



Legislative Report

Status of Child Care in Minnesota, 2018

Office of Inspector General

Children and Family Services

February 2019

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I. Executive Summary

The Minnesota Department of Human Services' (department's) Licensing Division, Child Care Assistance Program (CCAP), 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 three programs, including summary data, changes to legislation, and department efforts and recommendations in continuing to improve child care for Minnesota families.

Overall, the state's child care capacity has remained relatively constant since Fiscal Year 2013. 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 the county level, it becomes clear that child care openings and closures have affected the state's regions differently, with net decreases in overall providers and capacity more prevalent in greater Minnesota.

The department continued efforts to improve communication with and provide information to county staff, license holders, and other stakeholders. Department staff hosted meetings with providers and county licensors across the state to share information and gather suggestions from providers. The department instituted the Electronic Licensing Inspection Checklist Information tool for county licensors to use on monitoring reviews of licensed family child care providers, which will improve monitoring, consistency and efficiency during child care licensing visits, providing more data about results of visits for the first time. The department's website was updated in response to provider input, and it implemented other administrative reforms, in line with many of the Legislative Task Force on Access to Affordable Child Care's recommendations.

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

- 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.
- Undertake a comprehensive review of child care regulations — both statute and rule — to modernize them and move towards a risk-based, weighted model for monitoring compliance, grounded in national regulatory best practices, as other states have done. Use an outside consultant to bring information about other states' models and solicit input from key stakeholders in the child care and early learning field (e.g., parents, providers, early childhood advocates, state and county licensors).
- Form a work group to explore a new model for a smaller-scale child care center that, with different staffing ratios, group sizes and other standards not found in the existing rule that governs child care centers, would be more financially viable in greater Minnesota where demand for care often exceeds the family child care capacity of 14.

II. Legislation

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 February 2, 2020.

Session law

2018 Laws of Minnesota, Chapter 200, Section 10, Paragraph (b):

Section 10. DIRECTION TO COMMISSIONER; CHILD CARE LICENSING REFORM

(b) In the 2019 report to the legislature on the status of child care required under Minnesota Statutes, section 245A.153, the commissioner shall include the following:

(1) a description of the federal and state requirements and any guidelines established for the posting of child care licensing information and monitoring results;

(2) a summary of how the department is engaging licensed child care providers, county licensing agencies, and families seeking or using child care services to obtain feedback about the posting guidelines on the department's Web site;

(3) a summary of the administrative reform and actions identified by licensed child care providers through stakeholder meetings that could be implemented without statutory changes that would reduce the regulatory and administrative burden to license holders;

(4) a description of administrative reforms and actions the department has taken in the prior year or is in the process of implementing; and

(5) an evaluation of existing laws, models, and initiatives from other states that have implemented child care licensing reforms to reduce barriers and unnecessary administrative burdens for child care providers.

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 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, 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 on licensing trends, including the number of providers and types of licensing actions taken, as well as Child Care Assistance Program and Parent Aware trends
- Changes to statute and rule impacting child care
- The department's implementation of the 2016 Legislative Task Force on Access to Affordable Child Care's recommendations
- Updates about the Electronic Licensing Inspection Checklist Information tool and licensing information posted online
- The department's efforts to partner with county agencies to improve and support ongoing communication between the department and county licensors
- The department's efforts to improve stakeholder engagement and communication with licensed providers
- Suggestions from child care providers for administrative and legislative reforms
- Administrative changes the department implemented or is in the process of implementing
- Key child care regulations in other states
- Recommendations by the department to support healthy, high quality, and affordable child care and early education programs and providers.

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. Approximately 15,000 families and 30,000 children are served each month.

Parent Aware

Parent Aware is Minnesota's 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.¹

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 that meets 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.

¹ <http://parentaware.org/>

IV. Summary Data

Licensing

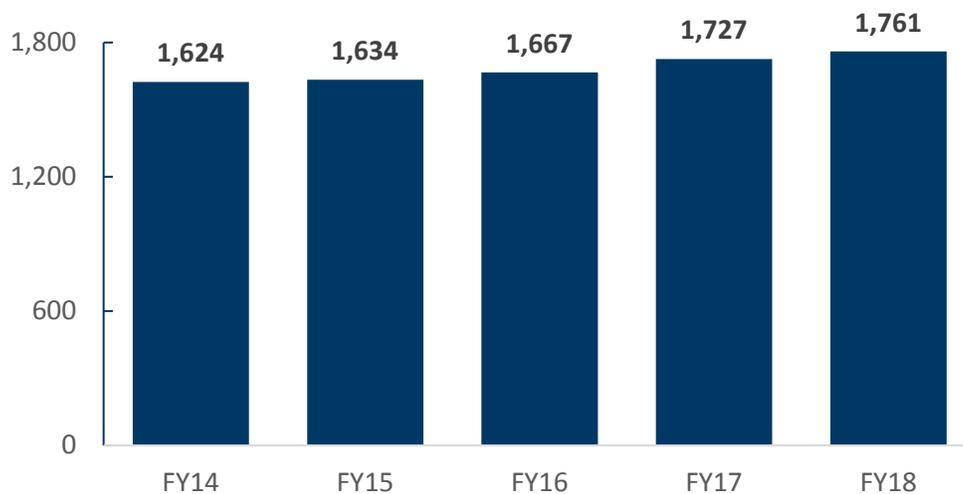
In Fiscal Year 2018, the department directly licensed and monitored more than 1,700 child care centers and provided oversight of the county-delegated licensure of more than 8,100 family child care programs. Licensure promotes healthy and safe child care settings through monitoring and oversight.

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 decades.

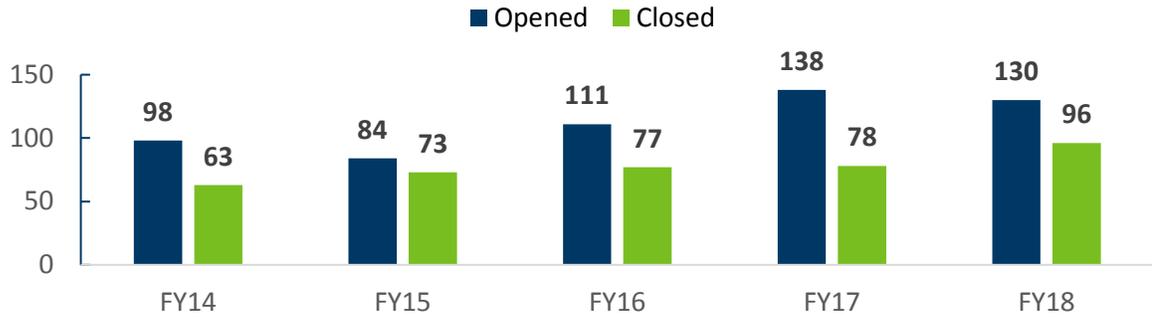
As Figure 1 shows, Minnesota experienced a gradual increase in the number of licensed child care centers between fiscal years 2014 and 2018. In Fiscal Year 2014, 1,624 child care centers had licenses compared with 1,761 in Fiscal Year 2018. Overall, there was a net gain of 137 centers or 8 percent over the last five fiscal years.

Figure 1. Count of licensed child care centers, fiscal years 2014-18



In each fiscal year since Fiscal Year 2014, more child care centers opened than closed, as Figure 2 shows. In Fiscal Year 2018, Minnesota experienced a net gain of 34 child care centers.

Figure 2. Licensed child care center: Openings and closings, fiscal years 2014-18



As Figure 3 shows, since Fiscal Year 2014, Minnesota has experienced a steady decrease in the number of family child care programs. In Fiscal Year 2014, Minnesota had 10,135 licensed family child care providers compared with 8,119 in Fiscal Year 2018. Overall there was a net loss of 2,016 licensed providers or 20 percent over the last five fiscal years.

Figure 3. Count of licensed family child care providers, fiscal years 2014-18

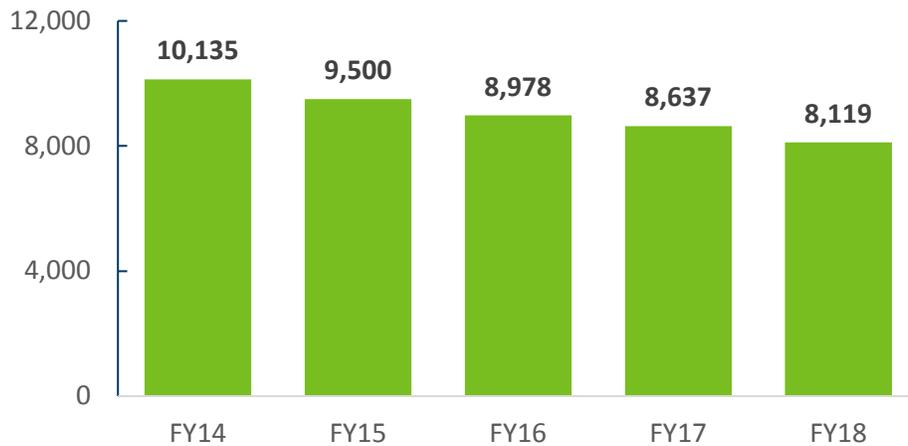
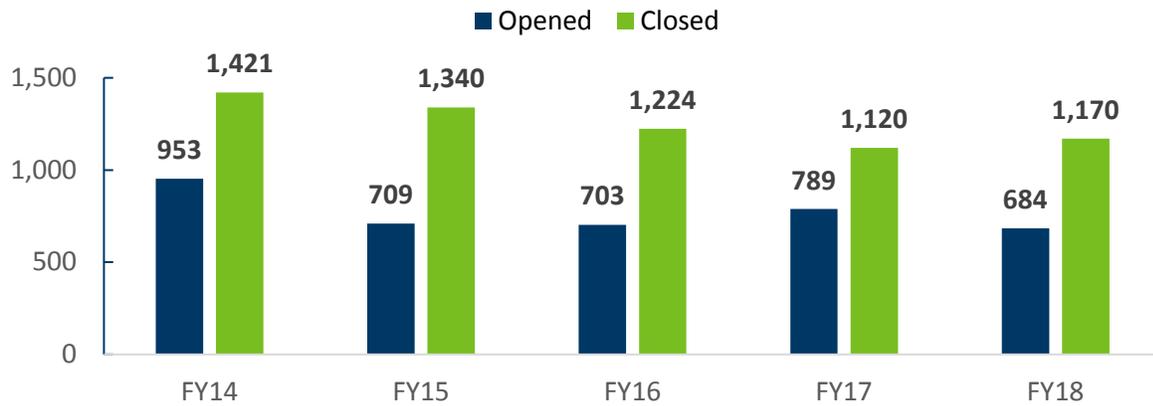


Figure 4 shows more family child care programs closed than opened during the past five fiscal years. In Fiscal Year 2018, Minnesota experienced a net loss of 486 family child care providers.

