;

(ii) improving communication with county licensors and child care providers regarding changes to statutes, administrative rules, and agency policies and procedures, ensuring that information is directly and regularly transmitted;

(iii) providing notice to child care providers before issuing correction orders or negative actions relating to recent changes to statutes, administrative rules, and agency policies and procedures;

(iv) implementing confidential, anonymous communication processes for child care providers to ask questions and receive prompt, clear answers from the department;

(v) streamlining processes to reduce duplication or overlap in paperwork and training requirements for child care providers; and

(vi) compiling and distributing information detailing trends in the violations for which correction orders and negative actions are issued;

(4) a description of the department's efforts to cooperate with counties while addressing and implementing the task force recommendations;

(5) summary data on child care assistance programs including but not limited to state funding and numbers of families served; and

(6) summary data on family child care correction orders, including:

(i) the number of licensed family child care provider appeals or requests for reconsideration of correction orders to the Department of Human Services;

(ii) the number of family child care correction order appeals or requests for reconsideration that the Department of Human Services grants; and

(iii) the number of family child care correction order appeals or requests for reconsideration that the Department of Human Services denies.

(b) The commissioner may offer recommendations for legislative action.

Subd. 3. **Sunset.** This section expires Feb. 2, 2020.

## Session law

**Laws of Minnesota 2019, Chapter 9, Article 2, Section 128:**

**Sec. 128. DIRECTION TO COMMISSIONER; CORRECTION ORDER ENFORCEMENT REVIEW.**

By January 1, 2020, the commissioner of human services shall develop and implement a process to review licensing inspection results provided under Minnesota Statutes, section 245A.16, subdivision 1, paragraph (h), clause (1), by county to identify trends in correction order enforcement. The commissioner shall develop guidance and training as needed to address any imbalance or inaccuracy in correction order enforcement. The commissioner shall include the results in the annual report on child care under Minnesota Statutes, section 245A.153, provided that the results are limited to summary data as defined in Minnesota Statutes, section 13.02, subdivision 19.

# III. Introduction

All children and their families should have access to safe, healthy, and quality child care and early education programs. Children need services that support their intellectual, emotional, physical and social development, while family members need safe, affordable and quality child care that allows them to pursue employment or education. The Minnesota Department of Human Services' Licensing Division, Child Care Assistance Program, Child Care Professional Development System and Parent Aware Quality Rating and Improvement System all support child care and education programs to meet those needs.

This report summarizes the following:

- Data and trends about licensed child care capacity and availability
- Insights from analysis of licensing compliance data newly available now that licensors are using the DHS Electronic Licensing Inspection Checklist Information (ELICI) tool
- Child Care Assistance Program, the Minnesota Child Care Professional Development System, and Parent Aware trends
- The department's strategies to improve and support ongoing communication between the department and county licensors
- The department's efforts to improve stakeholder engagement and communication with licensed child care providers
- The department's implementation of recommendations from the 2016 Legislative Task Force on Access to Affordable Child Care
- Recommendations by the department to support healthy, high quality, and affordable child care and early education programs and providers
- Changes to statute and rule impacting child care.

## Licensing

Licensure provides the necessary oversight mechanisms to ensure child care is provided in a healthy and safe environment by qualified people, and meets the developmental needs of all children in care. The department monitors and supports provider compliance with health and safety standards in nearly 10,000 licensed child care programs in Minnesota.

The department partners with county agencies to license, monitor, and enforce rules and statutes governing licensed child care. To enforce these regulations, the department and counties investigate reports of alleged licensing violations and child maltreatment. The department directly licenses child care centers and provides oversight to the county-delegated licensure of family child care programs.

## Child Care Assistance Program

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. The Child Care

Assistance Program is administered by county and tribal agencies, with state oversight. Approximately 15,000 families and 30,000 children are served each month.

## Minnesota’s Child Care Professional Development System

The Child Care Professional Development System supports staff working in center-based settings, family child care providers, and school-age care providers to plan for the training and professional development they need to meet licensing requirements and their professional goals, find training that meets their needs, and track their progress ongoing. The tool used by providers to search for training and track their progress is Develop, Minnesota’s Quality Improvement and Registry Tool.

The department developed this system in 2007, with direction from the Minnesota Legislature. The system is carried out through contracts with grantees who manage Develop, provide professional development advising to professionals working in center-based, family child care and school-age settings, and offer a wide variety of training content. The system also recognizes training offered by independent trainers and curriculum publishers. Training in the system is offered statewide, web-based<sup>1</sup> and in-person, as well as in multiple languages.

## Parent Aware

Parent Aware is Minnesota’s voluntary Quality Rating and Improvement System. The system helps child care programs improve their quality, provides supports with tools and resources they need to succeed, and recognizes and rewards commitment to quality. Child care providers who participate in Parent Aware receive coaching, training and financial incentives that help them improve, and are recognized through a quality rating posted on the Parent Aware website.<sup>2</sup>

The ratings also help families make informed choices. Parents are able to search the Parent Aware website for child care and early education programs’ rating levels, as well as learn other information they need to choose a program and connect to resources that support their needs.

Parent Aware also links to financial assistance programs that help families pay for quality care and early education for their children. The Child Care Assistance Program pays a higher rate if families choose a program with a three- or four-Star Parent Aware rating, or other recognized accreditation or certification. The Early Learning Scholarships Program, administered by the Minnesota Department of Education, allows parents to use scholarships in Parent Aware-rated programs, and those in the process of becoming rated.

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<sup>1</sup> Web-based training events are offered in the following formats: online classrooms and on-demand web-based.

<sup>2</sup> <http://parentaware.org/>

## IV. Capacity and Availability

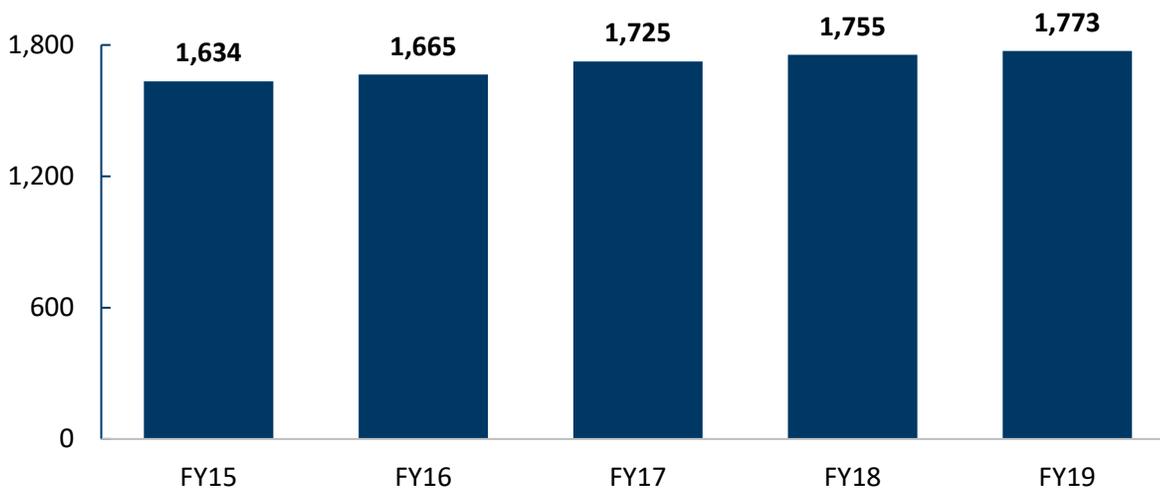
In fiscal year 2019, the department directly licensed and monitored more than 1,700 child care centers and provided oversight of the county-delegated licensure of more than 7,600 family child care programs. Licensure promotes healthy and safe child care settings through monitoring and oversight.

### A. Openings and closings

Nationwide, the child care landscape is changing. While providers continue to join the field, the net number of child care centers has been growing and the net number of family child care homes has been shrinking over the last several years.

As Figure 1 shows, Minnesota experienced a gradual increase in the number of licensed child care centers between fiscal years 2015 and 2019. In fiscal year 2015, 1,634 child care centers had licenses compared with 1,773 in fiscal year 2019.

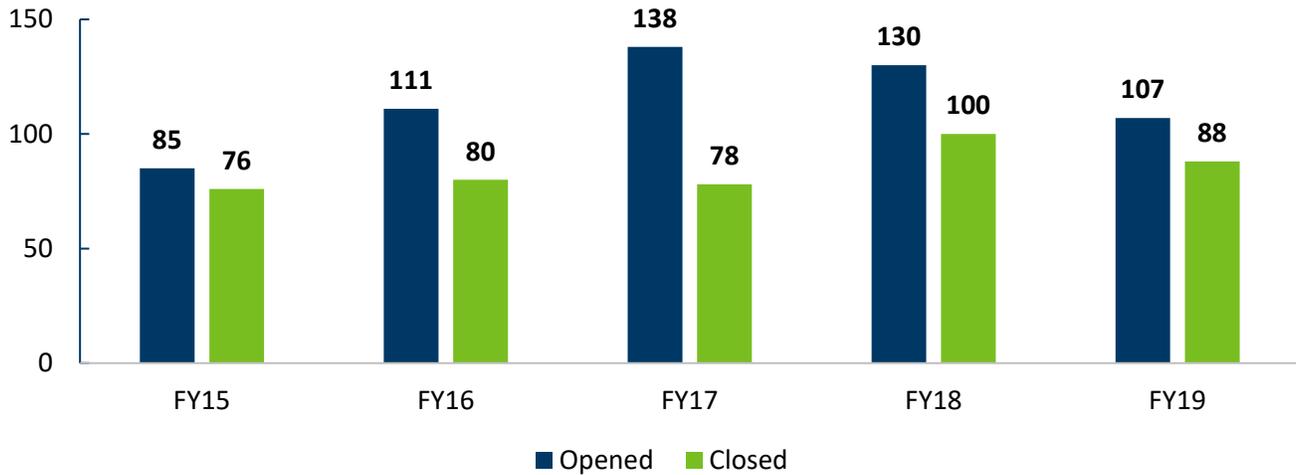
**Figure 1. Licensed child care centers: Number of providers, fiscal years 2015-19**



Overall, there was a net gain of 137 centers or 8% over the last five fiscal years. Both the metro and Greater Minnesota experienced growth in new child care centers. In fiscal year 2019, 43% (46 openings) of new licensed child care centers were located outside the seven-county metro area.

In each fiscal year since fiscal year 2015, more child care centers opened than closed, as Figure 2 shows. In fiscal year 2019, Minnesota experienced a net gain of 19 child care centers.

**Figure 2. Licensed child care centers: Openings and closings, fiscal years 2015-19**



In Minnesota, family child care providers are leaving the field, but are doing so at a lower rate than in other states. Between 2014 and 2017, there was a 24% decrease in family child care programs nationally.<sup>3</sup> In comparison, Minnesota had a 16% decrease in family child care programs between 2014 and 2017. As Figure 3 shows, in fiscal year 2015, Minnesota had 9,511 licensed family child care providers compared with 7,864 in fiscal year 2019. Overall there was a net loss of 1,647 licensed providers or 17% over the last five fiscal years.

**Figure 3. Licensed family child care: Number of providers, fiscal years 2015-19**

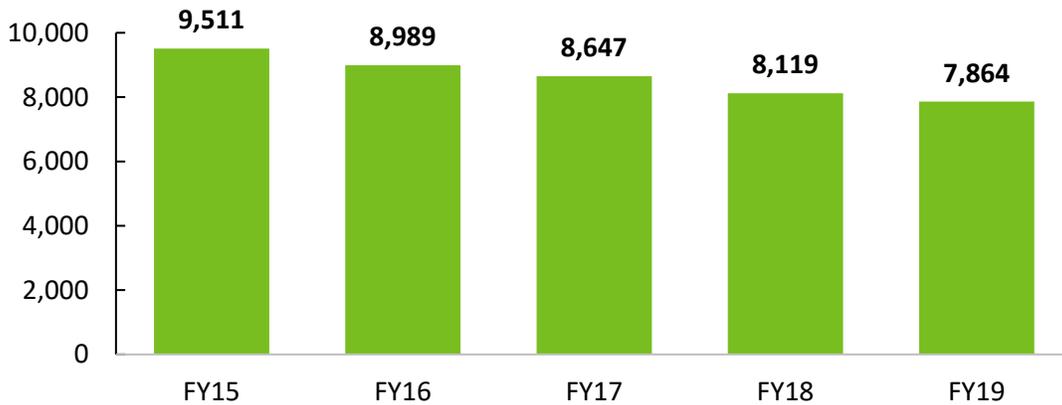
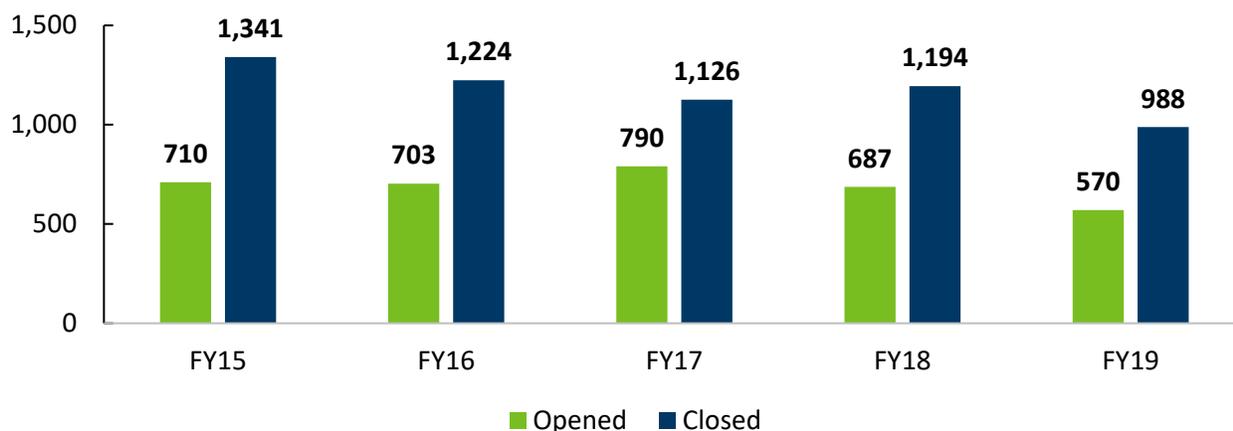


Figure 4 shows more family child care programs closed than opened during the past five fiscal years. In fiscal year 2019, Minnesota had 570 family child care programs become licensed and 988 close their license for a net loss of 418 family child care providers.

<sup>3</sup> National Association for Regulatory Administration. (2019).

Figure 4. Licensed family child care: Openings and closings, fiscal years 2015-19



The following factors may be contributing to family child care providers closing their businesses:

- Baby boomers, including those who own a family child care business, are reaching retirement age.<sup>4</sup>
- People may choose to enter fields outside of child care where they can have more flexible schedules and work fewer hours.<sup>5</sup>
- Other professions offer higher pay and benefits than child care, which may make them more enticing.<sup>6</sup>
- People may choose to seek out jobs that are not as physically demanding and provide more opportunities for social interaction.<sup>7</sup>

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<sup>4</sup> Addressing the Decreasing Number of Family Child Care Providers in the United States, National Center Early Childhood Quality Assurance (July 2019), [https://childcareta.acf.hhs.gov/sites/default/files/public/addressing\\_decreasing\\_fcc\\_providers\\_final\\_508\\_compliance.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/addressing_decreasing_fcc_providers_final_508_compliance.pdf)

<sup>5</sup> From the Bureau of Labor Statistics: “Childcare centers are open year round, with long hours so that parents can drop off and pick up their children before and after work. Family childcare providers may work long or unusual hours to fit parents’ work schedules.” See <https://www.bls.gov/ooh/personal-care-and-service/childcare-workers.htm#tab-3> (visited Oct. 31, 2018).

