

Family Experiences with the Child Care Assistance Program and Early Learning Scholarships

Introduction

The cost of child care has continued to rise in the United States, outpacing inflation rates in 2021.ⁱ Many families dedicate a large proportion of their income to paying child care costs—in Minnesota, families who pay for care spend an average of 18 percent of their income on child care.ⁱⁱ While this poses a challenge for all families, families with low incomes may face significant barriers.ⁱⁱⁱ Minnesota offers several programs to help families pay for child care.

The Child Care Assistance Program (CCAP) provides financial assistance to help families in Minnesota with low incomes¹ pay for child care and to support children's development. Consistent with the goals of the federal Child Care and Development Fund (CCDF) program, CCAP aims to support families' choice of providers that meet their child care needs. The Early Learning Scholarship (ELS) program is funded through state funds and aims to increase access to high-quality child care in Minnesota. Similar to CCAP, once eligibility is determined for the ELS (Pathway I),^{2,3} the family selects a provider and payment is sent directly to the provider from regional administrative offices. However, there are several areas in which these two programs differ that may lead to families having distinct experiences: eligibility requirements, size of payments, whether a parent work activity is required, the type of provider allowed, and the child age groups covered all vary between the two programs.

As part of the Minnesota Child Care Policy Research Partnership—a federally funded partnership between Child Trends, the University of Minnesota, and the Minnesota Department of Human Services—the research team administered two surveys to families with children enrolled in early care and education (ECE) programs across the state of Minnesota. These surveys aimed to capture the experiences and perceptions that families have of CCAP and ELS, including the level of support that they receive and what additional supports may be needed. Furthermore, we were interested in how experiences may vary between the two types of financial assistance (CCAP and ELS). Thus, this brief explores parent experiences with CCAP and ELS to enhance our understanding of families' access to child care and what additional supports may be needed.

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¹ For a household of two, the income threshold is \$37,581. See <https://mn.gov/dhs/child-care/>.

² In Minnesota, there are two kinds of Early Learning Scholarships, Pathway I and Pathway II. Pathway I scholarships are awarded directly to eligible families and families can use them at any Parent Aware Rated program. Pathway II scholarships are awarded directly to the program and programs are able to direct the Pathway II funds to pay for care for children whose families are eligible to receive funds. For the purpose of this research, only families who receive the Pathway I scholarship were recruited to participate; therefore, only findings about families receiving Pathway I scholarships are discussed.

³ Income requirements for Pathway I are equal to or less than 185% of the federal poverty level. See <https://www.familiesfirstmn.org/wp-content/uploads/Application-FY23.pdf>

Methods

Family surveys

Between November 2021 and January 2022, we launched a survey of families with children enrolled in child care in conjunction with a survey of child care providers. As part of the provider survey, providers were asked to share the corresponding family survey with the families in their programs, whose responses were linked back to those of the provider. A total of 673 families responded to the survey, of whom 44 (7%) reported that at least one of their children received CCAP—eight of these respondents also reported receiving the ELS in addition to CCAP. Thus, this brief focuses on the 44 respondents from the first survey who reported participating in CCAP. The survey included questions about additional sources of financial support for child care, the amount of out-of-pocket expenses families pay, and the importance of certain factors (e.g., cost, transportation) when selecting child care. Families who completed this survey were entered into a raffle to receive a \$25 gift card.

Because the distribution method we used with the initial survey did not result in an adequate sample of families eligible for or using financial assistance (CCAP and ELS), we administered a second family survey in the fall of 2022. This survey targeted only families who receive CCAP and those who participate in the ELS to understand how financial assistance affects these specific groups of families and to compare the experiences of those receiving different types of funds. We conducted outreach to 4,000 families who receive CCAP and/or ELS; we also ensured that half of the families we reached out to resided in the seven-county metropolitan area and half resided in Greater Minnesota (see Appendix A for more information about survey administration methods). We received responses from 318 families. Respondents received a \$25 gift card for completing the survey.

In both family surveys, we asked respondents to describe their current child care arrangements as well as whether receiving CCAP and/or ELS has affected these arrangements. The surveys also focused on families' access to and preferences for child care, with families ranking factors related to cost, transportation, cultural and personal values, and the ability of the provider to support their child's learning and development. Families first ranked these factors on a five-point scale from "crucially important—I would not consider a provider who did not offer this" to "not at all important." Out of the factors that families marked as "crucially important," families were later asked to indicate which factor was the primary reason they had selected their child care arrangement. Families were also asked an open-ended question about what receiving financial assistance has meant to them and their family.

Final sample

We included 362 responses from families receiving CCAP and/or ELS across both surveys in the final analysis. The majority of families used center-based child care programs (61%), followed by family child care programs (15%), school-based programs (16%), and certified centers (4%).⁴ Fifty-five percent of families received CCAP alone, 22 percent received ELS alone, 21 percent received both CCAP and ELS, and 2 percent were on the waitlist for either CCAP or ELS. Among families who reported their location, they were evenly split between the metropolitan area (51%) and Greater Minnesota (49%).