Figure 4. Licensed family child care: Openings and closings, fiscal years 2014-18



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.²
- People may choose to enter fields outside of child care where they can have more flexible schedules and work fewer hours.³
- Other professions offer higher pay and benefits than child care, which may make them more enticing.⁴
- Some providers cite frustration with increased requirements for training and paperwork, inconsistencies among counties, and other regulations.⁵

² From the Minnesota State Demographic Center: “The number of Minnesotans turning 65 this decade (around 285,000) will be greater than the past four decades combined.” See <http://mn.gov/admin/demography/data-by-topic/aging/> (visited Oct. 31, 2018).

³ 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).

⁴ 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>).

⁵ A Quiet Crisis: Minnesota’s Child Care Shortage, Center for Rural Policy and Development (September 2016), (<https://www.ruralmn.org/a-quiet-crisis-minnesotas-child-care-shortage/>).

Denial of licenses

To become licensed, child care centers and family child care providers must go through a multi-step application process. Applicants 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.

The denial process varies, depending on whether an applicant is applying to be a licensed child care center or licensed family child care provider. The department has primary responsibility for accepting or denying child care center applications. For family child care providers, county licensors recommend issuing or denying licenses to the department and the department issues licenses or denials, as appropriate.

The department may deny applications for many reasons, including an applicant:

- Failed the background study
- Failed to provide required information in a timely manner, or
- Is not able to demonstrate the ability to operate a child care business in compliance with all rules and laws.

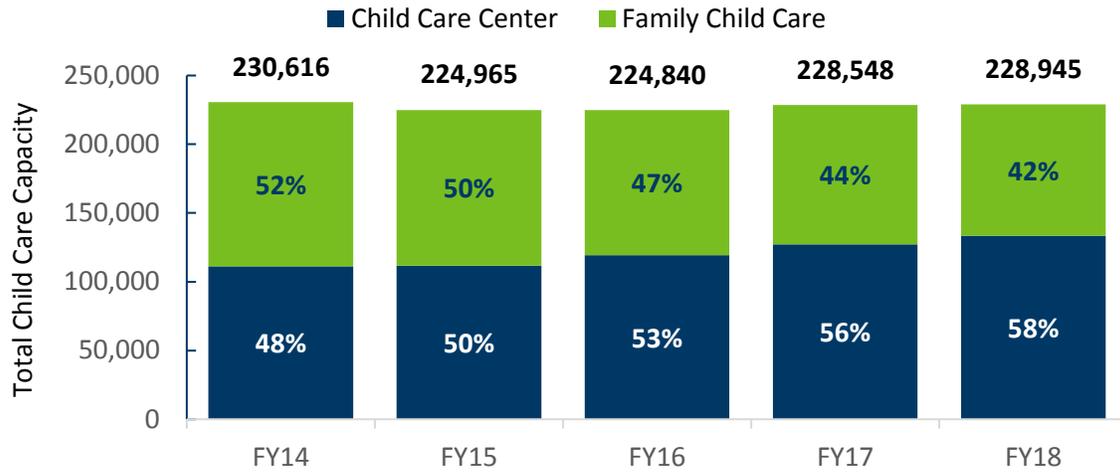
In Fiscal Year 2018, the department denied one child care center licensure application and 41 family child care licensure applications. For the past five fiscal years, it denied an average of two child care center applications and 34 family child care applications.

After issuing licenses to child care providers, the department monitors ongoing compliance with the standards required by law. For licensed family child care providers, this work is done in partnership with county agencies. Licensors make at least one unannounced visit to providers annually. When they find areas in which a provider does not meet required standards, there are several actions that could be taken, as described in the Licensing Violations section below. The action taken depends on the nature, severity, or chronicity of the violations.

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.

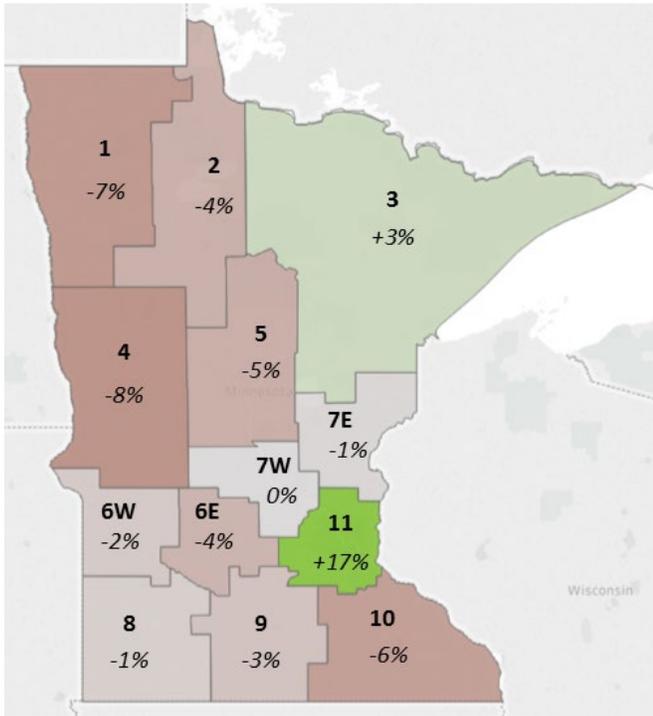
Figure 5. Total child care capacity by license type, fiscal years 2014-18



At the end of Fiscal Year 2018, Minnesota’s licensed family child care programs and licensed child care centers had the licensed capacity to serve more than 228,000 children, as shown in Figure 5. This licensed child care capacity calculation includes all types of child care — part-day, full-day, drop-in and sick care — for all age groups. In Fiscal Year 2018, 58 percent, or about 133,000, of those licensed “slots” were for child care centers, while 42 percent, or about 95,000, were for family child care. This is in contrast to Fiscal Year 2014, when 48 percent of licensed slots were for child care centers, while 52 percent were for family child care.

While the number of child care licenses has changed in the past five fiscal years, the state’s overall licensed child care capacity or number of slots for children, has only slightly decreased. As shown in Figure 5, between fiscal years 2014 and 2018, overall child care capacity decreased by 0.7 percent, or 1,671 licensed child care slots. Between fiscal years 2014 and 2018, child center slots increased by 22,288, a 20 percent increase. During that same time, more family child care providers closed their businesses, which caused a 20 percent decrease in family child care capacity, or a loss of 23,959 family child care slots.

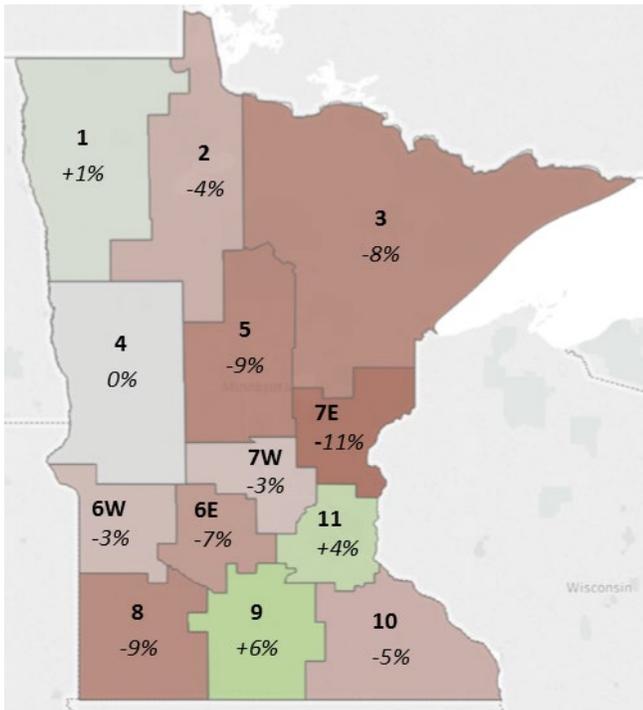
Figure 6. Estimated change in licensed child care capacity for infants, toddlers and preschoolers, fiscal years 2014-18



In the figure to the left, dark red indicates a greater decrease in estimated capacity, while dark green indicates a greater increase in estimated capacity.

Figure 6 uses a specific subset of data. Capacity in this figure estimates the number of slots filled by children from birth to age 5 at full-day licensed child care programs. The data only includes infant, toddler, and preschooler slots in full-day, licensed family child care programs and licensed child care centers that were open for at least nine months of the year.

Figure 7. Estimated change in number of children from birth to age 5, fiscal years 2014-18



As with Figure 6, dark red indicates a greater decrease in the estimated birth to age 5 population, while dark green indicates a greater increase in this estimated population. Figure 7 calculated the birth to age 5 population using the American Community Survey 5-year estimates. The American Community Survey estimates population for children birth to age 6 with all parents working. This includes children from single- or two-parent households in which all parents had jobs. Assuming some of that group would be enrolled in kindergarten or first grade, a proportionate part of the population was removed to include only children from birth to age 5 who were not yet in kindergarten.

How to interpret these maps:

Looking at these two maps together can give a sense of where gaps in child care availability are likely growing, decreasing or staying the same. For example, the estimated child care capacity for infants, toddlers, and preschoolers decreased in Region 1 in far northwestern Minnesota (indicated by red), and the estimated population of children birth to age 5 with both parents in the workforce went up over the same time period (indicated by green). This decrease in capacity and increase in population suggests that child care gaps have likely grown in Region 1 on average. In contrast, Region 3, the arrowhead region, saw an increase in estimated capacity and a decrease in the estimated population of children birth to age 5 with both parents in the workforce from fiscal year 2014 to 2018, suggesting that gaps in Region 3 have likely decreased on average over this time period. Regions like 6W and 2 that have seen both a decrease in capacity and a decrease in the population of children birth to age 5 with both parents in the workforce have likely seen little change in child care gaps over the past five years, even while seeing a decrease in capacity.