<sup>6</sup> The Early Childhood Workforce Index: Earnings & Economic Security, Center for the Study of Child Care Employment, University of California, Berkeley (June 2018), (<http://cscce.berkeley.edu/files/2018/06/3-Earnings-Economic-Security.pdf>). Addressing the Decreasing Number of Family Child Care Providers in the United States, National Center Early Childhood Quality Assurance (July 2019), [https://childcareta.acf.hhs.gov/sites/default/files/public/addressing\\_decreasing\\_fcc\\_providers\\_final\\_508\\_compliance.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/addressing_decreasing_fcc_providers_final_508_compliance.pdf)

<sup>7</sup> Addressing the Decreasing Number of Family Child Care Providers in the United States, National Center Early Childhood Quality Assurance (July 2019), [https://childcareta.acf.hhs.gov/sites/default/files/public/addressing\\_decreasing\\_fcc\\_providers\\_final\\_508\\_compliance.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/addressing_decreasing_fcc_providers_final_508_compliance.pdf)

- Some providers cite frustration with increased requirements for training and paperwork, inconsistencies among counties and other regulations.<sup>8</sup>

## **Denial of licenses**

To become licensed, child care centers and family child care providers must submit information to licensors to demonstrate their ability to provide programming and protect children’s health and well-being. A licensor reviews the submitted information and the applicant’s proposed child care site to determine compliance with regulations, including background studies and necessary training. The department does not issue licenses to applicants who fail to meet criteria required for licensure.

In fiscal year 2019, the department denied one child care center licensure application and 14 family child care licensure applications. For the past five fiscal years, it denied an average of 1.6 child care center applications and 28.2 family child care applications.

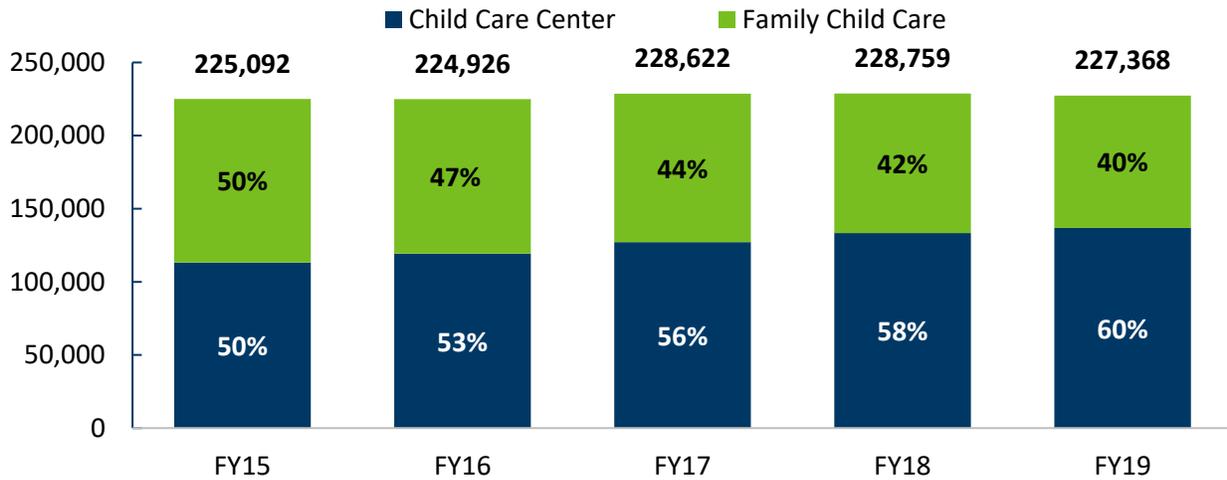
## **B. Capacity and availability**

Licensed capacity is the total number of children a child care program may care for at any given time. Note, licensed capacity does not reflect the total number of children actually served in licensed care. For example, a family child care provider with a capacity to serve 10 children may actually serve 11, if one child only comes in the mornings and another only in the afternoons. Also, a provider may choose not to provide care for children of a certain age (no infants, or school-aged children), may hold a spot open for a parent who is pregnant, or may choose to care for fewer children than their licensed capacity. The total number of children actually served by licensed programs can fluctuate greatly and is not collected by the department.

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<sup>8</sup> A Quiet Crisis: Minnesota’s Child Care Shortage, Center for Rural Policy and Development (Sept. 2016), (<https://www.ruralmn.org/a-quiet-crisis-minnesotas-child-care-shortage/>).

**Figure 5. Licensed child care: Total capacity by license type, fiscal years 2015-19**



At the end of fiscal year 2019, Minnesota’s licensed family child care programs and licensed child care centers had the licensed capacity to serve more than 227,000 children, as shown in Figure 5. This licensed child care capacity calculation includes all types of licensed child care — part-day, full-day, drop-in and sick care — for all age groups. In fiscal year 2019, 60 percent, or about 137,000, of those licensed “slots” were for child care centers, while 40 percent, or about 91,000, were for family child care. This is in contrast to fiscal year 2015, when 50 percent of licensed slots were in child care centers, and 50 percent were in family child care programs.

In the past five fiscal years, the state’s overall licensed child care capacity or number of slots for children, has slightly increased. As shown in Figure 5, between fiscal years 2015 and 2019, overall child care capacity increased by 1%, or 2,276 licensed child care slots. Between fiscal years 2015 and 2019, child center slots increased by 23,548, a 21% increase. During that same time, more family child care providers closed their businesses, which caused a 19% decrease in family child care capacity, or a loss of 21,272 family child care slots.

### **Family access to child care and early education**

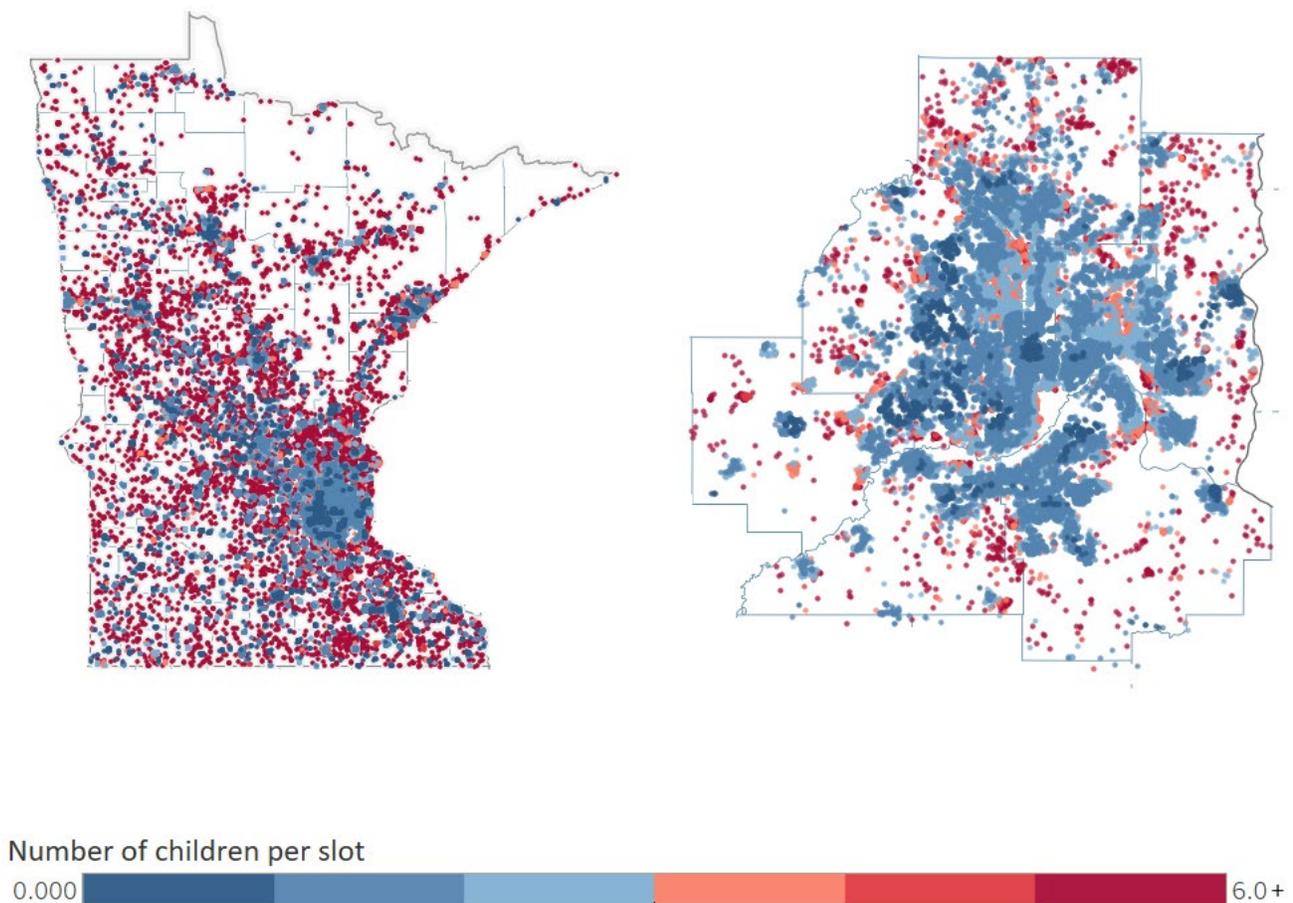
The availability of child care and early education in Minnesota varies by geographic area. Some communities have more slots, or “spaces” for young children, age birth – five years old, than others. To better understand how these geographic factors affect access to child care across the state, DHS and the Minnesota Department of Management and Budget partnered with researchers from the University of Minnesota to estimate the number of child care slots available for families with young children based on where they live in Minnesota, as shown below in the map in Figure 6.

The University of Minnesota researchers focused specifically on slots available for children age 5 and younger (before school age). They looked at how many slots for young children are within a 20 minute drive from each child’s home and how many other young children are in the area where these slots are located. This allowed the researchers to estimate the number of children needing care for each slot available.

The map below uses dots to show the level of access to child care and early education of families in Minnesota communities. The locations of families with higher access are represented by blue dots, and those with lower access are represented by red dots. Areas with more dots clustered close together are places where more families with young children live.<sup>9</sup>

The map shows the need for increased child care and early education capacity is widespread across the state. It also shows that within communities, there are some families with more access and others with less. In the Twin Cities metro area, some areas with low access are in the outer ring suburbs. However, there are also pockets of low access in urban areas in St Paul and Minneapolis.

**Figure 6. Family access to child care and early education, statewide and seven-county metro, January 2019**



<sup>9</sup> Further details on methodology can be found in Davis, Lee, & Sojourner (2019), <http://childcareaccess.org/>

While this map gives a sense of the availability of child care in the state, there are a couple of limitations in this analysis. First, the availability of child care varies by the extent to which people use informal child care such as family, friends, and neighbors. Second, even when child care is available, it may not be accessible given the cost, quality, type of care and families' access to transportation.

## V. Licensing Reviews, Data Collection and Trends

### A. Fix-it tickets and correction orders

When a licensed child care provider is found to be out of compliance with licensing standards, the department and/or county licensors have several options, depending upon the nature, severity and chronicity of the violation. These options range from simply being ordered to come into compliance, via a fix-it ticket or correction order, to licensing actions that have financial penalties or put the provider's license in jeopardy. This section describes fix-it tickets and correction orders. Other licensing actions are described below in Section C.

#### Fix-it tickets

During the 2017 legislative session, the Minnesota Legislature created a new regulatory enforcement mechanism for licensed child care—the fix-it ticket. Fix-it tickets can be issued by licensors for a set list of minor infractions that do not imminently endanger the health, safety, or rights of the children served by the program and can be corrected in short order. The list is set by the commissioner; the department sought input from family child care providers and child care centers before it determined which violations would be eligible for a fix-it-ticket. It includes violations such as a flashlight or portable radio with batteries that are missing or dead and licenses not posted in prominent locations.

The list of violations eligible for a fix-it ticket was expanded in April 2019, after additional stakeholder feedback. In the interest of giving flexibility to providers as soon as possible, some items were added to the fix-it ticket list that were also part of the governor's 2019 legislative proposal. This allowed providers to correct the violation and not receive a correction order while the Legislature considered whether to change the requirement. These items were subsequently removed from the fix-it ticket list after the Legislature adopted the proposed changes during the 2019 session. For example, providers received a fix-it ticket if they did not have emergency phone numbers posted by the telephone between April and September 2019, and after that date they did not need to have them posted because the law had changed.

Violations for which fix-it tickets are issued must be corrected on site or within a specified timeframe; if they are not, then the provider receives a correction order, described below.

#### Correction orders

Correction orders are issued for licensing violations that do not imminently endanger the health, safety or rights of children served by a program that are not eligible for a fix-it ticket. A correction order is a finding that a licensed program was out of compliance with one or more standards on the date of a review. After receiving a correction order, a license holder has a specified amount of time to correct the violation. In most cases, correction orders are not paired with fines or more serious licensing actions.

## Reconsiderations of correction orders

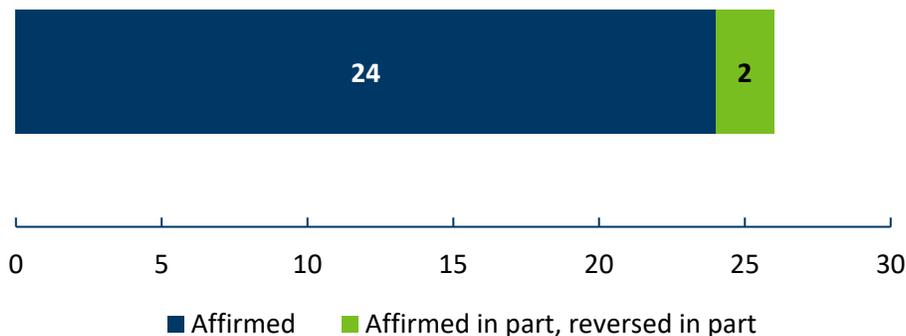
Licensed providers have due process rights and may request reconsideration of a correction order if they believe the decision to find them in violation was incorrect. Reconsideration is a nonjudicial review conducted within the department. When requesting reconsideration, providers must identify the parts of the correction order that are alleged to be in error, explain why they are in error and include documentation to support an allegation of error. To provide an independent review, a provider's request for reconsideration is assigned to an attorney in the Office of Inspector General, Licensing Legal Unit. The attorney reviews the correction order and the information submitted by the provider. The attorney sends that information to the licensor so they can review the provider's information, which may include documents. The licensor can add clarifying information to support the original finding of a violation. The licensor also has a chance to consider whether the violation was issued in error and should be rescinded. Once the licensor submits clarifying information, the attorney conducts an independent review of whether the licensor correctly cited a violation of rule or statute.

This process allows the provider to offer additional information that the provider may not have thought was relevant during the licensing visit. The Legal Unit, on behalf of the commissioner, makes a determination, which is final and cannot be appealed.

The Legal Unit has a few options when making a determination. They may find that a correction order was appropriate, in which case it will be affirmed. They may find that it was not appropriate, in which case it will be reversed. If a correction order included multiple violations, it may be affirmed in part or reversed in part. Since July 1, 2017, the department has been issuing amended correction orders to providers when a reconsideration leads to a full or partial reversal of violations in a correction order.