⁴ Certified centers are license-exempt centers that participate in the CCAP program. Centers must meet minimum care and physical environment requirements to become certified. (<https://mn.gov/dhs/partners-and-providers/licensing/child-care-and-early-education/certified-license-exempt/>)

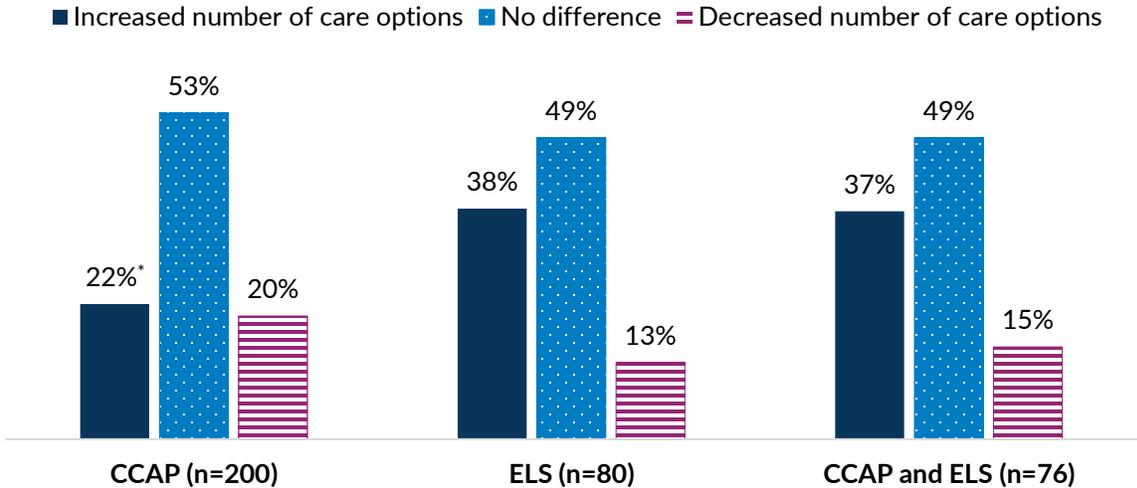
Findings

Families' experiences

How CCAP/ELS expands options for finding child care

About half of families reported that receiving CCAP and/or ELS led to no difference in the number of options for child care, while 29 percent reported that receiving CCAP and/or ELS increased the number of options. This differed significantly across families who received CCAP only versus ELS only, with a greater proportion of families who receive ELS reporting that their options increased (38%) compared to families who receive CCAP (22%; see Figure 1).

Figure 1. How CCAP and/or ELS expanded options for finding child care, by type of financial assistance received



Source: Authors' analysis of the Minnesota Child Care Family Surveys (2021, 2022).
Notes: * Indicates a significant difference from the proportion of families who receive ELS-only and reported that their options for care increased, $p < 0.05$.

Furthermore, there was a significant difference between those living in the metropolitan area and those living in Greater Minnesota: while 35 percent of those living in a metropolitan area believed that receiving CCAP and/or ELS increased their options, only 23 percent of those in Greater Minnesota believed the same. However, the majority of those in Greater Minnesota believed there was no difference in the number of options available to them (52%).

Additional support for child care

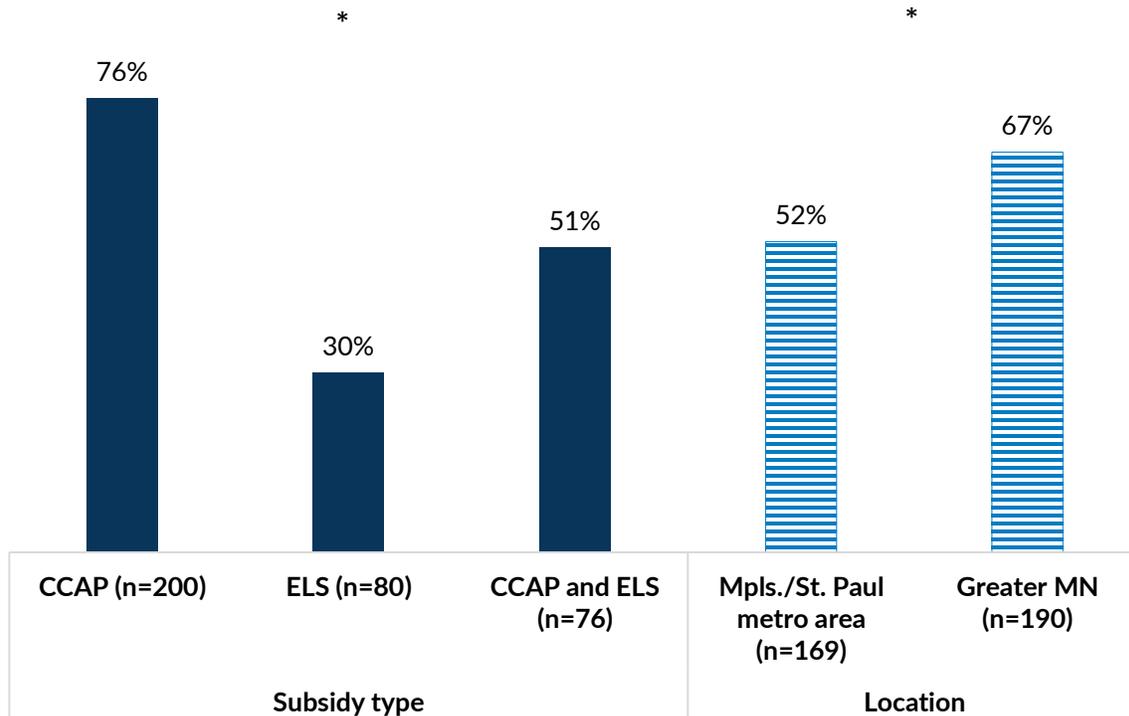
Over half of families (60%) reported that they received additional support for child care that supplemented CCAP and ELS payments. The most frequently reported additional assistance was another social service, welfare, additional child care, or other kind of agency support (40%), followed by other scholarships (20%). Nearly half (48%) of families received child care on a regular basis (at least once a week) from a secondary source other than their primary provider, with 16 percent having a school-based provider, 15 percent having a center-based provider, and 10 percent using a relative.