These maps represent a preliminary analysis of the general change in child care need and availability in each region of the state. While this analysis can provide a helpful indication of trends in child care across Minnesota, access to care ultimately takes place on a local scale, and child care availability can vary widely across communities within a region. Therefore, not every community in a region with positive trends will necessarily see an increase in availability of child care. Other groups, including First Children's Finance, have done much more detailed gaps analyses at the community level that provide more information on the actual size of gaps. These detailed analyses are not available statewide, so more work is needed to fully understand how the availability of child care in Minnesota is meeting the need.

C. Licensing Violations

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. Each of the options is described below, from least to most severe.

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 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. The current list includes violations such as a flashlight or portable radio with batteries that are

missing or dead and licenses not posted in prominent locations. Department staff are in the process of consulting with licensed child care providers about adding items to the list of violations eligible for a fix-it ticket.

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.

In Fiscal Year 2018, the department issued 696 correction orders to licensed child care centers. See Figure 8 in the next section for the number of correction orders issued to licensed child care centers in fiscal years 2014 through 2018.

The department will be able to report correction order data for family child care providers in future years, once it ensures users of an electronic tool that tracks correction orders are trained and data are validated.

Reconsiderations of correction orders

Licensed providers have due process rights and may request reconsideration of a correction order if they believe the decision was improper or incorrect. Reconsideration is a non-judicial review conducted within the department. When requesting reconsideration, providers must identify the parts of a correction order that are alleged to be in error, explain why they are in error, and include documentation to support an allegation of error. A 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.

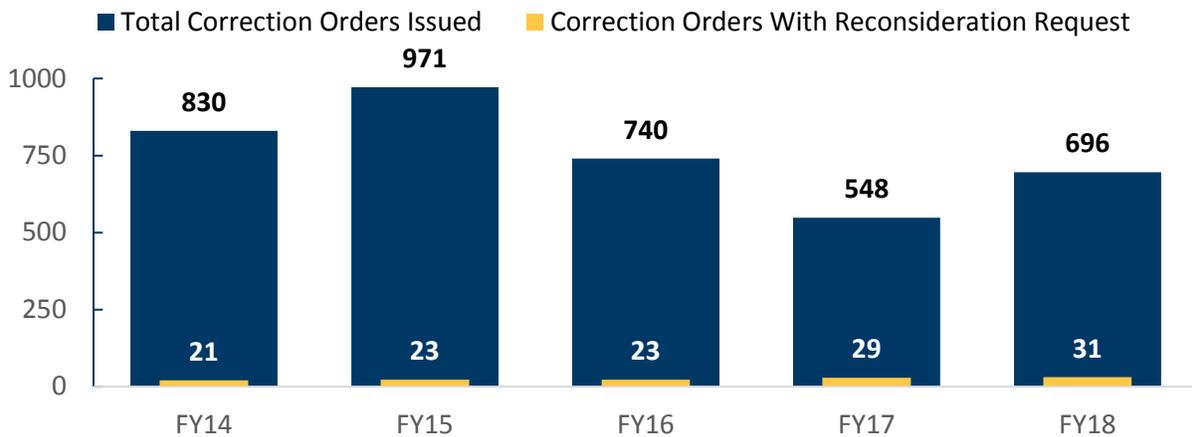
This process allows the provider to offer additional information that the provider may not have thought was relevant during the licensing visit. The Legal Unit, on behalf of the commissioner, makes a determination, which is final and cannot be appealed.

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.

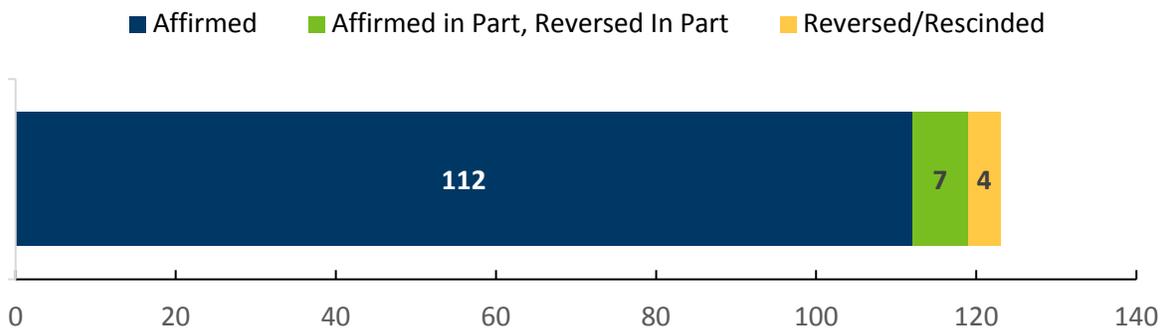
For correction orders issued to licensed child care centers in Fiscal Year 2018, the department received 31 requests for reconsideration, or approximately 4.5 percent of the 696 correction orders issued, as shown in Figure 8. (Note: The number of correction orders issued since 2016 has declined due to the smaller number of licensing reviews conducted, as the unit hired and trained more than 30 new staff in fiscal years 2018-19.) The number of reconsideration requests for correction orders has increased slightly since 2014.

Figure 8. Licensed child care centers: Total correction orders issued and those with reconsideration requests, fiscal years 2014-18



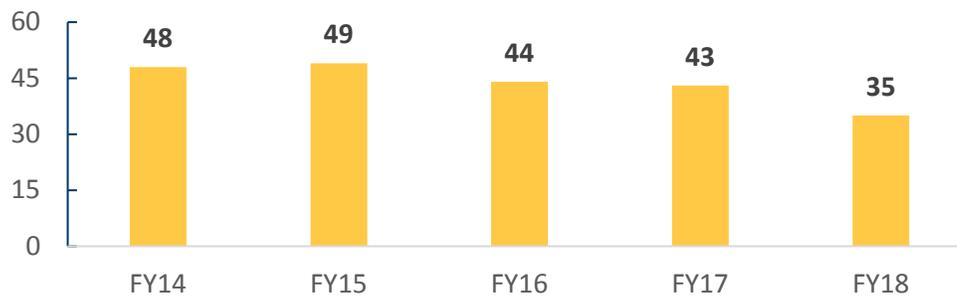
As shown in Figure 9, the results of reconsiderations for child care centers for fiscal years 2014 through 2018 are as follows: 91 percent affirmed; 6 percent affirmed in part, reversed in part; and 3 percent reversed/rescinded.

Figure 9. Licensed child care centers: Correction order reconsideration results fiscal years 2014-18



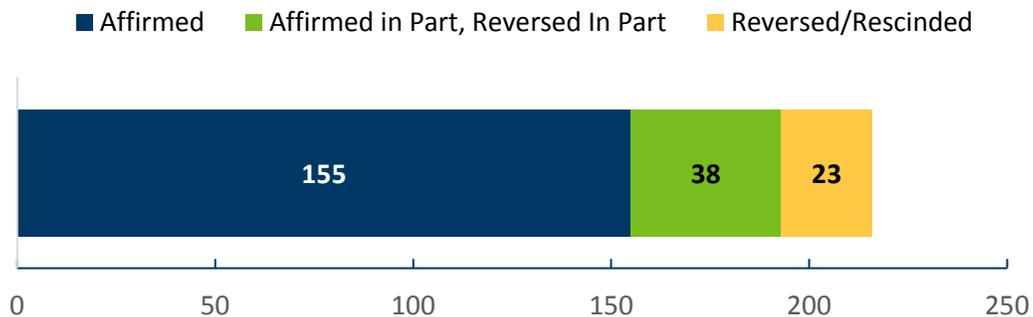
For correction orders issued to licensed family child care providers, the department received 35 requests for reconsideration in Fiscal Year 2018, as shown in Figure 10. However, the department does not have data on the total number of correction orders that county agencies issued to family child care providers in that fiscal year, because counties did not begin reporting correction order data to the department until recently. In prior years, department staff only learned of correction orders when family child care providers requested the department’s reconsideration. In future years, the department will be able to report the total number of correction orders issued to family child care providers.

Figure 10. Licensed family child care: Count of reconsideration requests for correction orders, fiscal years 2014-18



As shown in Figure 11, the results of reconsiderations for family child care for fiscal years 2014 through 2018 are as follows: 72 percent affirmed; 18 percent affirmed in part, reversed in part; and 11 percent reversed/rescinded.

Figure 11. Licensed family child care: Correction order reconsideration results, fiscal years 2014-18



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 12, 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 12. 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. Department staff monitors and provides technical assistance 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.
Suspensions	On occasion, following the issuance of a temporary immediate suspension, the department may need to wait for the completion of a criminal proceeding before deciding on a final licensing action. In those cases, the department may issue a suspension. Suspensions prevent providers from caring for children until after the department staff determine that it is safe for a provider to do so.
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 the most common licensing action 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, suspensions, and revocations — for fiscal years 2014 through 2018. Note that these figures do not include licensure denials, fix-it tickets or correction orders. Figure 13 shows that only a small percent of the total number of licensed child care centers received a licensing action from fiscal years 2014 through 2018. In Fiscal Year 2018, the department issued licensing actions for less than 5 percent (86) of licensed child care centers.