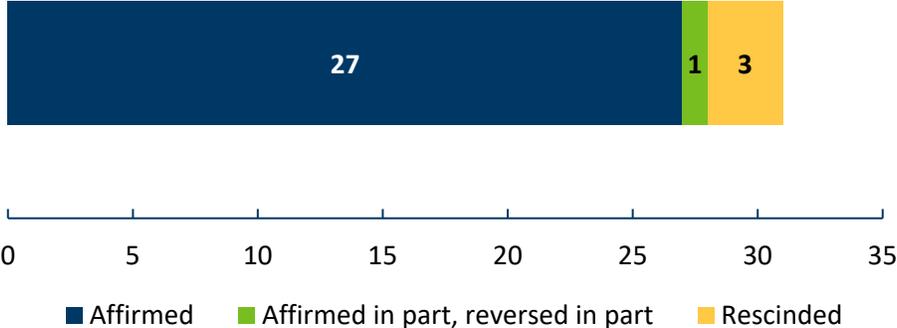
As shown in Figure 7, licensed child care centers requested reconsideration of 26, or approximately 2% of the 1,319 correction orders issued. The results of reconsiderations for child care centers for fiscal year 2019 are as follows: 24 affirmed and two affirmed in part, reversed in part.

**Figure 7. Licensed child care centers: Correction order reconsideration results, fiscal year 2019**



As shown in Figure 8, family child care providers requested reconsideration of 31, or approximately 2.4% of the 1,269 correction orders issued. The results of reconsiderations for family child care providers for fiscal year 2019 are as follows: 27 affirmed, one affirmed in part, reversed in part, and three rescinded.

**Figure 8. Licensed family child care: Correction order reconsideration results, fiscal year 2019**



**B. Electronic Licensing Inspection Checklist Information, data on fix-it tickets and correction orders**

**Family Child Care**

Over the past several years, the department developed an electronic tool to improve the monitoring process and the efficiency of licensing inspections. Its implementation was rolled out to family child care licensors in 2017 and 2018. The tool, known as Electronic Licensing Inspection Checklist Information or ELICI, is used by licensors to record what they found when conducting a licensing inspection.

ELICI guides licensors through their monitoring activities, improves consistency among licensors and county agencies and, most importantly, ensures that licensors in each county are using the same checklist, developed by the department, rather than their own version as was the case previously. After a child care licensing review is conducted, ELICI generates a notice issued to the provider that no violations were found, or, if appropriate, a correction order. Plain language results of the licensing visit are uploaded to the department and posted for public review on the Licensing Information Look-up website.

The use of ELICI gives the department information about the results of family child care licensing reviews to which it has not had access before. Before ELICI, information about licensing reviews and whether a licenser issued a Fix-it Ticket or Correction Order to a family child care provider was not shared with the department. It was rumored that nearly all licensing visits resulted in providers receiving correction orders and that there were licensers who would not leave a provider’s home until they found something for which to cite them. Without data, there was no way for anyone to be sure what was true.

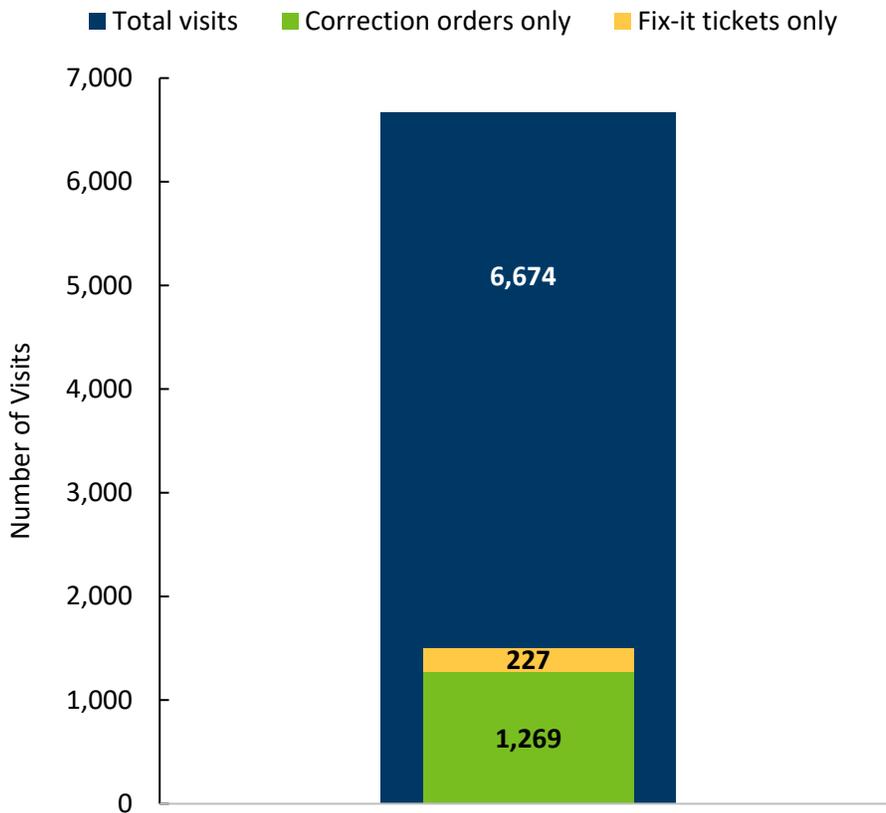
Now with more than a year of data compiled, for the first time the department has and can share context as to how frequently family child care providers are issued citations, for those who receive a correction order, how many violations they contain, as well as the type of violations for which providers are most frequently cited.

Perhaps the most notable finding is that in fiscal year 2019 over 80% of family child care annual licensing visits had no violations and no citations of any sort issued — no fix-it tickets, correction orders or more serious licensing actions. As shown in Figure 9, county licensers completed 6,674 annual licensing visits in fiscal year 2019 and issued a total of 1,269 correction orders to licensed family child care programs. Two hundred and twenty seven (227) or approximately 3% of the visits resulted in the licenser issuing only a fix-it ticket.

**80%**  
**had no**  
**violations cited**

80% of family child care annual licensing visits completed during fiscal year 2019 had no violations cited.

**Figure 9. Licensed family child care: Number of visits, correction orders, and fix-it tickets issued, fiscal year 2019**



For the approximately 20% of providers who received correction orders, the department wanted to know how many violations were cited on average. The data show that when providers receive a correction order, the majority are only cited for a few violations — 65% of the correction orders had only one or two violations, as Figure 10 shows.

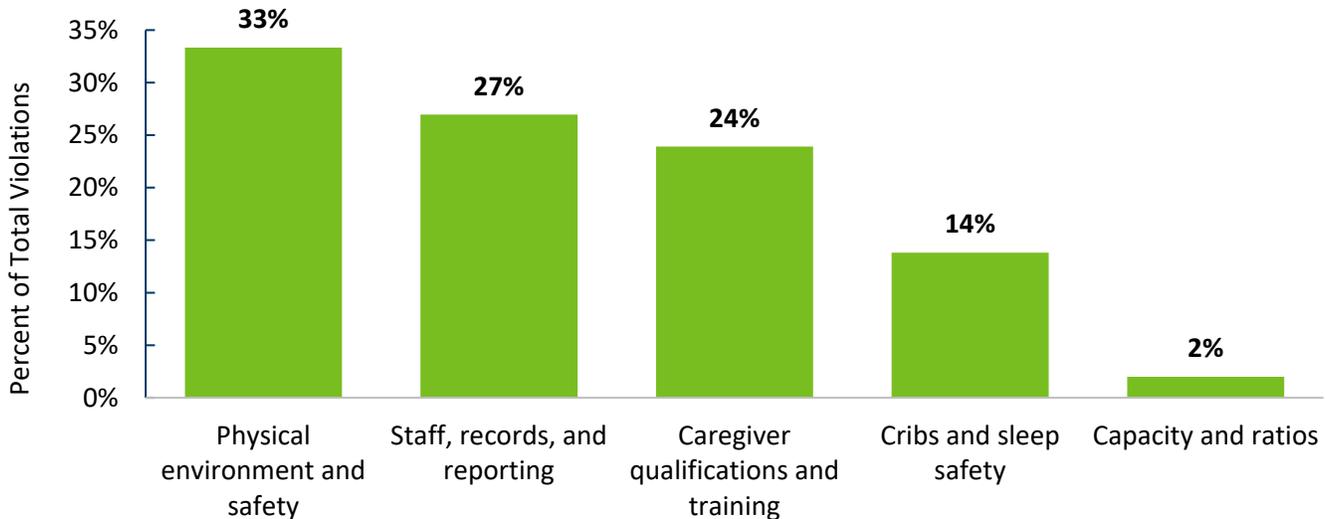
**Figure 10. Licensed family child care: Percent of correction orders by number of violations, fiscal year 2019**



The low number of violations cited on average in correction orders issued to family child care providers shows that even providers who do receive a correction order are substantially in compliance with licensing requirements.

Having the data also allows the department to analyze the categories of violations for which providers receive correction orders. As shown in Figure 11, the types of violations providers were cited for in fiscal year 2019 varied. A third of the violations for which family child care providers were cited related to physical environment and safety violations. The next two categories of violations for which providers were cited related to staff, records and reporting, as well as for caregiver qualifications and training. Very few — only 2% — of providers were cited for violating capacity and ratio requirements.

**Figure 11. Licensed family child care: Percent of violations cited in correction orders by category, fiscal year 2019**

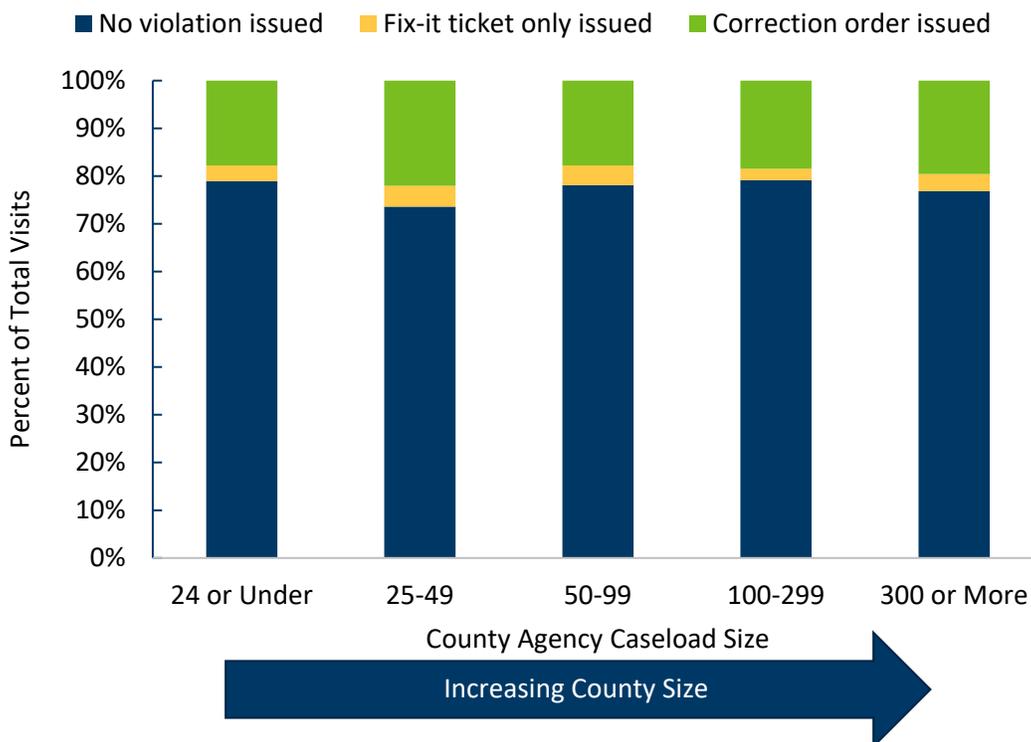


## Evaluating consistency among county agencies statewide

Minnesota has a county-delegated licensing system in which county staff, not department staff, are the licensors and conduct the annual visits. Providers have frequently expressed concerns that this results in inconsistencies among county licensors across the state. Given these concerns, the department reviewed the violation data to determine how county-level rates of violation compared to the statewide rate of 80% of visits with no violations. The department compared counties based on similar caseload size, as licensors in smaller counties frequently handle licensing of adult and child foster care, or other nonlicensing duties, while licensors in larger counties tend to have responsibility for monitoring only family child care providers. Analyzing the data based upon caseload size also provided geographic diversity within each group as well.

As Figure 12 shows, across counties of all sizes, the percentage of visits with no violations determined closely mirrored the statewide number of 80%. This means that, across small, medium and large counties, providers were no more likely to receive a correction order than the statewide average. Thus, the frequently heard concern that there is significant variability from county to county does not appear to be supported by the data.

**Figure 12. Licensed family child care: Annual visit outcomes by county agency caseload size, fiscal year 2019**



## **Future use of ELICI data**

With this data now available, the Licensing Division will use this information to provide further training and guidance to county licensing staff and family child care providers. The department will review this data periodically throughout the year, including in advance of the annual county licensor training conference, to identify:

- Which violations are being cited most frequently
- If the most frequently cited violated have changed over time
- Whether there are regional fluctuations
- If there are outliers and what they could mean
- If there are gaps in the data that county licensors are recording.

These reviews will inform the training and guidance that the department provides to county supervisors and licensors. The data also will be used to select agenda topics for the department's technical assistance calls with county staff. If appropriate, the department will develop formal written guidance for county licensors, similar to the new procedure for measuring water temperature provided in 2019 to ensure that it was being done consistently statewide.

The department will provide webinars for family child care providers with information about aggregate data. This will help them understand what violations are commonly occurring.

The department will also develop tools for county licensing supervisors to use in discussions with the county licensors. In 2020, DHS is planning to provide county licensing supervisors with access to data dashboards to review their licensors' work, and can serve as a basis for training for the licensors. The dashboards will show county trends, such as the average number of violations cited in a correction order and the most frequently cited violations.

County supervisors will be able to identify:

- If licensors are keeping up with annual reviews
- If there is consistency (or outliers) among licensors within the county as to the rate at which they are issuing fix-it tickets, correction orders or recommending licensing actions. If there are outliers, supervisors can determine if there are reasons for them, such as a caseload that includes newer license holders.
- If there is consistency (or outliers) among licensors within the county as to the violations they are citing (or not citing). If there are outliers, supervisors can determine if the outliers can be explained. For example there may be an outlier if providers in one part of the state received a lot of snow, did not keep up with shoveling, and, therefore, received citations.

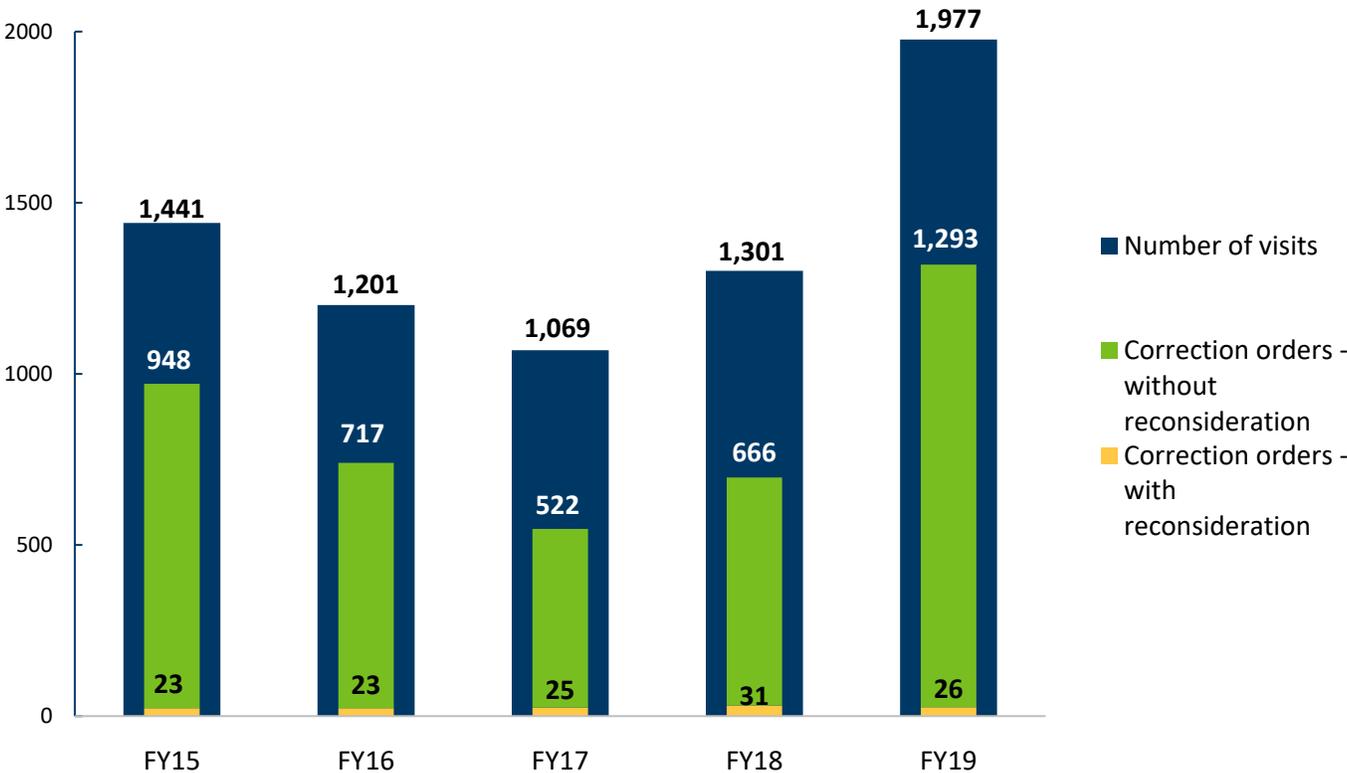
## **Licensed child care centers**

Child care center licensors began using ELICI for their licensing reviews toward the end of calendar year 2019. Having the data collected in this way will make it significantly easier to analyze than previously, and will allow the department to conduct analyses similar to those described above.

For now, what the department can easily report for child care centers is the number of correction orders and fix-it tickets issued in the context of the number of licensing visits conducted over the last five years. In fiscal year 2019, the department conducted 1,977 visits at licensed child care centers and issued 1,319 correction orders.

As shown in Figure 13, the number of correction orders issued in fiscal year 2016 and fiscal year 2017 fell due to the smaller number of licensing visits conducted as the child care licensing unit hired and trained more staff. The number of licensors increased to support implementation of federal licensing requirements, including annual inspections. In fiscal year 2018 and fiscal year 2019 this growth in staff has led to a significant increase in the number of visits conducted per year, which have led to a corresponding increase in correction orders issued, as shown in the chart below.

**Figure 13. Licensed child care centers: Number of visits, total correction orders issued, and requests for correction order reconsideration, fiscal years 2015-19**



The use of ELICI will allow the department to change how the results of child care center licensing inspections are reflected on Licensing Information Lookup website. Starting in 2020, a summary of what occurred will replace the posting of the full correction orders, as has been the case for family child care providers since 2018.

The summary on each program’s profile page required by federal and state law will include:

- The date of the licensing visit
- The type of visit (for example, a licensing review, licensing investigation, etc.)
- Whether violations were found during the visit

- Once a provider corrects a violation and notifies the licensor, the online record is changed to reflect that it has been corrected
- If a violation is under appeal, a note is added to the record to show this until the appeal is resolved.

### C. Licensing actions

When there are serious or chronic violations, or when child maltreatment occurs, the department may order a license holder to pay a fine, put conditions on the license, suspend the license either temporarily or indefinitely, or revoke it. All of these options, as described in Figure 14, are types of *licensing actions*. The Licensing Division determines which of these actions is appropriate based on the nature, severity and chronicity of the violation(s). For example, the department issues temporary immediate suspensions when there is an imminent risk of harm to children in care.

Licensing actions are different than correction orders. County agencies have the authority to issue correction orders to licensed family child care providers without involving the department. For licensing actions, on the other hand, county agencies may recommend that the department take a specific action, but the department has the responsibility to make the final decision and issues all licensing actions for both licensed child care centers and licensed family child care providers.

**Figure 14. Actions the department may take on a license**

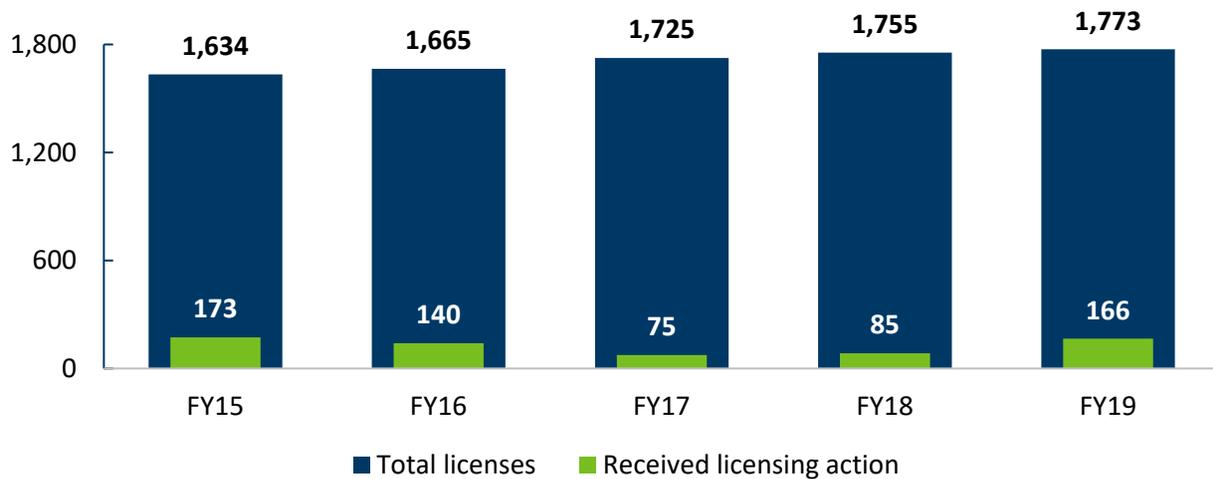
Licensing Actions	Description
Fines	The department may assess fines to providers for licensing violations, including child maltreatment. Fines for each finding of maltreatment range from \$1,000 to \$5,000, depending on severity. Fines for other licensing violations range from \$100 to \$200, depending on whether a violation is related to health, safety or supervision.
Conditional Licenses	The department may make a provider’s license conditional when providers need to take additional and ongoing steps to remedy more serious or chronic violations, and comply with all other licensing requirements to keep their license. Licensors monitor and provide guidance to providers with conditional licenses to assist them with coming back into compliance.
Temporary Immediate Suspensions	The department requires providers to stop operating immediately if it determines that there is an imminent risk of harm to children’s health, safety or rights. The risk could stem from a license holder's failure to comply with an applicable law or rule, or the actions of the license holder or other individuals, or conditions in the program. Providers can appeal a suspension, and the department may issue further licensing actions due to the serious nature of an incident or conditions that led to an immediate temporary suspension.

Indefinite Suspensions	On occasion, usually following the issuance of a temporary immediate suspension when an investigation is ongoing, the department may suspend a provider’s license for a longer period than the 90 days allowed for a temporary immediate suspension. The suspension keeps the program closed to protect children’s health, safety and rights, until it is safe for a provider to begin operating again. If it is determined that the program is not safe and will not be safe for children, the provider’s license will be revoked. The provider may appeal the suspension.
Revocations	The department may take away a license in response to serious or chronic licensing violations. Licensors consider the effect of violations on the health, safety or rights of children served by a program before revoking a license. Providers with a revoked license may not provide services for five years.

Fines are one of the most common licensing actions issued to both child care centers and family child care providers. Common reasons for a fine include failure to follow safe sleep practices with an infant or allowing a staff person to have unsupervised access to a child before a provider receives the results of a staff person’s background study.

The figures below show data for licensing actions — fines, conditional licenses, temporary immediate suspensions, suspension, and revocations — for fiscal years 2015 through 2019. Note that these figures do **not** include licensure denials, fix-it tickets or correction orders. Figure 15 shows that only a small percent of the total number of licensed child care centers received a licensing action from fiscal years 2015 through 2019. In fiscal year 2019, the department issued licensing actions for fewer than 10% (166) of licensed child care centers.

**Figure 15. Child care centers: Total licensed centers and those that received at least one licensing action, fiscal years 2015-19**



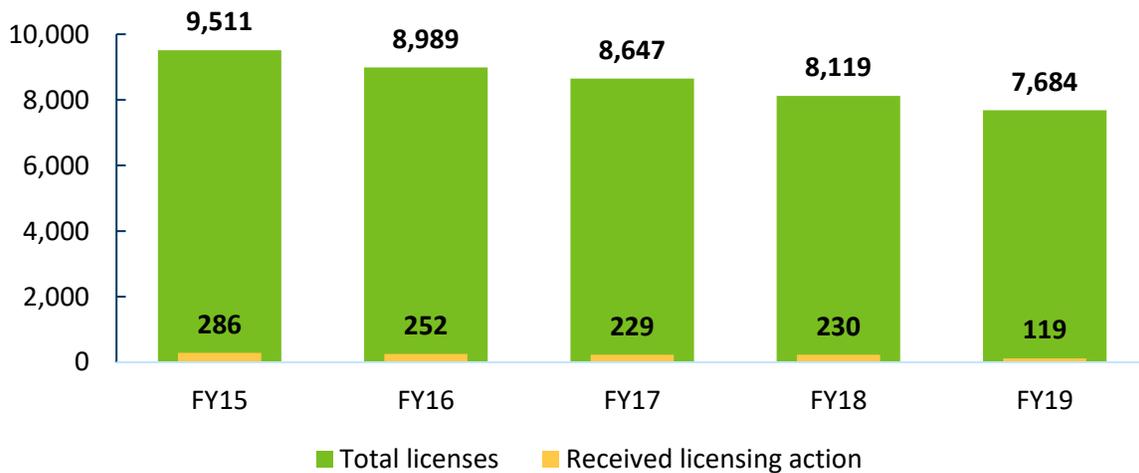
As shown in Figure 16, the most common type of licensing action issued to licensed child care centers were fines. Of licensing actions issued to child care centers in fiscal year 2019, 86% were fines, 6% were conditional licenses, 3% were revocations, 5% were temporary immediate suspensions, and fewer than 1% were a combination of a conditional license and a fine.

**Figure 16. Child care centers: Count of licensing actions issued to licensed child care centers by type, fiscal years 2015-19**

Licensing Actions	FY15	FY16	FY17	FY18	FY19
Fines	169	126	57	66	161
Conditional Licenses	5	26	4	15	12
Conditional Licenses and Fines	2	1	0	0	1
Temporary Immediate Suspensions	3	0	8	2	9
Revocations	8	8	18	11	5

The charts below show data for licensed family child care providers who received licensing actions — fines, conditional licenses, temporary immediate suspensions, suspensions and revocations — for fiscal years 2015 through 2019. These figures do not include licensure denials, fix-it tickets or correction orders. In fiscal year 2019, the department issued licensing actions to less than 2% (119) of licensed family child care providers, as shown in Figure 17.

**Figure 17. Family child care: Total family child care providers and those receiving at least one licensing action, fiscal years 2015-19**



Of licensing actions issued to family child care providers in fiscal year 2019, 28% were temporary immediate suspensions, 28% were fines, 19% were revocations, 10% were a combination of a conditional license and a fine, 9% were conditional licenses, and 6% were suspensions. Figure 18 shows the types of licensing actions that family child care providers received over the past five years.

**Figure 18. Family child care: Count of licensing actions issued to family child care providers by type, fiscal years 2015-19**

Licensing Actions	FY15	FY16	FY17	FY18	FY19
Fines	88	82	66	74	44
Conditional Licenses	9	18	11	18	15
Conditional Licenses and Fines	40	28	39	35	16
Temporary Immediate Suspensions	96	85	84	78	44
Suspensions	3	7	15	11	10
Suspensions and Fines	0	1	0	0	0
Revocations	115	90	83	86	30

While the number of licensed providers has been decreasing each year, the number of licensing actions did not decrease at the same rate. However, there was a significant decrease in the number of licensing actions issued to family child care providers in fiscal year 2019. This decrease may have been unique and may not continue in future years. However, this downward trend may continue if it is the result of the department’s increased engagement with county licensors and providers. As described later in the report, the department has increased its communication with county licensors and family child care providers. After each of the last three legislative sessions, the department sent detailed implementation plans to licensors and providers describing how to monitor and comply with the law, respectively. For most of the new requirements, licensors provided technical assistance for the first year to help providers to come into compliance. In addition, the department has hosted training sessions, webinars, and other in-person meetings to promote further communication between the department, licensors and providers. As Figure 18 shows, these efforts may have helped providers to be in compliance, thereby reducing the number of licensing actions issued in fiscal year 2019.

With knowledge of how much communities rely on family child care and in response to concerns about revoked licenses, the department has also taken a new approach to how it regulates. The department considers multiple options to keep children safe and achieve provider compliance when addressing concerns about care — issuing temporary immediate suspensions and revocations are not the only options. Instead, the department has been working more closely with county licensors to help providers come into compliance and remain open. This may help explain why there were fewer temporary immediate suspensions and revocations issued in fiscal year 2019.

### **Reconsiderations of conditional licenses**

Similar to correction orders, licensed providers have due process rights and may request reconsideration of a conditional license if they believe a decision was improper or incorrect. Licensed providers who request reconsideration of a conditional license follow the same process described in the Reconsiderations of Correction Orders section above.

### **Appeals**

For more serious licensing actions, including fines, revocations, suspensions or temporary immediate suspensions, providers have the right to appeal a decision in a more formal administrative process. To initiate an appeal, providers submit a request in writing to the commissioner within the timeframe specified in statute. Once the commissioner receives an appeal request, the commissioner issues a notice of hearing. This notice triggers the assignment of an administrative law judge who schedules a hearing. During a hearing, the commissioner is represented by the Attorney General's Office or the local county attorney's office. Providers may represent themselves or retain legal counsel, and both parties may examine and cross-examine witnesses. Based on information presented during a hearing, the administrative law judge makes a recommendation to the commissioner. The commissioner considers the administrative law judge's recommendation and orders the final action. Providers can appeal the commissioner's decision. Under Minn. Stat., Chapter 245A, providers may also enter into a settlement agreement with the department to resolve their appeal.

## VI. Child Care Assistance Program (CCAP)

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. County and tribal agencies administer the Child Care Assistance Program. The department oversees the program, providing direction and technical assistance to county and tribal agency staff.

Approximately 15,000 families and 30,000 children are served each month. An average of 3,265 providers are paid each month for serving children receiving child care assistance. More statistical information about providers is in the Minnesota Child Care Assistance Program State Fiscal Year 2018 Provider Profile.<sup>10</sup>

More statistical information about children and families served by the Child Care Assistance Program is in the State Fiscal Year 2018 Child Care Assistance Program Family Profile.<sup>11</sup>

### Program participation and cost

#### Minnesota Family Investment Program child care

Minnesota Family Investment Program (MFIP) provides child care for families receiving or transitioning off of cash assistance programs. This program is forecasted. Therefore, funding serves all eligible families who apply.

**Figure 19. Minnesota Family Investment Program child care number of families and children served, and cost per family<sup>12</sup>**

State Fiscal Year	Families	Children	Children per Family	Cost per Family
2019	8,065	16,689	2.1	\$19,524

#### Basic Sliding Fee child care

Basic Sliding Fee child care is for other low-income families. Basic Sliding Fee child care is a capped appropriation that is allocated to county and tribal agencies. Some counties have a waiting list.