Figure 13. Child care centers: Total licensed centers and those that received at least one licensing action, fiscal years 2014-18

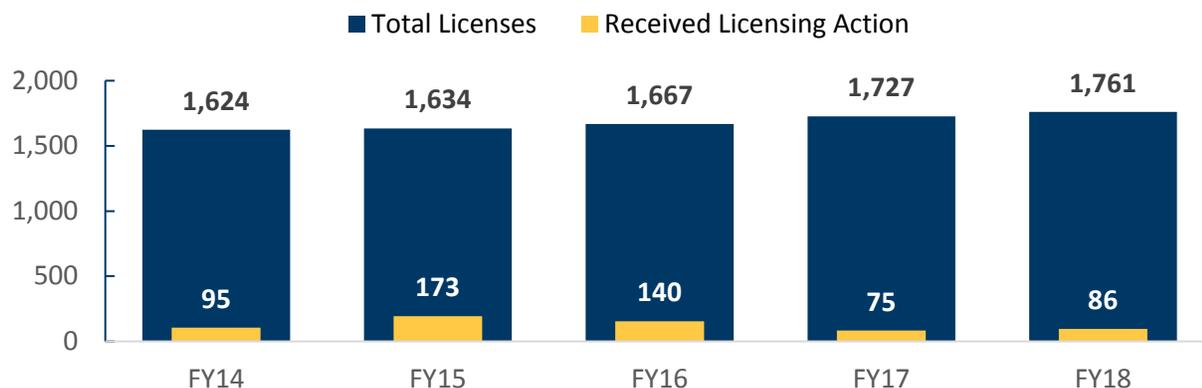


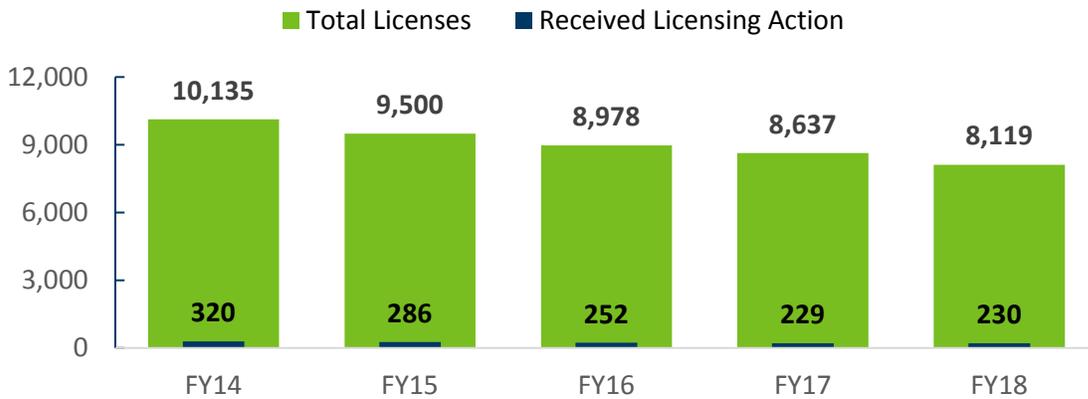
Figure 14. Child care centers: Count of licensing actions issued to licensed centers by type, fiscal years 2014-18

Licensing Actions	FY2014	FY2015	FY2016	FY2017	FY2018
Fines	90	169	126	57	67
Conditional Licenses	3	5	26	4	16
Conditional Licenses and Fines	3	2	1	0	1
Temporary Immediate Suspensions	0	3	0	8	2
Revocations	7	8	8	18	11

As shown in Figure 14, 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 2018, 69 percent were fines, 17 percent were conditional licenses, 11 percent were revocations, 2 percent were temporary immediate suspensions, and 1 percent were a conditional license and a fine.

The charts below show data for licensed family child care providers that received licensing actions — fines, conditional licenses, temporary immediate suspensions, suspensions and revocations — for fiscal years 2014 through 2018. These figures do not include licensure denials, fix-it tickets or correction orders. In Fiscal Year 2018, the department issued licensing actions to less than 3 percent (230) of licensed family child care providers, as shown in Figure 15.

Figure 15. Family child care: Total family child care license holders and those receiving at least one licensing action, fiscal years 2014-18



Of licensing actions issued to family child care providers in Fiscal Year 2018, 28 percent were revocations, 26 percent were temporary immediate suspensions, 24 percent were fines, 6 percent were conditional licenses, 12 percent were a conditional license and a fine, and 4 percent were suspensions. Figure 16 shows the types of licensing actions that family child care providers received.

Figure 16. Family child care: Count of licensing actions issued by type, fiscal years 2014-18

Licensing Actions	FY2014	FY2015	FY2016	FY2017	FY2018
Fines	128	88	81	66	74
Conditional Licenses	15	9	18	11	18
Conditional Licenses and Fines	52	40	28	39	35
Temporary Immediate Suspensions	79	96	85	84	78
Suspensions	3	3	6	15	11
Revocations	88	115	90	83	86

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 judicial process. To initiate an appeal, providers submit a request in writing to the commissioner within the time frame 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.

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 children and families served by the Child Care Assistance Program is in the State Fiscal Year 2017 Child Care Assistance Program Family Profile.⁶

A. Program participation and cost

Minnesota Family Investment Program child care

Minnesota Family Investment Program 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 17. Minnesota Family Investment Program child care number of families and children served, and cost per family⁷

State Fiscal Year	Families	Children	Children per Family	Cost per Family
2018	7,830	16,434	2.1	\$21,096

⁶ <https://edocs.dhs.state.mn.us/lfsrserver/Public/DHS-6664E-ENG>

⁷ 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 (MEC²).

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.

Figure 18. Basic Sliding Fee child care number of families and children served and cost per family⁸

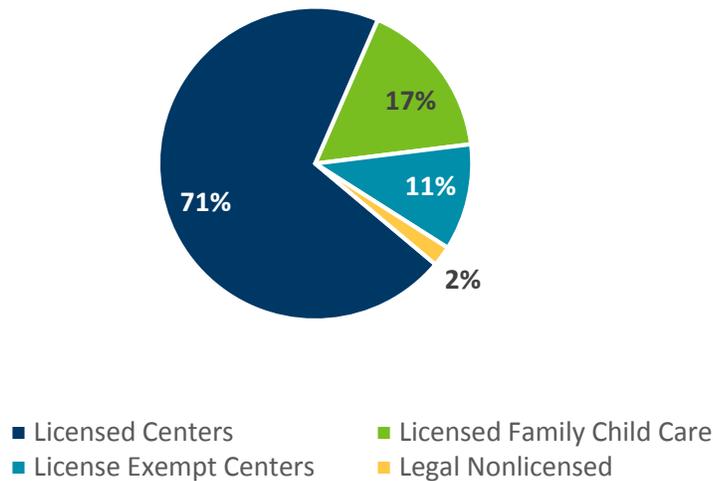
State Fiscal Year	Families	Children	Children per Family	Cost per Family
2018	6,970	13,387	1.9	\$14,558

B. 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 19. Type of care used by children receiving child care assistance in State Fiscal Year 2018⁸



C. Waiting list data

As of November 2018, there were 2,041 families on the Basic Sliding Fee child care waiting list. The following 25 counties had a waiting list: Anoka, Beltrami, Blue Earth, Carver, Cass, Chisago, Dakota, Fillmore, Freeborn, Goodhue, Isanti, Marshall, Mower, Nicollet, Norman, Olmsted, Ramsey, Red Lake County, Renville, Scott, Sherburne, Stearns, Traverse, Wabasha, and Wadena.

D. 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 rate, whichever is less.

Prior to 2003, Child Care Assistance Program maximum rates were updated each year based on prices reported by providers in an annual rate survey. The rate survey is now conducted every two years, and maximum rates are not updated after each survey. As of 2013, the Minnesota Legislature sets the maximum rate.

History of Child Care Assistance Program maximum rates in Minnesota:

- Prior to 2003: Maximum rates set at the 75th percentile of the most recent rate survey.
- July 1, 2003: Maximum rates frozen through State Fiscal Year 2005.

⁸ 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 (MEC²).

- July 1, 2005: Most maximum rates continue to be frozen. Some rural center maximum rates increase to the 100th percentile of the 2002 rate survey.
- Jan. 1, 2006: Maximum rates set at the 75th percentile (100th percentile for some rural centers) of the 2005 rate survey, or 1.75 percent times the July 1, 2005, maximum rates, whichever is less.
- July 1, 2006: Maximum rates increased 6 percent from the Jan. 1, 2006, maximum rates.
- Nov. 28, 2011: Maximum rates decreased 2.5 percent from the July 1, 2006, maximum rates.
- Feb. 3, 2014: Maximum rates based on the 25th percentile of the 2011 rate survey, or the maximum rate in effect on Nov. 28, 2011, whichever is greater.
- Mar. 3, 2014: Providers with a three- or four-star Parent Aware rating are eligible for higher rates (15 percent higher for three-star, 20 percent higher for four-star).

Based on 2018 rate survey data, Minnesota’s current standard maximum rates fully covered approximately 16 percent of prices charged by family child care providers, and approximately 23 percent of prices charged by child care centers.

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

Some providers charge families the difference between their charge and the Child Care Assistance Program reimbursement. Providers can also use other funding sources, such as Early Learning Scholarships, to help cover the difference between their charge and the Child Care Assistance Program reimbursement for eligible children.

Detailed information about the 2016 prices reported on the rate survey, by provider type, is available in eDocs on the department’s website.⁹ The results of the 2018 rate survey will be posted on eDocs when available.

⁹ <https://edocs.dhs.state.mn.us/lfsrver/Public/DHS-6226E-ENG>

Figure 20: Percent of provider prices that are fully covered by the Child Care Assistance Program standard maximum rates

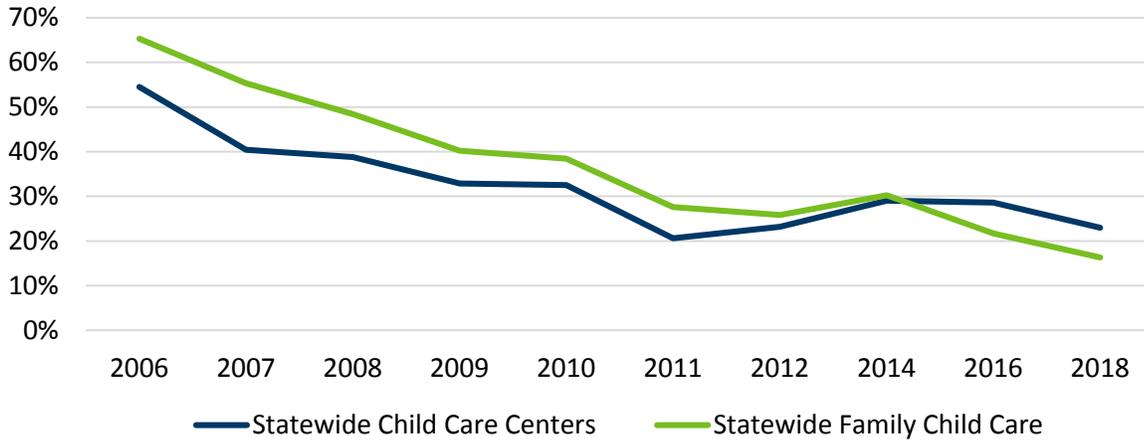
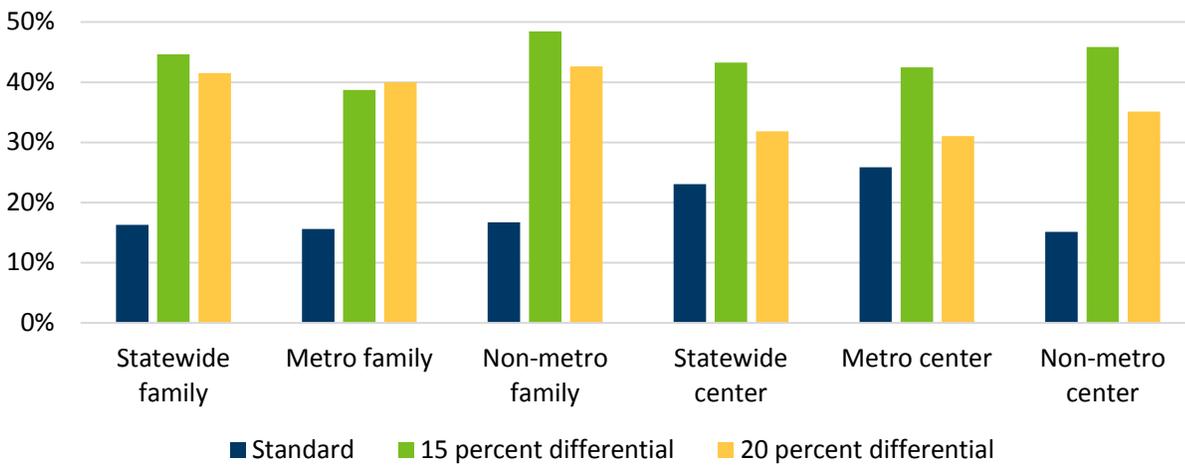


Figure 21. Percent of 2018 provider prices that are fully covered by the Child Care Assistance Program maximum rates by provider type, geographic location, and whether a provider is eligible for a rate differential



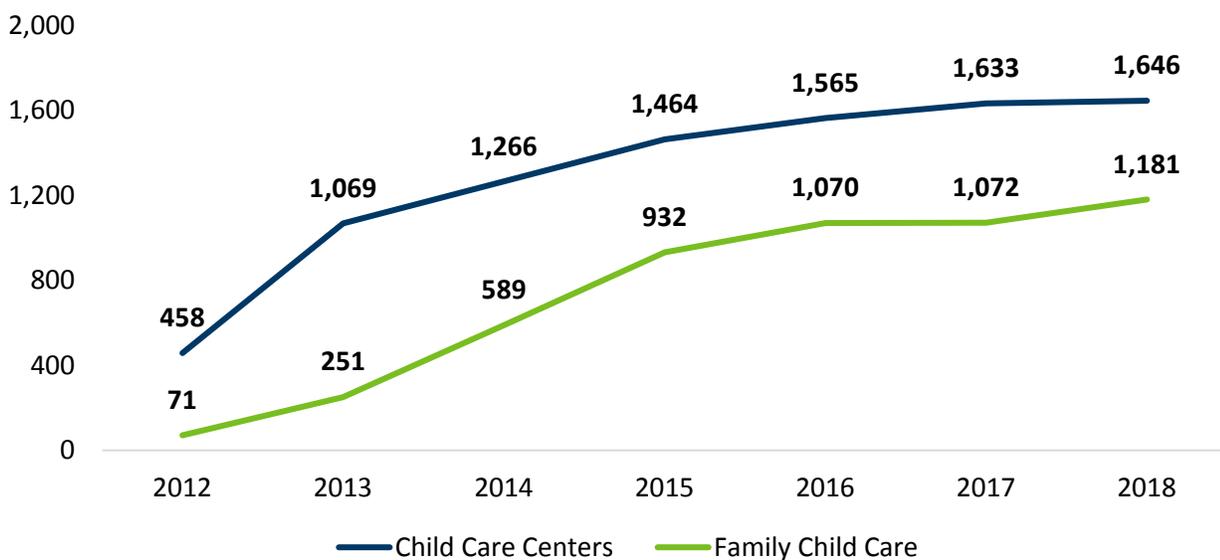
Parent Aware, Minnesota’s Quality Rating and Improvement System

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 8.

The number of child care and early education programs with Parent Aware ratings has grown since it 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 public school pre-kindergarten sites, Head Start/Early Head Start sites, licensed child care centers and licensed family child care providers. The number of programs with Parent Aware ratings increased from 458 center-based and 71 family child care programs in 2012, to 1,633 center-based and 1,072 family child care programs as of December 2017. As of December 2017, 25 percent of eligible programs in Minnesota held a Parent Aware rating.

The data in Figure 22 are point in time, as of December of the year provided. For information on Parent Aware trends, see Parent Aware by the Numbers.¹⁰

Figure 22. The number of Parent Aware-rated child care and early education programs, 2012-2018¹¹



¹⁰ <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-7086Ab-ENG>

¹¹ Child care centers includes centers licensed by either the department or a tribal agency as well as legally exempt center-based programs, such as Parent Aware Rated, public school prekindergarten programs. Family child care programs may have a license from the department or a tribal agency.

V. Changes to Statute and Rule

A. Changes to Licensing

2018 changes to both licensed child care centers and family providers

Correction order posting

As of Aug. 1, 2018, family child care providers and child care centers were no longer required to post correction orders on site and were allowed to take down posted correction orders.

Positive Supports Rule

In August 2015, the Positive Supports Rule took effect, which required all licensed child care providers to use certain intervention strategies when providing services to children and adults with developmental disabilities or related conditions. It also required providers to take additional training and complete more documentation.

The 2018 Minnesota Legislature exempted licensed child care providers from many aspects of the Positive Supports Rule, including training requirements. Instead, child care providers caring for any children with developmental disabilities or related conditions, must develop an individualized program plan for these children and refrain from using prohibited procedures.

Plain language communications

When issuing a correction order, order of conditional license, fine, revocation, or suspension, the law now requires the department and county agencies to write in plain language and provide reasons for a correction order or licensing action. When informing family child care license holders of changes to laws or rules, the summary of the changes must also be in plain language.

2018 changes to licensed family child care

Additional flexibility for Class D providers

Family child care providers with a Class D Specialized Infant and Toddler Group Family Child Care license are now allowed to have only one caregiver on days that six or fewer children are in care. This change gives providers more flexibility to serve families needing only part-time care, as providers can “float down” and reduce staffing on days a family is not using care. Providers must follow the ratio and age restriction requirements for a Class B license, as shown in Figure 23.

Figure 23. Ratios and restrictions for Class B and Class D licenses

License Class	Total Capacity	Adult Caregivers	Restrictions
B1	5	1	Maximum of three children under age 5 Maximum of three infants (6 weeks to 12 months old)
B2	6	1	Maximum of four children under age 5 Maximum of two infants (6 weeks to 12 months old)
D	9	2	Maximum of seven children under age 5 Maximum of four infants (6 weeks to 12 months old)

Process county agencies use for recommending licensing actions to the department

When licensors determine that a family child care provider should receive a licensing action more serious than a correction order (such as a fine, or suspending or revoking a license, or making a license conditional), county agency staff make a recommendation to the department, and it makes the final decision. County staff cannot tell providers or anyone else their recommended licensing action. This information is considered confidential while the licensing investigation is ongoing.

Once county staff make a recommendation to the department, they send the provider and parents or guardians of children in the program a notice that says:

1. The agency is recommending that the department take a licensing action,
2. The department will review the recommendation and decide what to do, and
3. If a licensing action is issued, the department will explain the reasons and provide instructions for how to appeal the decision.

Insurance notification requirements

To reduce administrative paperwork burdens, family child care providers with continuous insurance coverage only need to notify parents and guardians if their insurance coverage changes, instead of sending a new notice annually. The new law did not affect other notification requirements.

2018 changes for licensed child care centers

Additional flexibility for staff qualifications

The department now considers additional variances (or exceptions to rules) for staff qualification requirements in an effort to respond to child care center workforce shortages across the state, and recognize quality, non-credit-based professional development training that does not meet current staff qualification requirements in the child care center licensing rule. When reviewing a variance request, department staff consider a person's experience and level of professional development, including steps completed on the Minnesota Career Lattice.

B. Changes to background studies

Reasonable cause for FBI background studies

A 2018 law required certain new licensed child care center providers and staff to undergo fingerprint-based FBI background studies before the enhanced background study regulations took effect for this provider type in October 2018. Individuals who lived outside of Minnesota, or who had lived outside of Minnesota in the previous five years, needed to undergo this more extensive background study beginning in August 2018.

By default, minors affiliated with child care programs have had a name-based study. However, if an individual lives or has lived outside of Minnesota in the past five years, this person will need a fingerprint-based state and FBI criminal check.

Background studies for minors

Historically, state law required children ages 13 to 17 living in a household with a family child care program to submit only their name and date of birth for a background study. In 2017, a law change would have required these children to have a background study based on their fingerprints. The 2017 law never went into effect.

After much conversation among providers, legislators, and department staff, the 2018 legislature changed the 2017 law. Under the new law, most children (ages 13 - 17) living in a household with a family child care program continue to be required to submit only their name and date of birth for a background study. However, children living in the household will need to undergo a fingerprint-based state and FBI criminal background check if they:

- Supervise children, or
- Are employed by the child care provider, or
- Live outside of Minnesota, or
- Have lived outside of Minnesota at any time in the past five years, or
- Have a criminal record in Minnesota, or
- There is reasonable cause to believe that they may have a criminal record in another state.

The new law also capped the cost of enhanced background studies for children at \$20, unless a fingerprint-based FBI background study is required (in which case an additional fingerprint fee is also required).

C. Changes to the Child Care Assistance Program

The 2017 legislative session resulted in major changes to the Child Care Assistance Program. The changes provide more stability for families, children, and child care providers by establishing a 12-month eligibility period for families. During this period, benefits change less frequently. For example, the copay amount paid by families does not increase during this period, and the number of hours of care authorized for children changes less frequently.

These changes brought Minnesota into compliance with many of the requirements of the federal Child Care and Development Block Grant (CCDBG). However, there are still some outstanding changes needed to achieve compliance including:

- Expediting the application process for families experiencing homelessness by processing applications faster and allowing families more time to gather required verifications.
- Ensuring that families do not lose child care during the 12-month eligibility period by:
 - Eliminating the six-month limit on Portability Pool child care that currently causes some families who move between counties to lose child care.
 - Allowing families who receive Minnesota Family Investment Program (MFIP) for one of the past six months to receive Transition Year child care. Currently, some families lose child care when they stop getting MFIP.
 - Allowing children who reach the age limit (13 for most children, 15 if a child has special needs) to continue receiving child care until redetermination.
- Updating maximum rates following each rate survey.
- Expanding due process rights for child care providers who experience negative actions related to Child Care Assistance Program receipt.