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<sup>10</sup> <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-7819B-ENG>

<sup>11</sup> <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6664F-ENG>

<sup>12</sup> Counts based on average monthly payments issued during reporting period. Families and children served by both Basic Sliding Fee (BSF) and Minnesota Family Investment Program (MFIP) child care assistance programs are counted in both reporting categories. MFIP child care reporting includes Transition Year and Transition Year Extension. Basic Sliding Fee child care includes Portability Pool. Costs per family reflect average annual total direct service and administrative costs. Data on children and families is drawn from the Minnesota Electronic Child Care eligibility and payment system (MEC<sup>2</sup>).

**Figure 20. Basic Sliding Fee child care number of families and children served and cost per family<sup>8</sup>**

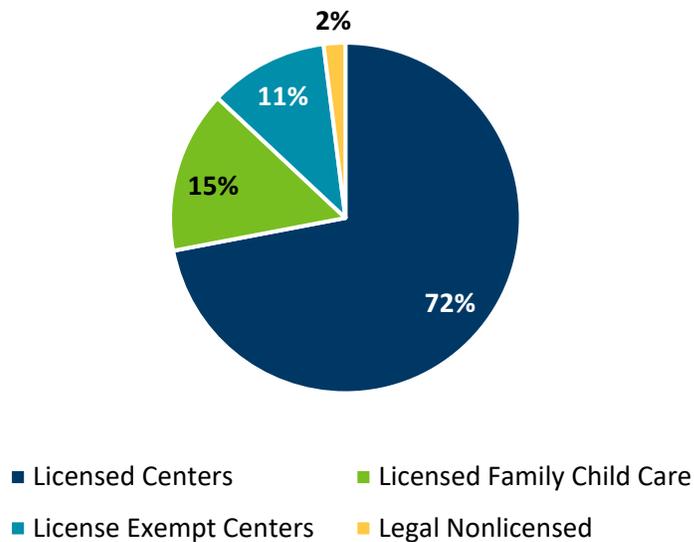
State Fiscal Year	Families	Children	Children per Family	Cost per Family
2019	7,284	13,995	1.9	\$14,520

## Type of care data

The Child Care Assistance Program can pay for care provided by:

- Licensed child care centers
- Licensed family child care providers
- License-exempt centers (centers exempt from licensure must be certified to receive Child Care Assistance Program payments)
- Legal nonlicensed providers (unlicensed individuals who meet certain requirements, such as family or friends).

**Figure 21. Type of care used by children receiving child care assistance in State Fiscal Year 2019<sup>13</sup>**



<sup>13</sup> Annual unduplicated children based on last provider paid on behalf of a child for services during the reporting period. Data on children is drawn from the Minnesota Electronic Child Care eligibility and payment system (MEC<sup>2</sup>).

## Waiting list data

As of October 2019, there were 1,319 families on the Basic Sliding Fee child care waiting list. The following 20 counties had a waiting list: Anoka, Dakota, Fillmore, Goodhue, Hennepin, Kittson, Le Sueur, McLeod, Mille Lacs, Mower, Nicollet, Ramsey, Red Lake, Rice, Scott, Stearns, Swift, Todd, Wilkin and Wright.

## Maximum rates reimbursed by the Child Care Assistance Program

The Child Care Assistance Program reimburses child care providers for serving eligible children. The amount paid by the Child Care Assistance Program is limited to a provider's charge or the maximum reimbursement rate, whichever is less.

### A. History

Prior to 2003, maximum rates were set at the 75<sup>th</sup> percentile of the most recent rate survey. Since then, the Legislature has set maximum rates. Over the years, maximum reimbursement rates have decreased, been held constant, and occasionally increased. During this same time, child care prices have continued to rise throughout Minnesota.

The last rate survey was completed in 2018. The rate survey will now be conducted every three years, with the next rate survey being completed in 2021.

### B. Current maximum reimbursement rates

Maximum reimbursement rates have not increased since 2014, and are based on data collected in 2011. As of 2018, just 16.3% of licensed family child care prices and 23% of licensed center prices were fully covered by the current maximum reimbursement rates. Based on 2018 rate survey data, Minnesota's current standard maximum rates fully covered approximately 16% of prices charged by family child care providers, and approximately 23% of prices charged by child care centers.

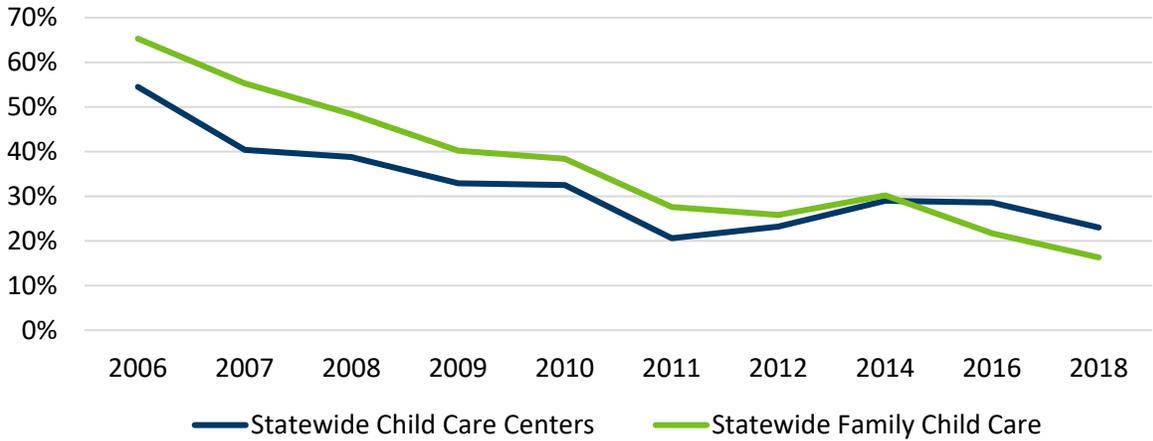
For providers eligible for higher rates (the 15% or 20% differential), the maximum reimbursement rates generally cover more of the prices charged.

Detailed information about the 2018 prices reported on the rate survey, by provider type, is available in eDocs on the department's website.<sup>14</sup>

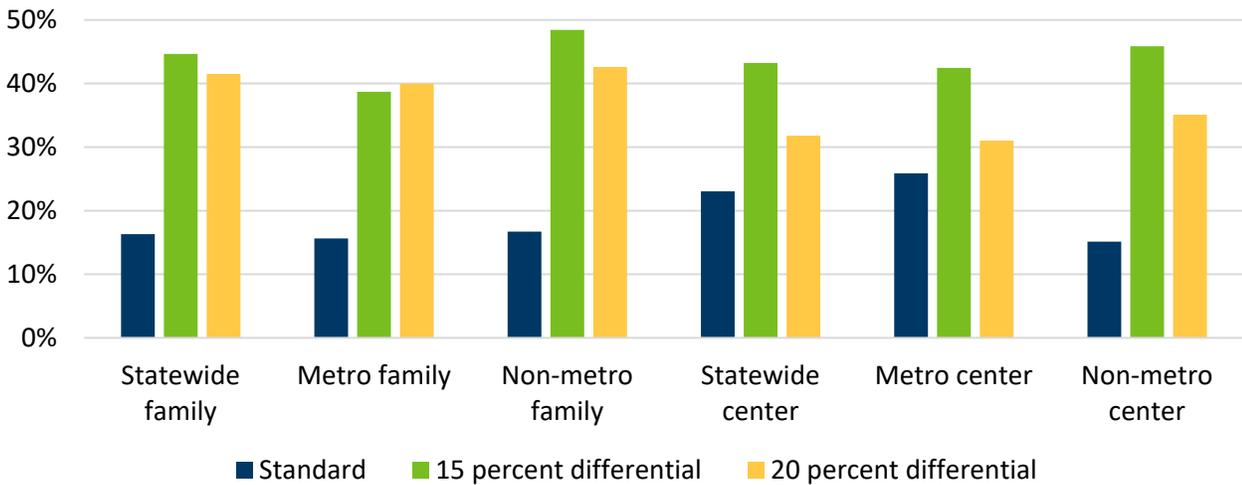
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<sup>14</sup> <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6226F-ENG>

**Figure 22. Percent of provider prices that are fully covered by the Child Care Assistance Program standard maximum reimbursement rates**



**Figure 23. Percent of 2018 provider prices that are fully covered by the Child Care Assistance Program maximum reimbursement rates by provider type, geographic location and whether a provider is eligible for a rate differential**



### C. Findings from the Provider Experiences Survey

The department surveyed providers about their experiences with the Child Care Assistance Program in 2018. The Provider Experiences Survey asked providers about barriers to caring for families receiving child care assistance and if they charge families the difference between their price and what they get paid through child care assistance.

Most providers' prices are not fully covered by the current maximum reimbursement rates. Of the providers who responded to the Provider Experiences Survey, 76% said charge families for at least part of the difference between their price and what child care assistance paid. Increasing reimbursement rates would cover more of the providers' price; reducing the need to collect the difference from families, find another way to cover the difference or take a loss.

In a field with tight profit margins and low wages, increasing reimbursement rates can make a difference in a provider's ability to stay in business. It can also improve the likelihood that they have the resources needed to make quality improvements such as purchasing educational toys, increasing staff pay or updating play areas.

Increasing reimbursement rates could also help ensure that low-income families have options in the type of care their children receive. When payment rates are too low, providers are less likely to serve families receiving child care assistance. Of the Minnesota providers who responded to the Provider Experiences Survey, 50% said that low payment rates are one of the things that makes it difficult to participate in child care assistance.

#### **D. Quotes from the Provider Experiences Survey**

Many providers commented on the child care assistance reimbursement rates during the Provider Experiences Survey:

- "I just want to get paid what I charge everyone else." (licensed family child care)
- "Families are not able to pay the difference." (licensed center)
- "You do not pay us a fair rate so we have to get from parents who are already struggling and went to you in the first place because they need help paying for daycare." (licensed family child care)
- "If I had to accept the rates the county pays I wouldn't be in business at all." (licensed family child care)
- "The county/state need to listen to what the providers are saying because there are lots of providers that are not taking county-funded families any longer." (licensed family child care)

#### **E. Federal requirements and penalties**

The federal Administration for Children and Families (ACF) has said that states must set reimbursement rates at a level of at least the 25<sup>th</sup> percentile of the most recent rate survey. Minnesota has a federal corrective action plan and is subject to a penalty for noncompliance in federal fiscal year 2021 (which begins Oct. 1, 2020).

# VII. Minnesota Child Care Professional Development System

The Child Care Professional Development System helps providers and educators plan for and meet their training and professional development goals including to comply with licensing regulations for training and education, participate in the Parent Aware Quality Rating and Improvement System and meet the needs of the children and families they serve. For more information about the Minnesota Professional Development System, see the full program description on Page 9.

## Training availability

Since 2017, availability of training for child care and school-age professionals in Minnesota has improved significantly.

The department contracted with an independent evaluator to assess availability of training in Minnesota. The study<sup>15</sup> found training is available in all areas of the state, and that online training is taken in all 87 counties. Since the survey, the department has continued to monitor availability of training and continue to address needs of child care providers for training. The number of training events<sup>16</sup> offered to child care providers through the Child Care Professional Development System is tracked through Develop, Minnesota's Quality Improvement and Registry Tool, an online data system. Growth in the number of training events is summarized in Figure 24.

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<sup>15</sup> <https://edocs.dhs.state.mn.us/lfs/Server/Public/DHS-7758B-ENG>;  
<https://edocs.dhs.state.mn.us/lfs/Server/Public/DHS-7758A-ENG>

<sup>16</sup> Training events included are both online and in-person events.

**Figure 24. Training offered in state fiscal years 2018 and 2019**

<b>Training offered<sup>17</sup></b>	<b>SFY 2018</b>	<b>SFY 2019</b>
<b>Total events offered statewide</b>	4,411	6,427
<b>Offered after 4 p.m.</b>	2,090 events	2,689 events
<b>Offered on the weekend</b>	739 events	1,575 events
<b>On demand web-based</b>	630 events	988 events
<b>No charge/free</b>	2,440 events	3,505 events
<b>\$5 an hour or less</b>	1,397 events	1,521 events
<b>Trainers offering training</b>	365 trainers	533 trainers
<b>Offered in languages other than English (Spanish, Somali, Hmong, Russian, Arabic and Amharic)</b>	91 events	316 events

## Training participation

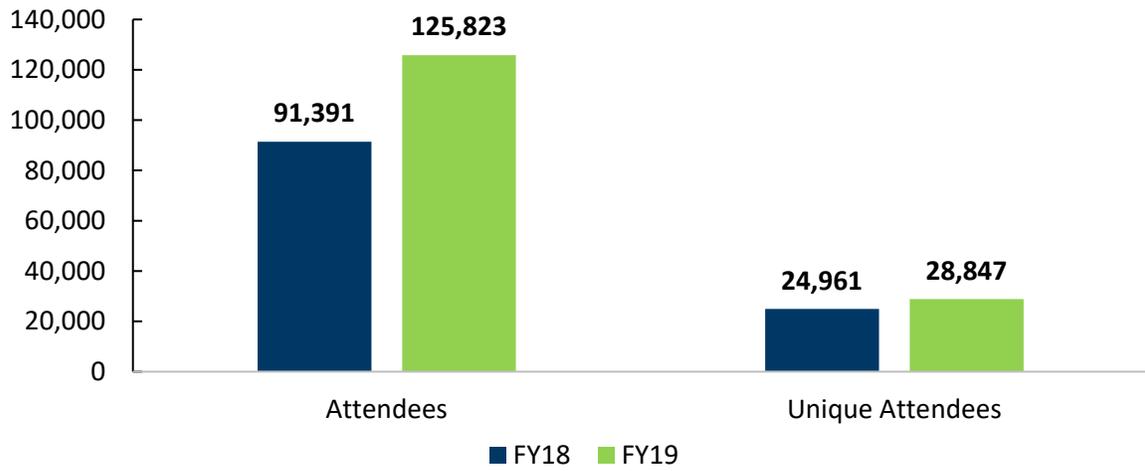
As opportunities have increased, attendance in training events has also grown. The number of people attending training events has grown from 91,391 in state fiscal year 2018 to 125,823 in state fiscal year 2019.

Many child care center teachers, family child care providers and school-age care professionals attend multiple trainings each year. The number of unique individuals participating in training has also increased from 24,961 in state fiscal year 2018 to 28,847 in state fiscal year 2019.

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<sup>17</sup> Data in the chart is from Develop, Minnesota’s Quality Improvement and Registry Tool, for each fiscal year. Training events included are only those offered as approved courses in Develop in one of the following settings: an in-person classroom, an online classroom or in an on-demand web-based format.

**Figure 25. Growth in number of attendees and individual training participants in state fiscal years 2018 and 2019**



## VIII. Parent Aware, Minnesota’s Quality Rating and Improvement System

Parent Aware helps child care programs improve their quality, provides supports with tools and resources they need to succeed, and recognizes and rewards commitment to quality. For more information about Parent Aware, see the full program description on Page 9.

The number of programs with Parent Aware Star Ratings<sup>18</sup> has grown since Parent Aware started in 2012. Parent Aware was initially available in just eight counties and expanded to all Minnesota counties in January 2015. Programs eligible to be rated include licensed child care centers, licensed family child care providers, public school-based pre-kindergarten sites and Head Start/Early Head Start sites.