D. Changes to Parent Aware, Minnesota's Quality Rating and Improvement System

In 2018, the amount of Parent Aware grants was increased from \$2,500 to \$3,500 for centers in counties with low Parent Aware participation and high rates of child poverty. This policy change was made to increase availability of Rated child care programs for families in parts of Minnesota where participation in Parent Aware was still low, and the percentage of children living in poverty is high. It was posted on the department's website in October 2018.¹² Licensed programs were notified of the change by the department through a mailing to licensed programs, and was promoted locally by Parent Aware partners and grantees.

Licensed centers in targeted counties that earn or Re-Rate for a One-, Two-, or Three-Star Rating through the Full-Rating Pathway are eligible for the increased grant amount through June 30, 2021.

¹² mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/child-care-and-early-education/

Targeted counties include:

Region 1: Kittson, Red Lake, Marshall, Norman, Pennington, Polk

Region 2: Beltrami, Clearwater, Hubbard, Lake of the Woods, Mahnommen

Region 3: Aitkin, Carlton, Itasca, Koochiching, Lake, St. Louis

Region 4: Becker, Grant, Otter Tail, Pope, Traverse, Wilkin

Region 5: Cass, Crow Wing, Todd, Wadena

Region 6E: Kandiyohi, Renville

Region 6W: Big Stone, Chippewa, Lac qui Parle, Swift, Yellow Medicine

Region 7E: Kanabec, Mille Lacs, Pine

Region 7W: Benton, Stearns

Region 8: Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock

Region 9: Blue Earth, Martin, Nicollet, Sibley, Waseca, Watonwan

Region 10: Fillmore, Freeborn, Houston, Mower, Rice, Steele

Region 11: Ramsey

VI. Electronic Licensing Checklist and Licensing Information Posted Online

Federal law requires the department to post information on its website in plain language in a timely manner so that it is accessible and consumer friendly. In response, the Licensing Division made changes to the Licensing Information Lookup website to meet new posting requirements, and to respond to providers' feedback about how public licensing information is displayed.

Over the past two years, the department developed an electronic tool for licensors to use to record what they found when conducting a licensing inspection. The tool, known as Electronic Licensing Inspection Checklist Information or ELICI, was used on a pilot basis by county family child care licensors in 2017, and rolled out to all family child care licensors in 2018. It will be piloted by child care center licensors in early 2019, and used for all child care center inspections beginning mid-2019.

ELICI improves the monitoring process and adds efficiencies to it in several ways. It 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. Because all of the data is electronic, it makes it easy for the results of a licensing inspection to be published to the Licensing Information Lookup website. This information began to be posted for family child care providers starting May 11, 2018, and will begin to be posted for child care centers in 2019.

The changes to the Licensing Information Lookup website bring the state into compliance with federal law and are similar to how other states display child care licensing information. The changes also support the department's goal to provide information about child care programs in plain language and in an easy-to-understand format.

A new feature was added to each program's profile page to display monitoring information now required by federal and state law, including:

- 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, and
- How a violation was corrected, including when a violation is corrected on-site or appealed.

For family child care providers, it is a change to have summary information about monitoring visits available on the state lookup site for cases in which there were no violations found or only violations that resulted in a correction order. With the previous system, county agencies did not provide information about visits without violations or with only correction orders to the department.

In contrast, because child care centers are directly licensed by the department, correction orders have always been posted on Licensing Information Lookup. When these changes are implemented for child care centers, a summary of what occurred will replace the posting of the full correction orders.

Fix-it tickets are not public data, and therefore, are not posted for either family child care providers or child care centers.

Other changes made to the Licensing Information Lookup website include:

- Licensing actions are no longer labeled as “Negative Actions.” Instead, each document is labeled using the specific name of the licensing action taken (e.g., a fine order, conditional license).
- Licensing information, licensing actions, and maltreatment investigation documents are only kept on Licensing Information Lookup for four years.
- Documents posted more than four years ago are being removed from Licensing Information Lookup, but will continue to be available to the public, upon request.
- If a correction order or licensing action is overturned, it is taken down and, in cases in which some violations still remain, replaced with an amended version.
- If a violation is under appeal, a note is added to the record to show this until the appeal is resolved.
- Once a provider corrects a violation and notifies the licensor, the online record is changed to reflect that it has been corrected.

VII. Partnership with County Agencies

Licensing

Licensed family child care programs are 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 Minn. Stat. 245A.16, the department monitors county agencies for compliance with their delegated licensing duties.

Task force recommendations

The Legislative Task Force on Access to Affordable Child Care recognized that the relationship between the department's Licensing Division and county agencies is a priority, and made several related recommendations, as follows:

- Develop and implement uniform training for county licensors, including rules, statutes, and providers' rights
- Enhance uniformity in interpretation and implementation of statute, rule, policies and procedures
- Improve communication with county licensors regarding changes to statute, rule, policies and procedures.

Training

The department continues to provide additional training and technical assistance to county licensors.

To enhance partnerships with county licensors and improve consistency statewide, the department split its Family Child Care Unit into two units. The Family Child Care Operations Unit provides oversight and technical assistance to all 87 counties regarding family child care licensing activities, including how to conduct investigations and how to recommend licensing actions to the department. The Family Child Care County Outreach Unit provides information to licensors at regionally based meetings and technical assistance on using ELICI, the new electronic checklist that county child care licensors are using for monitoring family child care providers. The regional consultants have reached out to every county licensor in the state.

During 2018, the department provided ongoing training on using ELICI at 18 locations around the state. Sixteen classes were offered in various county offices; two were held at the department's training center in St. Paul. County outreach staff also travel to county offices and provide one-to-one training, when requested.

Also during 2018, the department expanded access to its new course, "Family Child Care — The Basics Plus," so current licensors can take the training. Twenty-seven county licensors attended trainings held at the department in St. Paul, and training was also provided in Fergus Falls and Waite Park to allow more county licensors to attend. The training will continue to be offered in other regions of the state in 2019.

On May 10, 2018, department staff presented at a statewide licensor conference in St. Cloud to more than 100 attendees. Department staff also provided training to 128 county licensors and supervisors on November 1, during a statewide county licensor training event.

This frequent contact with county licensors will continue in 2019, and will also include visits to county offices, and accompanying county licensors on site visits to family child care programs.

Communication

The department continued to use established methods of communicating with county licensors and added others to ensure a good flow of consistent information to enhance uniformity across the state. The Licensing Division continues to send licensors a monthly newsletter, which includes articles with guidance for licensors, issues that have arisen, as well as updates about new forms and changes to the website.

In addition, Licensing staff provided county licensors with *The Guidelines for the Posting of Child Care Licensing Information* so they would be familiar with information on the Licensing Information Lookup website. The department also held a webinar to provide an overview and answer questions.

After the 2018 legislative session, Licensing 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 2018, 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 developed a manual on using ELICI, and distributed it to all county licensors in November 2018. The department also offers ELICI technical support through phone and email consultation.

Department staff also provided a series of webinars to licensors at the end of 2018 to train them on using the department's background study system, NETStudy 2.0.

Many county licensors and their supervisors welcomed the creation of the outreach team, and have begun to identify needed training that will be developed by the department in 2019, including how to conduct complex licensing investigations.

County Licensor Outreach

The Family Child Care County Outreach Unit held 19 meetings for county licensors regionally across the state in 2018. Almost all 150 county licensors attended, as well as some of the county licensing supervisors. The meetings allowed for a dialogue between the department and county staff about the role of the County Outreach Unit, the 2018 Implementation Plan, ELICI, changes made to the website, updates to procedures for background studies, and other potential administrative reforms. The following is a list of meetings:

- Region 1: September 13 and December 13, East Grand Forks
- Region 2: August 30, Bemidji
- Region 3: September 6 and November 13, Duluth

- Region 4: August 9, Alexandria
- Region 4: December 13, Fergus Falls
- Region 5: October 25, Staples
- Regions 6E, 6W & 8: August 8, Redwood Falls
- Regions 7E and 7W: September 5 and December 5, Foley
- Region 9: September 11, Mankato
- Region 10: September 18, Owatonna
- Region 10: December 4, Rochester
- Region 11: August 7, Dakota County
- Region 11: August 15, Ramsey County
- Region 11: October 16, Hennepin County
- Region 11: August 21, Scott County
- Region 11: August 23, Anoka

In addition to meetings coordinated by the department, the Outreach Unit also accompanied Family Child Care Operations Unit staff on reviews of the county licensing offices for Chippewa, Lac qui Parle, Grant, Traverse, Norman, Sibley, Rice, Clay and Yellow Medicine counties (known as Rule 13 visits) and attended a listening session in Ramsey County.

Child Care Assistance Program communication and training

The Child Care Assistance Program is administered by local county and tribal agencies.

Department staff provided extensive communication and training regarding the 2017 legislative changes to local county and tribal agencies in 2017 and 2018. They traveled to various locations in fall 2017 and in spring 2018 to train Child Care Assistance Program caseworkers and supervisors. The one-day trainings were held at 10 to 15 locations throughout the state. A summary of the changes was mailed to all families and child care providers receiving CCAP in October 2017. The summaries are also posted on the department's website.

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 (MEC²). 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.

Note: In January 2019 the department established a new email listserv to provide information and updates to child care providers registered with the Child Care Assistance Program.

VIII. Improving Communication and Stakeholder Engagement

Task force recommendations

The task force recommended that the department focus on doing more to improve communication with licensed child care providers and meeting with them. Its recommendations included:

- Improve communication with child care providers regarding changes to statute, rule, policies, and procedures
- Ensure ample notice time to providers about statutory or rule changes before violations are issued on those changes
- Initiate regular, uniform communications from the department or licensing staff to providers
- Coordinate nighttime and statewide meetings with providers, not just day-time metro meetings, before initiating changes.

Communication with providers

The department took significant steps to improve communication with and to engage child care providers during 2018. Most significant was the creation of the new County Outreach Unit in April 2018.