### Child care center and family child care provider participation

The number of licensed child care programs with Parent Aware Ratings increased from 106 child care centers and 71 family child care programs in 2012, to 692 centers and 1,211 family child care providers as of December 31, 2019.<sup>19</sup>

The data in Figure 26 and 27 are as of December of the years provided. For more information on Parent Aware trends, see *Parent Aware by the Numbers*, May 2019.<sup>20</sup>

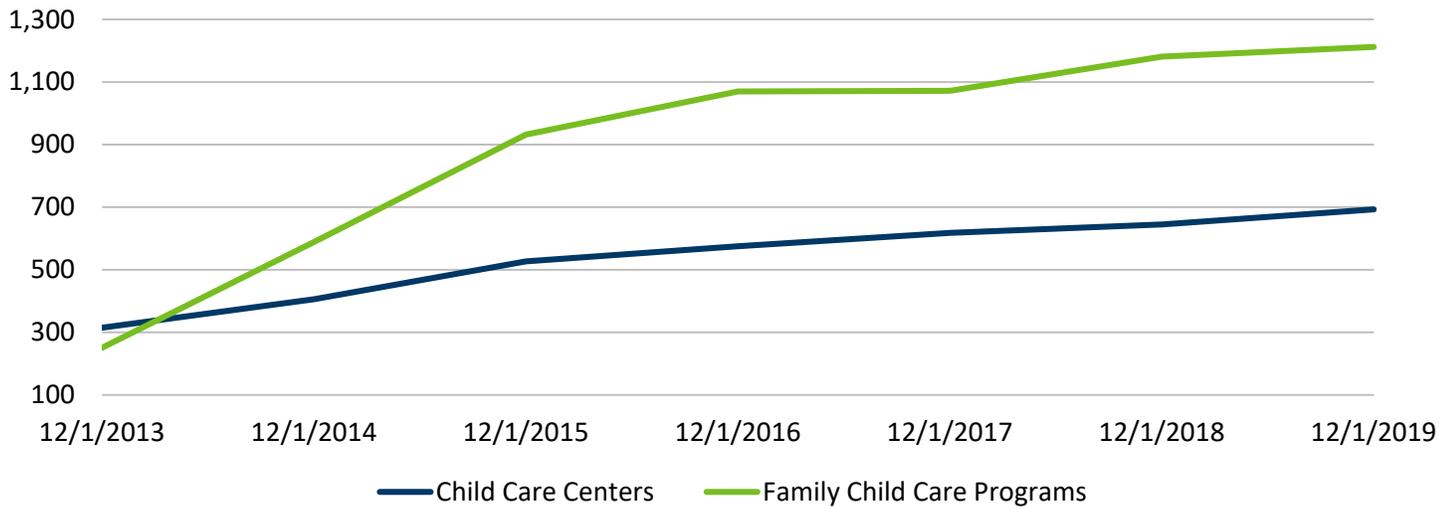
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<sup>18</sup> <https://www.developoolmn.org/fast-facts>

<sup>19</sup> Includes any Department of Human Services or Minnesota Tribally licensed child care centers or family child care centers, excluding prekindergarten and Head Start as of Dec. 31, 2019.

<sup>20</sup> <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-7086Ac-ENG>

**Figure 26. Parent Aware Rated Licensed child care centers and family child care growth, 2013-19**



**Figure 27. Parent Aware Ratings by program type over time**

Program type	n value (as of 12/31/2019)	12/31/2013	12/31/2015	12/31/2017	12/31/2019	Percent participating
Accredited child care centers	365	249	330	341	336	92%
Accredited family child care	17	18	25	23	11	58%
Non-accredited child care centers	1,193	66	197	277	356	30%
Non-accredited family child care	7,535	233	907	1,049	1,184	16%
<b>Total</b>	<b>9,112</b>	<b>566</b>	<b>1,459</b>	<b>1,690</b>	<b>1,887</b>	<b>21%</b>

## Public school-based pre-kindergarten and Head Start participation

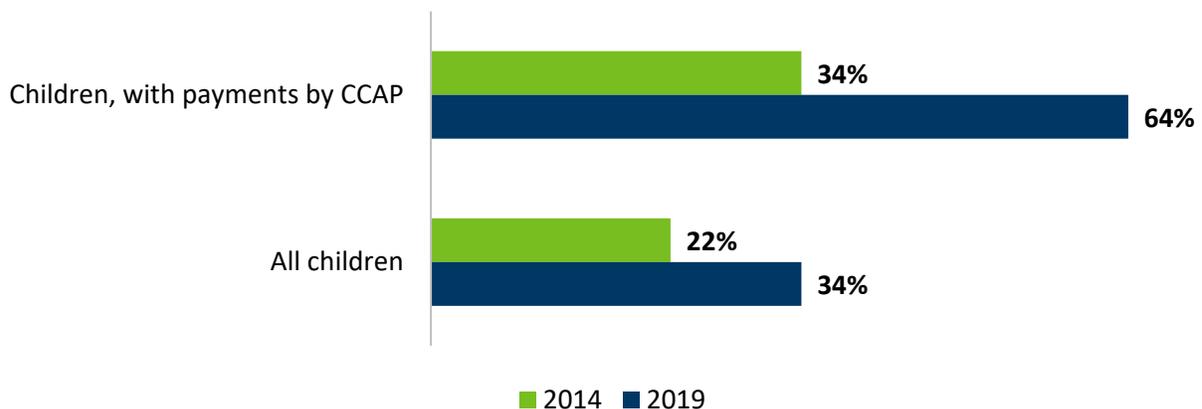
The percentage of Parent Aware Rated public school-based pre-kindergarten programs has ranged from 94% to 99% from 2015 through 2019. The percentage of Head Start programs with Parent Aware Ratings has ranged from 86% to 100% during this same period. There has been little change in the participation levels of these program types, with the vast majority of programs of these types consistently participating and earning a Rating. As of December 2019, there were 750 public school-based pre-kindergarten and 273 Head Start programs eligible for a Parent Aware rating in Minnesota.<sup>21</sup>

## Children enrolled in Parent Aware Rated programs

The percentage of young children in Minnesota enrolled in Parent Aware rated programs has grown consistently since Parent Aware launched statewide in 2015. In 2014, 22% of Minnesota’s young children were enrolled in Parent Aware-rated programs. As of 2019, of the estimated 288,875<sup>22</sup> children birth to 5 years old regularly cared for in some form of non-parental care, this has risen to 34% of young children in all program types<sup>23</sup> holding a Parent Aware rating.

The percentage of children receiving child care assistance enrolled in Parent Aware rated programs has also increased. In 2014, 34% of children ages 0 to 5 and not yet in kindergarten and receiving child care assistance were

**Figure 28. Growth of children ages 0-5, attending a Parent Aware Rated Early Care and Education program**



<sup>21</sup> Data provided by Minnesota Department of Education, January 2020.

<sup>22</sup> The number of young children in Minnesota in child care was estimated to be 288,875 using the ACS Report, Annual Estimates of the Resident Population by Single Year of Age and Sex for the United States, States, Counties and Puerto Rico: December 2018, released July 1, 2019, and extrapolated based on the percentages described in the 2009 child care use study, *Child Care Use in Minnesota: Report of the 2009 Statewide Household Child Care Survey*, November 2010, Richard Chase and Jennifer Valorose, Wilder Research.

<sup>23</sup> All program types include tribally or department licensed child care programs, Head Start/Early Head Start and public school-based prekindergarten programs.

enrolled in Parent Aware rated programs.<sup>24</sup> In 2019, 64% of children<sup>25</sup> receiving child care assistance were enrolled in Parent Aware-rated programs.

## On-going Parent Aware evaluation

In 2018, the department contracted with Child Trends Inc., to independently evaluate Parent Aware. This was a continuation of the studies previously funded by Minnesota’s federal Race to the Top-Early Learning Challenge grant and private funding from Parent Aware for School Readiness and Greater Twin Cities United Way. This work resulted in the following reports posted on the department’s public website:

- [Provider Perceptions of Parent Aware: Minnesota’s Quality Rating and Improvement System](#)<sup>26</sup>
- [Parents’ Perceptions of the Parent Aware Website and Search Tool](#)<sup>27</sup>
- [Parent Aware: Programs’ Experiences with Building Quality Coaching](#)<sup>28</sup>

Evaluation related to quality child care in Minnesota will continue as part of the new federally funded Minnesota Research Partnership between the department, Child Trends and the University of Minnesota. The partnership will address pressing questions related to equitable access to early care and education and the effectiveness of policies and practices to support access to quality child care programs.<sup>29</sup>

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<sup>24</sup> Data on the number of children served in licensed programs, excludes any licensed Head Start/Early Head Start or public school-based prekindergarten sites as of Jan.6, 2020, as reported by programs in Develop, Minnesota Quality Improvement and Registry Tool; Data on the number of children served in Head Start/Early Head Start was provided by Minnesota Department of Education as of Sept. 1, 2019. Data on the public school-based prekindergarten enrollment was compiled by Minnesota Department of Education, based on 2017-2018 School Year Data.

<sup>25</sup> Data is from the Minnesota Department of Human Services, Child Care Assistance Program, Dec. 3, 2019.

<sup>26</sup> <https://edocs.dhs.state.mn.us/lfsrserver/Public/DHS-7859-ENG>

<sup>27</sup> <http://edocs.dhs.state.mn.us/lfsrserver/Public/DHS-7937A-ENG>

<sup>28</sup> <http://edocs.dhs.state.mn.us/lfsrserver/Public/DHS-7942BA-ENG>

<sup>29</sup> Funding is provided by the Office of Planning, Research and Evaluation (OPRE), <https://www.acf.hhs.gov/opre/grants>. Child Trends’ is acting as the Fiscal Agent for the project, which lasts four federal fiscal years, starting in FFY20.

# IX. Partnership with County Agencies

## Licensing

Licensed family child care programs are generally monitored by the county agency where the program is located. County agencies are responsible for ensuring compliance with health and safety standards. In accordance with Minnesota Statutes, section 245A.16, the department monitors county agencies for compliance with their delegated licensing duties.

### Training for county licensors

The department's Family Child Care Unit continues to enhance partnerships with county licensors and improve consistency statewide. The unit provides oversight, training and technical assistance to all county agencies regarding family child care licensing activities, including how to conduct investigations and how to recommend licensing actions to the department.

Throughout 2019, the department offered training to licensors through a number of webinars, including:

- Monthly webinars for licensors and supervisors to discuss popular questions and topics that started in June
- Three webinars to help licensors understand the new fix-it ticket items and to walk through the procedure for measuring water temperature
- Two webinars to answer licensor's questions about the implementation plan
- A series of webinars to licensors to train them on new background study requirements
- Ten webinar training sessions on using ELICI for licensors.

The department also offered a number of in-person training sessions to licensors in 2019, including:

- Ongoing training on using ELICI at eight locations around the state in 2019. The classes were offered in county offices in northern, southern and central Minnesota and the metropolitan area.
- The full-day course, "New Licensor 101 — Family Child Care," to new licensors in St. Paul once each quarter.
- The course, "Licensing: Family Child Care — The Basics Plus," to all new and existing licensors in every region of the state, including all metropolitan counties. The department also offered the training in St. Paul office five times throughout the year. Besides covering licensing activities, the training also teaches licensors how to identify fraud and what to do if they suspect fraudulent activity.
- In April 2019, the department provided a pilot training for licensors on licensing complaint investigations. Licensors from all parts of the state attended.
- On May 2, 2019, a presentation from department staff at a statewide licensor conference in St. Cloud, which had more than 80 attendees.
- DHS played a new role in developing and providing training to over 100 county licensors and supervisors during a statewide county licensor training event, which was held in St. Joseph on Oct. 24, 2019. The training topics included monitoring trends from ELICI data, understanding of behavior guidance similar to

required training providers take, and how to identify fraud and what to do if a licensor suspects fraudulent activity.

This frequent contact with county staff will continue in 2020, as the department continues to provide additional webinars and in-person training classes to licensors and supervisors.

## **Communication with county licensors**

The department continued to ensure it provided ongoing, consistent information with county licensing staff to enhance uniformity across the state. In June 2019, the Licensing Division began hosting informational webinars with licensors and supervisors. The monthly calls are intended to provide consistent and timely updates and continue the department's efforts to enhance uniform application of licensing standards. The division continues to send county licensors and supervisors a monthly newsletter, which includes articles with guidance for licensors, highlights issues that have arisen, new legislation, as well as updates about new forms and changes to the website. In addition, the department sends informational emails to licensors to offer clarification when needed.

After the 2019 legislative session, the Licensing Division once again sent a detailed implementation plan to county licensors on the same day that it was sent to family child care providers. The implementation plan provided the text of the new laws adopted in 2019, and plain language summaries of what it meant for providers. The plan also included information about how county licensors were expected to monitor the new requirements.

Department staff continues to update the ELICI manual as changes are made to the monitoring tool. The department also offers ELICI technical support through phone and email consultation.

## **County licensor outreach**

The Family Child Care Unit participated in regional meetings across the state in 2019. In each region, department staff met with county licensors and supervisors. The meetings allowed for a dialogue between the department and county staff about ELICI, changes made to the website, updates to procedures for background studies, and other administrative reforms. They also provided an opportunity for the department to hear from licensors about what was happening around the state with regards to family child care.

The following is a list of those regional meetings held in 2019:

- Jan. 14, Sauk Rapids
- Jan. 15, Duluth
- Feb. 12, Bemidji
- Feb. 12, Shakopee
- Feb. 13, Redwood Falls
- Feb. 27, Duelm
- Mar. 28, East Grand Forks
- Apr. 4, Sauk Rapids
- Apr. 8, Shakopee
- May 15, Duluth
- May 16, Anoka
- May 21, Staples

- May 23, Apple Valley
- May 28, Pine City
- June 13, Sauk Rapids
- July 25, Duluth
- Aug. 8, Sauk Rapids
- Sept. 10, Pine City
- Sept. 12, Fergus Falls
- Oct. 8, Bemidji
- Oct. 9, Redwood Falls
- Oct. 10, Sauk Rapids
- Oct. 21, Shakopee
- Nov. 12, Fergus Falls
- Nov. 27, Staples

### **Rule 13 reviews**

Minnesota Rules require DHS to determine county agencies' compliance with standards for licensing functions at least once every four years; the department is beginning to increase the frequency of these visits and plans to transition to a two-year review cycle in the future. During Rule 13 reviews, DHS staff visit counties to review files and conduct interviews with licensing staff. DHS staff review a sample of license holders' files for completion and accuracy. The file review also helps DHS verify that the electronic monitoring tool is being used correctly. If a county agency uses its own forms instead of DHS' forms, staff review the forms to ensure they meet licensing requirements. DHS staff also meet with county licensors and supervisors to discuss the county's policies and procedures. If the county's practices do not align with the state's standards, DHS staff provide technical assistance. If DHS determines deficiencies in the county agency's licensing procedures, DHS will notify the county of the corrective action necessary to correct the deficiencies and the time frame for correction of the deficiencies.

### **Outreach to county attorneys**

DHS provides ongoing continuing legal education programming for county attorneys. For example, in 2019, DHS staff from the Office of Inspector General's Legal Division and Licensing Division provided three training sessions to county attorneys to discuss family child care licensing appeals, one of which was an all-day training seminar. County attorneys had the opportunity to participate in these sessions in-person or via webinar. The sessions covered licensing-related topics such as, licensing actions, the appeal process, an overview of licensing action and appeal data, and the 2019 legislative session.

The Office of Inspector General's Legal Division will continue to provide information and resources regarding child care to county attorneys. The Legal Division has started issuing quarterly newsletters to county attorneys to share information about licensing, background studies and fraud.

DHS stays active with the Minnesota State Bar Association and the Minnesota County Attorneys Association. The Legal Division collaborates with the Minnesota County Attorneys Association to share information and training about licensing and background studies. This includes submitting monthly articles to the association's newsletter,

posting materials to the association's website, advising MCAA staff of relevant DHS legal changes, presenting an informational webinar to all members each year and advertising DHS' training to county attorneys.

## **Child Care Assistance Program communication and training**

The Child Care Assistance Program is administered by local county and tribal agencies, with state oversight.

In August and September 2019, department staff provided statewide training for local county and tribal Child Care Assistance Program caseworkers and supervisors. The training included information about processing application and redetermination, acting on changes during the 12-month eligibility period, Intentional Program Violations and 2019 legislative changes. The one-day trainings were held at 11 locations throughout the state with a total of 321 caseworkers and supervisors attending. The trainings were held on the following dates:

- Aug. 27, Crookston
- Aug. 28, Bemidji
- Sept. 4, Duluth
- Sept. 9, St. Paul
- Sept. 10, St. Cloud
- Sept. 13, Minneapolis
- Sept. 16, Roseville
- Sept. 17, Willmar
- Sept. 23, St. Paul
- Sept. 26, St. Peter
- Sept. 27, Rochester

Department staff also provided guidance to caseworkers through policy manual updates, bulletins, tip sheets and a resource page. Help desk staff respond to case-specific questions and requests related to the Minnesota Electronic Child Care eligibility and payment system (MEC<sup>2</sup>). The department also has staff whose primary responsibility is to provide case-specific policy guidance to county and tribal Child Care Assistance Program case workers. These policy specialists respond to numerous questions weekly through phone, email and PolicyQuest (an electronic system that county and tribal agencies use to ask questions and search for previously answered questions). Policy specialists also respond to questions from approximately 15 parents and 15 child care providers monthly.

In November 2019 the department established a new email listserv for county and tribal caseworkers and supervisors to expand upon existing communication methods.

# X. Communication and Stakeholder Engagement

## Information about new laws

Shortly after the legislative session concluded, emails were sent to family child care providers and child care centers with a high level overview of the legislative changes impacting child care.

In September, detailed implementation plans for licensed child care centers and licensed family child care providers were distributed electronically to the appropriate listservs. For licensed child care centers, it was also emailed to each authorized agent. The family child care implementation plan was emailed to county licensors and they were asked to distribute it to their providers. Both implementation plans were also posted on the Licensing Division's website. The implementation plans provide the text of the new laws, plain language summaries of what it means for providers, and how licensors would be monitoring for the new requirements.

### Providers registered with the Child Care Assistance Program

In January 2019 the department established an email listserv to provide information and updates to child care providers registered with the Child Care Assistance Program. This listserv has been used to notify providers of system issues and to inform providers about legislative changes.

## Outreach to stakeholders

### Child care center provider outreach meetings

Throughout 2019, staff from the department's Child Care Centers Licensing Unit met with child care center owners, administrators, directors, trainers, advocates, early childhood professionals and child care association board members. These meetings offered opportunities to share information, seek feedback, answer questions, offer technical assistance and hear directly from providers about the challenges they face. A variety of topics were covered including licensing requirements, background study requirements, legislative changes, Licensing Information Lookup, fix-it tickets, posting requirements, and information about starting a child care center business.

- Mar. 8, St. Paul – Concordia University
- Mar. 21, St. Cloud – Early Childhood Director's Association
- Apr. 12, Chaska – Minnesota Higher Education for Early Childhood Educators Symposium
- May 21, Minneapolis – Women Ventures
- July 25, Burnsville – Minnesota Association for the Education of Young Children (MNAEYC) / Minnesota School-Age Care Alliance (MNSACA) Leadership Institute
- Aug. 5, Shoreview – Catholic Schools Center of Excellence
- Aug. 13, Bloomington – Minnesota Child Care Association (MCCA) Conference
- Aug. 28, St. Paul – Child Care Aware
- Oct. 15, Mankato – Minnesota Valley Association for Early Childhood Educators (MVAECE)

- Oct. 16, Fergus Falls – West Central Director’s Group
- Oct. 25, Brooklyn Center – Early Childhood Higher Education Consortium
- Nov. 1, Shoreview – Director’s Seminar
- Nov. 14, Virginia – Iron Range Director Group
- Nov. 19, Plymouth – West Metro Director Group (QPN-Quality Provider Network)
- Dec. 11, St. Cloud – Minnesota Head Start Association Directors Roundtable

### **Child care center webinars**

In addition to in-person meetings, the Licensing Division conducted several webinars in 2019 with licensed child care center stakeholders.

- Jan. 10: Potential fix-it ticket list additions and ideas for policy changes
- Mar. 8: 2019 legislative proposals
- May 21 and 23: Technical assistance for 2017 legislative changes
- July 16: 2019 legislative changes
- Nov. 7: New training requirements

The November 2019 webinar was the first in an ongoing series of quarterly webinars with child care centers aimed at sharing information, gathering feedback and answering questions on different topics.

### **New child care center licensors**

The child care center licensing staff has grown since 2017 to support implementation of the federal Child Care and Development Block Grant (CCDBG) licensing requirements, including annual inspections. The department completed the CCDBG-related hiring and onboarding of new child care center licensors in 2019. The department hires child care licensors with extensive and diverse experience in child care centers, some of whom are based in Greater Minnesota. Increased staffing has reduced licensors’ caseloads, giving them the capacity to be in more frequent contact with child care centers. As licensors build relationships with providers, centers feel more comfortable calling their licensor with questions and the licensor is able to provide technical assistance.

### **Family child care webinars**

Licensing staff hosted webinars with remote call-in options to give providers from all over the state the opportunity to participate without having to travel. The meetings took place in the evening, starting at 6 p.m. or later to make it easier for providers to join after business hours, including:

- Jan. 10 and 14: potential additions to the fix-it ticket list and ideas for the 2019 legislative session
- Mar. 5 and 12: the governor’s 2019 legislative proposals related to licensing
- Nov. 26 and Dec. 2: the 2019 Implementation Plan and to discuss ideas for the 2020 legislative session

### **Family child care provider training and outreach meetings**

Licensing staff provided training on the 2019 legislative changes to providers followed by a listening session on issues of importance to providers in attendance. The sessions took place during the evening at various locations throughout the state, including the following:

Status of Child Care in Minnesota – 2019

- Region 2: Dec. 3, Bemidji
- Region 3: Oct. 21, Duluth
- Region 4: Oct. 29, Morris; Oct. 30, Moorhead; Nov. 19, Alexandria
- Region 7W: Feb. 25, Waite Park; Nov. 18, Stearns County
- Region 8: Nov. 7, Marshall
- Region 10: Dec. 12, Faribault; Jan. 15, 2020 Rochester
- Region 11: Feb. 26, Cottage Grove; Oct. 8, Maplewood; Jan. 6, 2020 Anoka

Licensing staff also participated in meetings and webinars with other stakeholders to discuss family child care topics. Stakeholders included organizations such as Child Care Aware, the Minnesota Initiative Foundations, and the University of Minnesota. County licensing staff and family child care providers also participated in some of these meetings.

Licensing staff attended the following in-person stakeholder meetings:

- Feb. 23, Mountain Iron
- May 28, Albert Lea
- Sept. 16, Alexandria
- Oct. 8, Bemidji

## **Improving information for providers and streamlining required documentation**

Over the past several years, and additionally in response to Minnesota Laws 2019, chapter 9, section 133, DHS has worked to provide more plain-language explanations of the licensing requirements, make information easier to find and identify ways to streamline required documentation. DHS has long allowed for information to be submitted to the department by email, and is exploring ways to expand the ways in which information can be submitted to DHS electronically. This work has involved:

- Redesigning the website, rearranging information to make it easier to navigate, and find news and updates, statutes and rules, forms, legislative changes, training requirements, grants, scholarships, resources and contact information.
- Providing forms as fully accessible, fillable PDFs, which are easier to use, and enable providers to email them to parents.
- Revising and shortening the required the emergency plan template, in response to legislative changes and feedback from providers that it was too long and repetitive.
- Streamlining the Admission and Arrangement Form to eliminate two other forms and incorporate changes needed due to legislative changes.
- Updating, shortening and revising other licensing forms to make them more user-friendly
- Developing optional forms for providers in response to legislative changes so that providers do not have to create their own forms
- Establishing two new child care center training positions in 2019 to improve the department's communication with licensed child care centers, increasing the capacity to create resources for providers and offer trainings for applicants and directors.
- Updating the user-friendly *Is a background study required?* worksheets for both family child care providers and child care centers. These documents contain yes/no questions to assist

providers in determining whether an individual needs a background study. Providers have remarked that this a helpful tool to understand how to comply with the background study requirements.

- Developing a plain-language handbook that describes the process and requirements to become a licensed family child care provider, as directed by the Legislature in 2019. The department sought input on the handbook from county licensors and license holders, particularly those who had become licensed in the previous 18 months. [The handbook can be accessed here.](#)
- Reducing re-inspection paperwork for child care centers, including eliminating an equipment and supplies form per classroom, due to the use of ELICI.

One way to reduce the number of documents that family child care providers need to complete would be to change the terms of their licenses so that they are continuously, automatically renewed each year, instead of requiring providers to submit renewal applications every second year. Nearly all other classes of service providers licensed by the department have continuous licenses that automatically renew each January, as long as the provider has paid their annual licensing fee. Instituting continuous licenses would acknowledge that family child care providers are professionals, eliminating the need to re-apply. Like any change, of course, there would be other impacts that should be fully understood before any decision to adopt this change is made. For example, providers and county licensors should explore with the department the impact on training requirements that are tied to the renewal date of the license. Also, there would need to be discussions with the counties about how they would collect licensing fees from providers and how they would notify the department of who had paid.

Now that licensors are using ELICI for annual reviews of both family child care providers and licensed child care centers, the Licensing Division is looking at ways to reduce the amount of information that licensors need to collect from providers in preparation for annual licensing reviews. It is exploring the extent to which information provided one year could be retained electronically by the department, so that the following year providers would only need to review the information previously provided to the department. Providers would review and attest that the information continues to be accurate or provide updates as needed. The Licensing Division is hopeful that this technology improvement could be incorporated into re-inspection processes for licensed child care providers in the next year or two.

### **Safe sleep workgroup**

Together with the Department of Health, the department created an informal safe sleep workgroup in 2019 to look at issues related to ways to prevent sudden unexpected infant death in licensed settings. The group reviewed Minnesota Statutes, section 245A.1435, discussed how to improve communication with providers on safe sleep matters, and identified needed administrative changes and up-to-date statutory guidelines to promote the safety of infants and offer clarity to license holders. The workgroup was comprised of licensed child care providers (family child care and child care centers), other license holders (foster care providers, substance use disorder treatment providers), and other key stakeholders, including the American Association of Pediatrics, a medical examiner and the Consumer Product Safety Commission. The workgroup met four times in 2019 and provided recommendations for the 2020 legislative session.

## Family Child Care Task Force

The 2019 Legislature established the Family Child Care Task Force to discuss family child care topics. The task force consists of 25 members, including family child care providers, parents of children in family child care programs, family child care provider association appointees, family child care licensors, and appointees from various child care-related organizations, state representatives, state senators, the commissioner of Human Services or designee, and other stakeholders. A member of the majority party of the House of Representatives and a member of the majority party of the Senate serve as co-chairs. The task force's duties include the following:

- Identify difficulties that providers face regarding licensing and inspection, including specific licensing requirements that have led to the closure of family child care programs, by reviewing previous survey results and conducting follow-up surveys, if necessary.
- Propose regulatory reforms to improve licensing efficiency, including discussion of criteria that would qualify a provider for an abbreviated licensing review based on statistically significant key indicators that predict full compliance with all applicable rules and statutes, and discussion of the development of a risk-based, data-driven, tiered violation system with corresponding enforcement mechanisms that are appropriate to the risk presented by a violation.
- Review existing variance authority delegated to counties and recommend changes, if needed.
- Recommend business development and technical assistance resources to promote provider recruitment and retention, including the potential need for mentors, a family child care provider network, or shared services.
- Develop recommendations for alternative child care delivery systems that could be more financially viable in smaller communities with unmet child care capacity needs in Greater Minnesota, which could include new licensure models for large group family child care or small capacity child care centers.
- Review Parent Aware program participation and identify obstacles and suggested improvements.
- Review how trainings for licensed family child care providers are offered, provided, coordinated, and approved, and make a recommendation on the establishment of a family child care continuing education training committee, to advise on compliance with federal and state training requirements.
- Consider methods to improve access to and understanding of the rules and statutes governing family child care providers.

The task force will submit an interim report to the Legislature by March 1, 2020, and a final report with recommendations and suggested legislation by Feb. 1, 2021. The task force expires upon submission of its final report.

## Increased monitoring of child care centers: new ‘early and often’ unit

In recent years, the department heard from child care center owners that the application process and first year of business were difficult to navigate on their own. In 2019, the Legislature provided funding for the department to establish a team of child care center licensors dedicated to providing support to centers during the application process and first year of licensure. This enables the Licensing Division to have more frequent communication with providers and assist applicants throughout the application process. After a license is issued, the licensors will visit new centers quarterly instead of waiting until close to the end of their first year. Licensors will provide technical assistance and guidance to help them start off on the right path and ensure the health and safety of children is maintained. The first licensing visit will be announced and will occur approximately three months from the time of licensure. Subsequent licensing visits will be unannounced. The visits will also involve enhanced monitoring for compliance with the Child Care Assistance Program by staff from the OIG’s Child Care Provider Fraud unit. This “cross-divisional” work is a response to the recent reports relating to gaps in program integrity measures and the recommendation that the department engage in oversight activities within the first year of operating. After the department shared information about this new initiative on a webinar, a provider commented, “Working with the new centers is one of the best changes I’ve seen. So important.”

## Cost of care – cost modeling

An advisory panel was convened to inform a cost modeling report that is designed to examine factors that influence actual costs of providing child care in Minnesota. A draft of the report was shared with the advisory Panel in late November 2019; the advisory panel met in early December 2019 to ask questions, provide feedback and discuss revisions to the report. The final report should be available early 2020.

# XI. 2016 Legislative Task Force on Access to Affordable Child Care Recommendations

## Results on implementing licensing-related recommendations

*Recommendation:* Develop consistency and uniformity in regulatory enforcement; improve relationships and communication between DHS, county licensors, and child care providers; and improve fairness in compliance measures

Steps the Legislature and/or DHS and counties may take to implement the recommendation include:

✓ = Implemented and Ongoing      ➤ = Some progress

Recommendations	Status	Summary of Actions Taken by DHS and/or Legislature and others:
Develop and implement uniform training for county licensors, including rules, statutes and providers’ rights.	✓	Increased frequency of training for new licensors; monthly calls with county licensors to review common issues and improve consistency; bimonthly meetings with ad-hoc group of county licensors to improve consistency and communication
Target changes in policy and procedures that help to create a healthy environment in which monitoring visits are supportive, not punitive, and used to target technical assistance and provide other supports in order to improve quality.	✓	ELICI tool allows for common review of regulations and statutes during the visit; exit interviews required for annual visits
Ensure the length of monitoring visits is reasonable.	✓	Onsite observations of licensing visits show average of 90 minutes for a visit (compared with 3 to 6 hours for a center)
Establish a safe communication process for providers to ask questions without fear of immediate negative actions.	✓	Provider email page and triage line for responses. While it is not anonymous, it cannot be since determinations are always dependent upon the specific facts.