In May 2018, the Licensing Division made changes to the information posted on the Licensing Look-Up website, in compliance with federal law. To ensure that child care providers were aware of the changes, the department emailed information about it to all family child care providers for whom an email address was available, and the authorized agent for each child care center. In addition, in May, the department also mailed a printed copy to every family child care provider with an active license. In December 2018, the department mailed a printed copy to authorized agents for every child care center with an active license.

Within a few weeks of the end of the legislative session, the Licensing Division sent a summary of the new laws to licensed child care providers for whom an email address was available, as well as everyone who subscribed to the division's child care listservs. One family child care provider commented to her legislator that she "was pleasantly surprised it came out this quickly and was easy to read and understand."

Late in summer 2018, the Licensing Division emailed detailed implementation plans to family child care providers and child care centers. The implementation plans provided the text of the new laws and plain language summaries of what it meant for providers. The plan for family child care providers also included how county licensors would be monitoring new requirements.

New child care center licensors

In 2017, the department's Licensing Division received funding to hire additional licensors to move from licensing inspections every other year to annual licensing inspections. The Licensing Division has hired several new licensors and will soon have the capacity to conduct annual inspections, as required by federal and state law. Increased staffing also means licensors' caseloads will decrease, allowing licensors more time to spend with providers during site visits to offer technical assistance and support.

Stakeholder outreach

In early 2018, as part of 2017 legislative outreach sessions, Licensing and Background Studies division staff attended meetings with family child care providers and county licensors in:

- Region 2: January 18, Bemidji
- Region 3: January 16, Duluth
- Region 3: January 17, Grand Rapids
- Region 6E: January 25, Litchfield
- Region 8: January 8, Windom
- Region 9: February 12, Fairmont
- Region 10: January 29, Rochester

In the fall, the Deputy Inspector General of the Licensing Division, and staff from that division's Family Child Care County Outreach Unit traveled across the state to present information and meet with family child care providers to discuss the changes stemming from the 2018 legislative session, website posting guidelines, and changes to background study requirements and procedures. In addition, the department is reviewing the list of non-health and safety violations that are eligible for a Fix-it Ticket, and asked attendees to make suggestions for the department's consideration. Providers also had an opportunity to ask questions of department staff. Family child care outreach meetings were held at the following locations and dates:

- Region 1: October 22, Thief River Falls
- Region 2: October 23, Bemidji
- Region 3: October 1, Duluth
- Region 3: October 24, Grand Rapids
- Region 4: October 3, Moorhead
- Region 4: October 4, Alexandria
- Region 5: November 8, Staples
- Region 7E: December 3, Pine City
- Region 7W: November 1, St. Cloud
- Region 8: November 13, Redwood Falls
- Region 8: November 14, Slayton
- Region 9: November 15, Fairmont
- Region 9: November 29, Mankato

- Region 10: November 27, Rochester
- Region 11: October 15, Dakota County – West St. Paul
- Region 11: October 16, Washington County – Stillwater
- Region 11: October 17, Ramsey County – Roseville
- Region 11: October 18, Hennepin County – Brookdale
- Region 11: November 26, Scott County – Shakopee
- Region 11: December 4, Carver County – Chaska

More than 600 people attended the outreach meetings. While most were licensed family child care providers, some staff from early childhood advocacy organizations, county licensors, and county licensing supervisors were also present. At the conclusion of each meeting, department staff collected surveys from participants to gather feedback about the presentation. Overall, most of the participants gave very positive reviews of the meetings. They commented that the presentation was helpful and easy to understand. Participants said the department staff were knowledgeable about family child care and were making genuine efforts to build relationships with family child care providers. They appreciated the department staff's willingness to travel to meet with them directly.

A small number of participants provided constructive feedback for future presentations. They noted that the presentation on the screen was too small to be seen at times, and that the meeting schedule did not allow enough time for them to ask all of their questions. They suggested that the department provide printed copies of the presentation at future meetings and that it would be helpful to have a staff member from the department's Background Studies Division available to answer more detailed questions.

The Licensed Child Care Center staff also held a series of meetings and webinars on similar topics in 2018. Department staff met with child care center owners, administrators, directors, trainers, and advocates as well as early childhood professionals and child care association board members. During the meetings and webinars, staff discussed a variety of topics including, licensing requirements, Child Care Assistance Program requirements, and background study requirements, legislative changes, the Child Care Development Fund Plan, Licensing Information Lookup, fix-it tickets, posting requirements, and information about starting a child care center business.

- February 9, Golden Valley – Evangelical Lutheran Education Association
- March 2, St. Paul – Minnesota Association for the Education of Young Children
- March 9, St. Paul – Concordia University
- April 21, St. Paul – Catholic Schools Center of Excellence
- May 3, St. Cloud – Child Care Aware of Minnesota
- June 19, Roseville – Minnesota Department of Education
- June 20, Fergus Falls – West Central Directors Association
- June 30, Minneapolis – Minnesota Minority Child Care Association

- August 13, Minneapolis – Catholic Schools Center for Excellence
- August 14, Bloomington – Minnesota Child Care Association
- August 23, St. Paul – The department’s Licensing Division
- September 15, Minneapolis – ISAIAH, Kids Count on Us Coalition
- October 10, Minneapolis – Legal CORPS, WomenVenture, the Minnesota Department of Employment and Economic Development, and other sponsors
- October 30, North Mankato – Minnesota Valley Association for Early Childhood Educators
- November 8, Minneapolis – Minnesota Breastfeeding Coalition
- November 9, St. Cloud – Minnesota Head Start Director’s Association
- November 14, Fergus Falls – West Central Directors Association
- November 14, Slayton – Southwestern Minnesota Opportunity Council

IX. Suggestions Received from Child Care Providers

Child care providers made a number of suggestions for improving the regulation of child care during stakeholder meetings and through other communication. Some suggestions could be implemented administratively; others would require legislation. Department staff support some of the ideas but have concerns about others. Some suggestions contradict other suggestions. All of the suggestions are being considered, and some have already been implemented, as detailed in the next section. The suggestions below are written as the department received them, with only minor edits, as needed for clarity.

Suggestions for potential administrative changes:

Suggestions for violations eligible for a Fix-it Ticket:

- Water that is a few degrees above the maximum allowed temperature
- Other information missing from children’s records
- Missing information from personnel records
- Paperwork that is not immediately available but is soon after, such as within 24 hours
- Diaper products, topical creams, or infant bottles missing a child’s full name
- Empty hand towel or soap dispensers or toilet paper holders
- Trash/debris on the playground
- The trickle effect where one violation automatically results in additional violations
- A child care program plan annual review that is missing a signature or is untimely
- Information required to be posted that is not, such as diaper changing policy
- Cots placed too close together so children and adults do not have unimpeded access
- Violations for certain types of hazards that are dependent on the age of the children present
- Plungers accessible to children
- Equipment not being accessible to children or not having an adequate amount overall
- USDA nutritional guidelines for meals and snacks provided by parents
- Infant feeding schedules not being available to staff
- Soiled infant crib sheets
- Any violation that can be fixed onsite or within 24 hours
- Multiple unflushed toilets
- All non-safety violations
- Missing paperwork that comes from families
- Extension cords that can be unplugged
- Immunization records that need to be updated
- Forgetting to document the past month’s inspection on the crib inspection form

- Combustible items within 36 inches of the furnace/water heater (most of the furnaces/water heaters are energy efficient systems and do not have the old exposed pilot lights)
- Gate/door/barrier not in place on stairs when a 6-18 month old is present (generally can be fixed right away)
- Battery for smoke detector is dead
- Unlocking device is not near the bathroom door
- A cover is missing on a garbage container that is out in the open and accessible to children
- Missing a child-proof electrical outlet cover in an area that children use.

Suggestions related to information posted on the website:

- Only post information about annual reviews and violations for three years, instead of four
- Post information about annual reviews and violations for five years, instead of four, to coincide with the background studies schedule
- Revise the plain language descriptions of violations that appear on the website – it is too vague.

Suggestions related to communication with family child care providers:

- Ensure the department provides consistent and up-to-date information to providers
- County licensors need to contact family child care providers more often during the two-year license period
- Hold stakeholder meetings twice per year
- Hold meetings yearly to discuss providers' suggestions, problems that came up during the year, and changes to family child care licensing
- The department should provide training on the new ELICI checklist and fix-it-ticket.

Suggestions related to family child care forms:

- Continue to streamline and reduce paperwork
- Write rules and regulations forms in plain language for parents
- Update forms only every six to 12 months
- Tell family child care providers when the department updates forms via email
- Tell family child care providers when the department updates forms via mail
- Provide a list of new forms that providers are required to fill out
- Update the emergency plan template so that all boxes are fillable and it is easier to print.

Changes to the form used for the Emergency Plan:

- Revise the form. It is much too repetitive.
- Specify what should be in an emergency kit, instead of leaving it up to providers to determine.
- Drop any reference to the emergency kit.
- Recognize that there may need to be different lock-down locations, depending on the nature of an emergency.

Suggestions related to all child care background studies:

- Make it easier to transfer background studies between providers
- Provide clear information about who needs to have a background study
- Increase access to location, hours, etc. of fingerprinting services for background studies.

Suggestions related to background studies for family child care:

- Make it easier to transfer family child care substitutes' background study information between counties
- Collect fingerprints for background studies during a family child care provider's initial licensing inspection
- Create one background check account for each family child care license
- Charge a flat rate for background studies for each family child care license, regardless of how many studies are done.

Format for family child care license and training certificates:

- On the license, the warning to parents and department's phone number is larger than necessary
- Print training certificates on a full sheet of paper, so they look more professional when I hang them up in my house.

Suggestions that would require legislative action

The following suggestions will require legislative action:

- Do not require us to give the emergency plan to parents (what if they pass it on? or they are the problem?)
- Have parents sign that they have been offered the emergency plan, in cases in which they do not take it
- Have two versions of the emergency plan and give parents the less detailed version
- Allow contractors to use their approved background study letter to prove to another county they have a cleared study
- Streamline the number of hours of ongoing training required each year for licensed child care center staff -- Minnesota is out of step with requirements in other states
- Revise the staff qualifications needed for licensed child care center staff – they make it too difficult to find staff
- Allow child care centers to have children drink water out of reusable water bottles rather than single serve cups.