Recommendations	Status	Summary of Actions Taken by DHS and/or Legislature and others:
<p>Initiate regular, uniform communications from DHS or licensing staff to providers to address frequent questions in the field, any new interpretations providers should be aware of to be in compliance, and include a feedback loop for providers to send in a question for clarification without fear of future correction order based on the question.</p>	<p>✓</p>	<p>Changes in statutes to require updates to providers; developed listserv to enable email communications directly from DHS; written implementation plan to explain legislative changes, mailed/emailed to providers by DHS/counties/provider groups; outreach meetings and presentations by DHS across the state; webinars for review and input on proposed changes</p>
<p>Ensure ample notice time to providers about statutory or rules changes before violations are issued on those changes.</p>	<p>✓</p>	<p>After implementation plan is issued, instituted policy of one-year technical assistance for legislative changes that increase requirements on providers</p>
<p>Consider developing tiered, consistent discipline levels that reflect the severity of an issue. For example, issue a “fix-it ticket” instead of a correction order to provide guidance on minor issues that require the provider to document a fix in a short window of time.</p>	<p>➤</p>	<p>Legislature passed “fix-it ticket” option in 2017 and is operational.</p> <p>DHS and Legislature have explored adopting some variation of a risk-based violations system and this is one of the duties assigned to the Family Child Care Task Force.</p>
<p>Implement an immediate feedback system of potential compliance order before the licensors leave the home or facility, and allow providers the opportunity to fix issues on the spot.</p>	<p>✓</p>	<p>Legislature passed “exit-interview” requirement in 2017 and is operational.</p> <p>In 2019, law was changed to prohibit licensors from issuing citations for violations or potential violations they did not discuss with the provider during the exit interview.</p>
<p>Consider making it a requirement for licensor to seek clarification from DHS when there is a dispute, before issuing an order.</p>	<p>✓</p>	<p>Legislature passed this new change in 2019 and is being implemented.</p>

Recommendations	Status	Summary of Actions Taken by DHS and/or Legislature and others:
Consider changing statute language to allow removal of the public posting of correction orders that have been overturned.	✓	DHS built this functionality into ELICI and information about violations is updated if appeal is resolved in provider's favor.
Communicate a clear appeals process to providers.	✓	Email to providers in 2018; information on website and in presentations to providers and State of Child Care reports; correction orders, including appeal rights, written in plain language

## Results on implementing training-related recommendations

*Recommendation:* Ensure training for child care providers is accessible, relevant and affordable; and that the trainer pool is broadened and deepened.

### Steps taken to make training more relevant:

- DHS diversified training curriculum, resulting in just over 3,500 approved courses and over 800 approved trainers at the end of SFY 2019.
- DHS expanded training through new grants to the Minnesota Initiative Foundations, and continued or increased grants to deliver training including Child Care Aware, First Children's Finance, the Minnesota School-Age Care Alliance and the Center for Inclusive Child Care.
- DHS has continued to develop and expand access to training on designing sustainable business models and other business practices through a grant to First Children's Finance.
- DHS expanded the system of professional development advising through Child Care Aware to help providers achieve their individual goals, meet training required for Licensing and Parent Aware, and obtain or maintain early childhood-related credentials.
- DHS continued grants to the Child Care Aware system and to Minnesota Tribal Early Child Care (MNTRECC), the statewide tribal child care program, to support use of data and meetings with local community advisors to plan for and offer training that meets local needs, including culturally and linguistically relevant training.

### Steps taken to make training more affordable and accessible:

- DHS increased the number and variety of events offered free of charge or low cost. Last fiscal year, over 3,500 events were offered free of charge statewide, and over 1,500 events were offered low cost, for \$5 or less per hour.
- DHS worked closely with training delivery partners to increase the number of events offered at night (over 2,600 events), on the weekend (nearly 1,600 events) and online (over 1,000 events) to improve accessibility.

- DHS supported the upgrade of the online training system platform, Anytime Learning/Eager-to-Learn. In the last fiscal year, nearly 600 online training events were offered, with over 12,500 participants, with most participants attending multiple events.
- DHS examined access to training statewide through a contract with independent evaluation group, Child Trends. Data was used to inform statewide policy changes and local planning for child care training to meet provider needs.
- DHS improved Develop, Minnesota’s Quality Improvement and Registry Tool, to enhance online registration and payment systems, and offer mobile-friendly online training options.
- DHS ensured delivery of state-owned training is responsive to culturally and linguistically diverse providers by creating cultural adaptations of courses, offering courses in other languages, and requiring use of a training framework that includes collaborative teaching, invites trainers and participants to include culturally relevant course content, and values the knowledge and experiences of all training participants.

### **Steps taken to broaden and deepen the trainer pool:**

- A DHS grant supports recruitment, training and support to trainers with specialized services for bilingual and bicultural trainers. There are now 60 approved bilingual trainers, with training available in Spanish, Somali, Hmong, Russian, Arabic and Amharic as well as over 100 bicultural approved trainers.
- DHS developed new trainer approval rules, using feedback from a stakeholder work group representing diverse communities and perspectives. New rules will be released in 2020 that will open up the trainer pool to a wider variety of trainers and provide greater support for providers from communities of color and American Indian communities to become trainers.

## XII. Department Recommendations

The department offers the following recommendations to support affordable, high quality, and safe child care and early education programs:

- Support legislative proposals that bring Minnesota into compliance with federal Child Care Development Block Grant changes, including maximum reimbursement rate increases for the Child Care Assistance Program to better align with the private pay market.
- Institute abbreviated inspections for licensed family child care providers who have a history of demonstrated compliance with the licensing standards. Use national experts to conduct the required statistical analysis of compliance data, to gather input from stakeholders on criteria for these inspections, to develop procedures for licensors, and to provide training to county licensors on the new abbreviated inspection protocol.
- When ELICI has been used for child care center licensing inspections for one year, use the data to begin work to adopt abbreviated inspections for child care centers that have a history of demonstrated compliance with licensing standards. Use national experts to conduct the required statistical analysis of compliance data, to gather input from stakeholders on criteria for these inspections.
- Update regulations for licensed family child care providers and licensed child care centers in their entirety, including both statute and rule, and adopt risk-based violations systems for monitoring compliance, grounded in national best regulatory practices, as other states have done. Use national experts to guide the process for gathering stakeholder input (e.g., parents, providers, early childhood advocates, state and county licensors) through focus groups, surveys, etc., and doing the required statistical analysis of the data. Given the size of this undertaking, the work would likely need to be staggered, replacing one licensing framework and then the other.
- Explore whether family child care providers should be issued continuous licenses, like others who are licensed to provide services by the department, instead of requiring providers to apply for a new license every two years.
- Continue exploring alternative models of licensure with stakeholders, including a new model for a smaller-scale child care center that would be more financially viable for communities that cannot support a licensed child care center, but demand for care exceeds the limit of 12 children allowed for a family child care provider who works alone.
- Support systems modernization efforts that could make it easier for child care providers serving children who receive CCAP to exchange and update information with county agencies and the department.
- Streamline training requirements for family child care providers, bringing Minnesota into compliance with federal law.
- Consider the recommendations of the Family Child Care Task Force for legislative and administrative changes related to granting variances so that family child care providers can legally deviate from the standards required as long as they take other measures to ensure the health and safety of the children in their care.

- Address Minnesota’s child care shortage by:
  - Helping communities develop assessments of supply gaps and development of local level solutions, and funding for grants to help child care programs start up and expand.
  - Increasing visibility and access to existing supports related to business practices and quality improvement through consultation services for child care programs and a one-stop-shop platform for all programs.
  - Encouraging more people to enter and stay in the child care and early education workforce by investing in scholarships for credentials and higher education degrees, loan forgiveness, tax credits and retention bonuses.
- Implement the recommendations from the National Academy of Medicine’s report, *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation*, and those from Minnesota’s Workforce Compensation Advisory Group.
- Through discussions with the Family Child Care Task Force and other stakeholders, review the following current programs and services, and ideas for new services, and consider options to promote provider recruitment and retention:
  - Parent Aware and related coaching and grants that support and promote participation
  - Business development and technical assistance resources
  - Training delivered through Minnesota’s Professional Development System and related technical assistance and grants that support and promote training and professional development
  - Mentoring, family child care provider networks, and shared services.

# Appendix: Changes to Statute and Rule

## A. Changes to licensing

### 2019 changes for both licensed child care centers and family child care

#### License format

The language printed on licenses has changed. The licenses now state that parents who have *questions* about their child's care may call the licensing agency. Previously, the licenses stated that parents who have *concerns* may call the licensing agency. DHS reduced the size of the font used to print the licensing agency's telephone number because it is no longer required to print the telephone number in bold and large font.

#### Mandatory reporting of suspected fraud

Licensors must immediately report any suspected fraud to county human services investigators or the DHS Office of Inspector General (800-627-9977, <https://fraudhotline.dhs.mn.gov/>).

#### Reporting suspected maltreatment policies and procedures

Providers need to use DHS-developed policies and procedures for reporting suspected maltreatment.

#### Correction order and fine data classification

Correction orders and licensing fines that are more than 7 years old are now classified as nonpublic data, which means they are no longer publically available upon request. However, a license holder may always request to review their own licensing data.

#### Exit interviews

Exit interviews are required as a part of annual licensing visits. Effective Sept. 30, 2019, licensors cannot issue a correction order or other licensing action for violations of rule or law that are not discussed during an exit interview, unless the provider does not participate in or complete the exit interview. Licensors must offer an alternative time to complete the exit interview if it cannot be completed at the conclusion of an annual licensing review/inspection.

#### Emergency preparedness plan

Federal law requires a child care provider's emergency plans to include accommodations for infants and toddlers, if they serve those ages. The 2019 law brings Minnesota into compliance with this requirement. DHS has created forms to make it easy for family child care providers and licensed child care centers to comply.

## **2019 changes for licensed child care centers**

### **Supervision**

The definition of supervision for school-age children was expanded to give flexibility to allow for school-age children to use the restroom and retrieve items from a cubby/locker while in the licensed space. Staff must know the child's location and check on the child at least every five minutes.

### **Reusable water bottles or cups**

As of Sept. 30, 2019, child care providers may offer children drinking water in a reusable water bottle or cup, rather than a disposable cup, under certain conditions. A variance is no longer required. Centers must develop a written policy that outlines how they will clean and sanitize the bottles/cups, assign and label the items, keep the bottles/cups stored in a way that reduces the risk of mix-ups, and use the bottles/cups only for water.

### **Driver's license**

Anyone who has a current, valid driver's license, and has completed child passenger restraint training, may transport children. It is not required that the driver hold a Minnesota driver's license.

### **Telephone requirement**

The 2019 law moves the telephone requirement from rule into statute and updates it to give flexibility to providers to use a cell phone. Centers may continue to use a landline phone; however, staff are now expected to have access to a phone whenever they are providing care and supervision, including when that occurs outside of the facility, such as on field trips.

### **Orientation and ongoing training**

The 2019 law consolidates and reorganizes the training requirements in 245A.40 for clarity. It brings Minnesota child care centers into compliance with federal law. The center director, staff persons, substitutes and unsupervised volunteers must receive orientation, child development and learning, pediatric first aid, pediatric CPR and in-service training. If applicable, these individuals must also complete sudden unexpected infant death, abusive head trauma and child passenger restraint training.

## **2019 changes to licensed family child care**

### **Use of substitutes**

As of Sept. 30, 2019, providers are able to use substitutes for up to 500 hours annually rather than 30 days in a 12-month period. Providers must document the substitutes' names, the dates, and the number of hours for which they provided care.

## **Variance for extended use of substitutes**

As of Sept. 30, 2019, DHS may grant time-limited variances to providers who need to use a substitute for more than 500 hours annually. Providers who are granted variances must notify parents and guardians of the variance.

## **Supervision of provider's own child**

This law clarifies that an individual who is related to the provider may be in the licensed space and or may supervise the provider's own child without completing training and a background study as long as the related individual is not a designated caregiver, helper or substitute. The related individual may supervise the provider's own child(ren) within or outside of the licensed space.

## **Emergency replacement**

This law allows an adult who has not completed training or a background study to supervise children on a short-term basis in specific emergency situations where the provider is closing their business for the day and needs someone to stay with the children until their parents can come to get them, as long as certain conditions are met.

## **Fire code**

Many changes were made to align family child care licensing standards with the current state fire code.

## **Clarification when requirements are disputed**

During an annual visit or the exit interview following an annual visit, a provider may express that they dispute or disagree with the county licenser's interpretation of a requirement. When this occurs, the provider has five business days following the exit interview to submit a written request to the commissioner requesting clarification on the disputed requirement. Licensors cannot include the disputed item in a correction order, unless the commissioner clarifies that it is a violation. DHS and licensors will include providers in all correspondence related to the dispute. Once the exit interview is over, the opportunity to dispute a requirement has passed. As before, providers continue to have the right to request reconsideration after a correction order has been issued, as explained on the correction order.

## **Telephone requirements**

As of Sept. 30, 2019, providers are no longer required to post emergency numbers by the phone. The law also clarifies that a cell phone can be used to meet the telephone requirement.

## **Training requirements when provider is relicensed in another county**

A licensed child care provider who moves and is relicensed within the state does not need to repeat any initial training already taken in order to get their license and the county cannot require the license holder to complete an orientation class for new providers.

## **Special Family Day Care**

Two or more special family child care license holders may use the same building if they comply with licensing requirements and operate their programs separately. Special family child care providers must follow the capacity, age and ratio distributions required by their license.

DHS may grant variances to allow individuals and certain types of organizations to be licensed as special family child care settings. Those organizations include primary providers of care, nonprofit organizations, churches or religious organizations, employers and community collaboratives.

The law also aligns the requirements for special family child care providers with the State Fire Code.

## **B. Changes to background studies**

### **Child care background study subject**

The law clarifies when volunteers, contractors, prospective employees and others with unsupervised access need a background study. Individuals providing parent-approved services that are not part of the child care program, such as speech, special education, karate or dance lessons, do not need a background study if they meet all of the conditions outlined in statute. If center staff or the family child care provider is present and providing supervision during the services, the individual providing the service does not need a background study.

### **Additional background study databases**

Beginning July 1, 2019, background studies include a search of additional name-based databases in order to meet federal requirements. These additional database searches are required for all adults affiliated with child care programs as well as for minors who are employed by the provider, involved in the supervision of children served by the program or if the commissioner has reasonable cause to require a national criminal history record check. DHS will initiate these additional searches. This change will not impact what is required to be entered in the background study system or the background study fees.

### **Clearance notice for background study subjects who have lived outside of Minnesota in the last five years**

The study for a new employee who currently lives out of state or who has lived outside of Minnesota in the last five years requires search of the criminal, sex offender or maltreatment databases from the other state(s) where the new employee lived during those five years. If another state has not responded to the requested information after at least 10 days since DHS submitted the request — and this is the only reason that the study could not be cleared — DHS can issue a clearance notice. This clearance notice may be rescinded if the results from the other state(s) contains disqualifying information.

## **Direct contact**

Beginning Sept. 30, 2019, child care centers must ensure that anyone required to have a study does not have direct contact with children until they have received a notice from DHS about the results of the background study. For a majority of studies, this process results in a clearance notice about two or three business days after the person is fingerprinted. The process takes longer if the results from one of the databases show the individual may have disqualifying information. In which case, the center will get a notice stating more time is needed to complete the study. The notice will indicate whether or not the person can work with or without supervision.

## **C. Changes to the Child Care Assistance Program**

The 2019 legislative session resulted in many changes to the Child Care Assistance Program.

Changes bring Minnesota into compliance with most of the remaining requirements of the federal Child Care and Development Block Grant (CCDBG). The changes ensure families and children do not lose eligibility during the 12-month eligibility period, create an expedited application process for families experiencing homelessness, and give providers a right to a fair hearing or administrative review when negative actions are taken against them. Changes are still needed to achieve full federal compliance, including updating maximum reimbursement rates to at least the 25<sup>th</sup> percentile of the most recent rate survey.

Changes were also made to address program integrity concerns raised by the media and two special reviews by the Office of the Legislative Auditor (OLA). These changes build on existing laws, increase transparency and consistency for providers, and enhance accountability to ensure funds are spent with financial and administrative integrity. Among other things, the changes strengthen attendance record keeping requirements, increase disqualification periods for provider fraud and limit retroactive eligibility.