X. Administrative Reforms Being Implemented by the Department

The department has been steadily working to improve training, support, and guidance for licensed family child care providers and child care centers and county licensors. In addition to hosting stakeholder meetings across the state, holding regional meetings for county licensors, and widely distributing information to license holders and county licensors about law changes, and posting guidelines during 2018, the department also did the following:

For both family child care providers and licensed child care centers:

- Paying for the initial enhanced background studies for all existing family child care providers and licensed child care staff so they comply with federal requirements.
- Issued guidance documents for licensed programs to help providers more easily understand who needs a background study, given changes in state law adopted in 2017 and 2018. Draft versions of this document were posted online, emailed to providers, and shared during in-person meetings. Feedback and recommendations from more than 50 providers are reflected in the final versions of the documents.
- Redesigned the website, rearranging information to make it easier for those in the field to navigate and find news and updates, statutes and rules, forms, legislative changes, training requirements, grants, scholarships, resources and contact information.
- Began revising the list of violations eligible to receive a Fix-it Ticket, which will be finalized early in 2019 following input from providers and stakeholders.
- Revised existing forms and created new ones as fully accessible, fillable-PDFs, which are easier to use, and enable providers to email them to parents (see Updated forms section below).
- Provided technical assistance during 2018 for requirements adopted by the legislature in 2017, rather than issue citations for noncompliance with them. This aligns with the task force recommendation to provide notice to child care providers before issuing correction orders or sanctions related to recent changes to statutes, administrative rules, and agency policies and procedures.
- Gave providers and county licensors plain language implementation plans to describe changes to licensing requirements made during the 2018 legislative session.
- Changed background study processes to enable a provider or staff person, under certain circumstances, to have their study accepted by another county or provider without needing to pay an additional fee or be re-fingerprinted.

For family child care providers:

- Revised and annotated the pre-licensing questionnaire, in effect creating a plain language summary of all of the licensing requirements from statute and rule. The new Licensing Requirements document allows providers to review requirements themselves, so they will not be surprised during licensing visits.
- Added specific contact information for county licensors on the department's webpage for use by already-licensed and potential family child care providers. It includes their email, phone and website.
- In response to provider requests, re-formatted licenses to make the warning language and department's phone number slightly smaller, while still complying with 245A.145, subd. 2.
- Modified the frequency and timing for follow-up background studies. As new background studies are rolled out in 2019, the studies will not necessarily be completed at the time of relicensing. Background studies will be unlinked from the expiration of a family child care license and will only need to be repeated every five years, instead of every two years.
- Held several meetings with First Children's Finance to discuss special group family child care, and the need for modifications to respond to local, innovative projects to meet child care gaps identified in greater Minnesota.
- Moved information about Special Family Child Care from pages on Family Child Care to its own section on the website. Special Family Child Care is a variation of family child care which is generally provided in a non-residential setting or by an organization instead of an individual. Now those interested in Special Family Child Care can more easily find information pertinent to them, without confusing those interested in family child care.
- Exploring changes to the process used when a licensed family child care provider requests that the department reconsider whether a correction order was warranted.

For licensed child care centers:

- Provided more flexibility for centers to hire staff by considering additional variances to staff qualification requirements in an effort to respond to child care center workforce shortages across the state, and to recognize quality, non-credit-based professional development training that does not meet current Rule 3 staff qualification requirements.
- Developed a more streamlined process for centers to report serious injuries or the death of a child via an electronic form that guides center staff through the process.

Updated forms

In addition to other administrative issues, the amount of paperwork involved in being licensed is of particular concern to many. The task force recognized this and recommended:

- Streamline processes to reduce duplication or overlap in paperwork, and training requirements for child care providers.

During 2018, Licensing updated and/or developed forms and fact sheets. The updated forms are now fully accessible, fillable-PDFs, which makes them easier to use, and allows providers to email them to parents. They also reflect consistent formatting and include the last revision date, so that it's clearer to providers whether they are using the most-up-to-date version.

For family child care providers, the updated forms and fact sheets include:

- Admission and Arrangements form
- Age Group Definitions
- Alcohol and Drug Use Policy Sample
- Emergency Phone Numbers form
- Exclusions from Licensure
- Grievance Procedure Sample
- Liability Insurance Notice to Parents or Guardians
- Mandated Reporter Policy
- Parent Statement of Infant Less Than Six Months Old Rolling Over
- Physician Directive for Alternative Sleep Position for Infant
- Poisonous Plants
- Prescription and Non-Prescription Medication Administration Permission form
- Rule and Summary form
- Swimming Pool Permission form
- Swimming Pool Risks
- Storm and Fire Drill form
- Sudden Unexpected Infant Death and Abusive Head Trauma Off-year Video Training form
- Swaddling Consent for an Infant
- Wading Pool Best Practices form
- Wading Pool Permission form
- Wading Pool Risks

For licensed child care centers, the updated forms and fact sheets include:

- Approved list of Early Childhood and School Age Related Training for Child Care Center Staff Qualification Variances
- Equipment Lists for Notice of Re-inspection Packets
- In-service Training Record
- Orientation Checklist
- Professional Development Plan

- Serious Injury/Death Reporting form
- Summary of Personnel Information form
- Variance Request form

XI. Other Task Force Recommendations

The department made an effort to respond to the recommendations from the Legislative Task Force on Access to Affordable Child Care throughout the report to make the text less repetitive. However, there are two recommendations to which the department is required to respond that did not fit neatly into the other narrative. They are:

Implement confidential, anonymous communication processes for child care providers to ask questions and receive prompt, clear answers

The department responded to this recommendation in the 2017 edition of this report and explained that staff believe that anonymous communication is unhelpful for several reasons. The most important is that specific facts matter, and staff cannot gather or address all of the relevant facts without knowledge of the person to whom staff are speaking. It also prevents the department from providing consistent information to a provider's county licensor. The department believes its new Family Child Care Outreach Unit, along with enhanced training and resources for county licensors and providers, will help educate providers about the rules and also achieve the desired transparency and consistent interpretation of licensing standards across the state.

Compile and distribute information detailing trends in the violations for which correction orders and negative actions are issued:

The department has [several documents on its website](#) that provide trend and analysis and will be updating that information with data included in this report, in fact sheets and shorter policy briefs. The department has used this data at legislative hearings and will look for additional ways in which to make this information more widely available to providers, families using licensed care, and other stakeholders.

The department implemented several other recommendations of the task force during 2017. More information about those actions is in the 2017 version of this report.

XII. Child Care Regulation in Other States

Department staff consult with other states' regulatory agencies to share best practices and learn from one another. In addition, the federal Office of Child Care is collecting data about child care programs that has not been available before. It shows that nationally:

- The number of licensed home-based child care providers decreased by 31 percent between 2014 and 2017
- Total licensed child care capacity (centers + home-based providers) increased by 1.2 percent between 2014 and 2017.

Length of license

- Two-thirds of states renew licenses every one to two years, as Minnesota does for family child care providers.
- Eight states have non-expiring or continuous licenses, as Minnesota has for licensed child care centers. Other states noted that benefits of non-expiring licenses include eliminating some routine expenses and repetitive paperwork associated with re-applying for licenses that otherwise expire every year or two. Kentucky recently made this change.

New models for monitoring license holders

The department has worked with the National Association for Regulatory Administration and the National Center on Early Childhood Quality Assurance to identify and learn about child care regulatory models being used in other states that vary the frequency and scope of inspections based on a provider's licensing history and level of risk. Features of these models include:

- Recognizing providers with strong compliance records by instituting abbreviated inspections relying on key indicators to determine compliance
- Performing increased monitoring for programs with low levels of compliance, and
- Providing technical assistance to providers with identified needs.

Two of the specific regulatory approaches are¹³:

¹³ Trends in Child Care Licensing: Preliminary Findings from the 2017 Child Care Licensing Study; National Center on Early Childhood Quality Assurance and National Association for Regulatory Administration; NARA Licensing Seminar, Sept. 26, 2018.

- **Differential monitoring:** A method of determining the frequency of monitoring based on an assessment of a provider’s level of compliance with regulations. This is used to determine the number of inspections: more if there have been serious violations, fewer if a provider has a strong compliance history. About 33 percent of states use this method. The number of states using this method is up 25 percent from 2014.

- **Abbreviated inspections:** A method to reward providers with a strong compliance history with an abbreviated inspection, with fewer regulatory requirements than in the full review. Most states switch to full reviews if issues are found during an abbreviated inspection. Nationally:
 - About 67 percent of states are using this model.
 - Most of those states use a **risk assessment model**, by identifying which violations of requirements pose the greatest risk of harm to children in care.
 - Nine states use **key indicators** as a way of predicting overall compliance.
 - Developing a risk assessment model requires data analysis as well as consultation with stakeholders to ensure that identified regulations reflect the community’s norms/ expectations.
 - Many states had consulting firms guide their development of these new models.

XIII. 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 rate increases for the Child Care Assistance Program to better align with the private pay market.
- Undertake a comprehensive review of child care regulations — both statute and Rule — to modernize them and move towards a risk-based, weighted model for monitoring compliance, grounded in national best regulatory practices, as other states have done. Use an outside consultant to bring in other states' models, and gather input from key stakeholders in the child care and early learning field (e.g., parents, providers, early childhood advocates, state and county licensors) through focus groups, surveys, etc.
- Have the department work with stakeholders to explore a new model for a smaller-scale child care center that would be more financially viable for communities in greater Minnesota where demand for care often exceeds the family child care capacity of 14.
- Allow for the expansion of Special Family Child Care already in statute, by clarifying standards for and broadening who is eligible to provide this type of licensed child care.
- Support systems modernization efforts that could make it easier for child care providers to exchange and update information with county agencies and the department.
- Streamline training requirements for both family child care providers and licensed child care centers, bringing Minnesota into compliance with federal law.
- To reduce county inconsistencies, consider whether amendments to the municipal tort liability laws related to child care licensors (section 466.03, subd. 6d) are warranted, since this statute seems to add to some county agencies' reluctance to provide variances, which increases inconsistency among counties.
- For any licensing standards that stem from the State Fire Code, review and update them to reflect the current fire code standards.
- Provide more flexibility for family child care providers in using substitute caregivers.
- Allow more flexibility for licensed child care centers in supervising school age children.
- 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.
 - 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.
- Consider the creation of an independent child care advisory board, which would be tasked with providing recommendations about potential changes to statute, rules, and administrative policies to enhance health and safety in licensed child care while also reducing regulatory barriers.
- Clarify the definition of “contractor” and who is required to have a background study in order to give child care providers flexibility in utilizing external professionals while also ensuring the state complies with federal requirements.