Amount of out-of-pocket expenses

Families using both of these programs are responsible for a copayment, or a portion of the child care cost. For families enrolled in CCAP, the amount is based on the family's size and annual income, and families are responsible for the copayment fee as well as the differential between provider rates and reimbursement rates. Families enrolled in ELS are provided with a scholarship amount that varies based on the quality level of the program and are responsible for any remaining child care expenses after the scholarship has been applied.

CCAP and/or ELS did not cover the full child care expenses for 60 percent of families. Significantly more families in Greater Minnesota (67%) reported paying out-of-pocket costs compared to families in the metropolitan area (52%).⁵ Paying out-of-pocket expenses also varied significantly by type of financial support, with 76 percent of families receiving CCAP only, 51 percent of families receiving both CCAP and ELS, and 30 percent of families receiving ELS only reporting that they paid out-of-pocket costs (see Figure 2).

Figure 2. Families who report paying out-of-pocket costs, by financial assistance type and location



Source: Authors' analysis of the Minnesota Child Care Family Surveys (2021, 2022).

Notes: * Indicates a significant difference, $p < 0.05$.

For those who reported paying out-of-pocket, expenses ranged from \$4 to \$2,833.70 per month, with a mean amount of \$295 per month and a median of \$164. Families in the metro area on average paid significantly more for child care (\$357 per month) than did families in Greater Minnesota (\$253 per

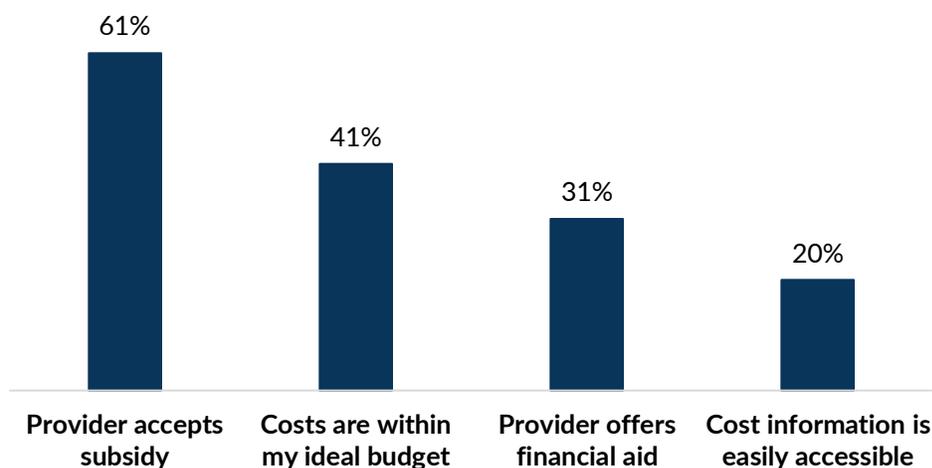
⁵ Tuition rates tend to be higher in the metro area than in other areas of Minnesota (<https://www.childcareawaremn.org/families/cost-of-care/>) and reimbursement rates vary across counties (https://www.ohs.state.mn.us/sPages/FAForms/ChildCareGrant/DHS_max_provider_rates_ADA.pdf)

month). Families who received ELS only paid significantly more on average (\$495 per month) than did families who received CCAP only (\$262 per month).

Importance of cost factors when selecting a provider

When asked how important certain cost factors were when selecting a provider, the majority of families indicated that the provider accepting financial assistance (i.e., CCAP, ELS, or a financial assistance program from the county) was crucially important and they would not consider a provider who did not offer it (see Figure 3). Costs being within the family’s budget, financial aid being offered by the provider, and cost information being easily accessible for the providers families were considering were also noted as important. When asked to select the primary reason they had selected their current provider, nearly one third of families (30%) indicated that it was because the provider accepted financial assistance.

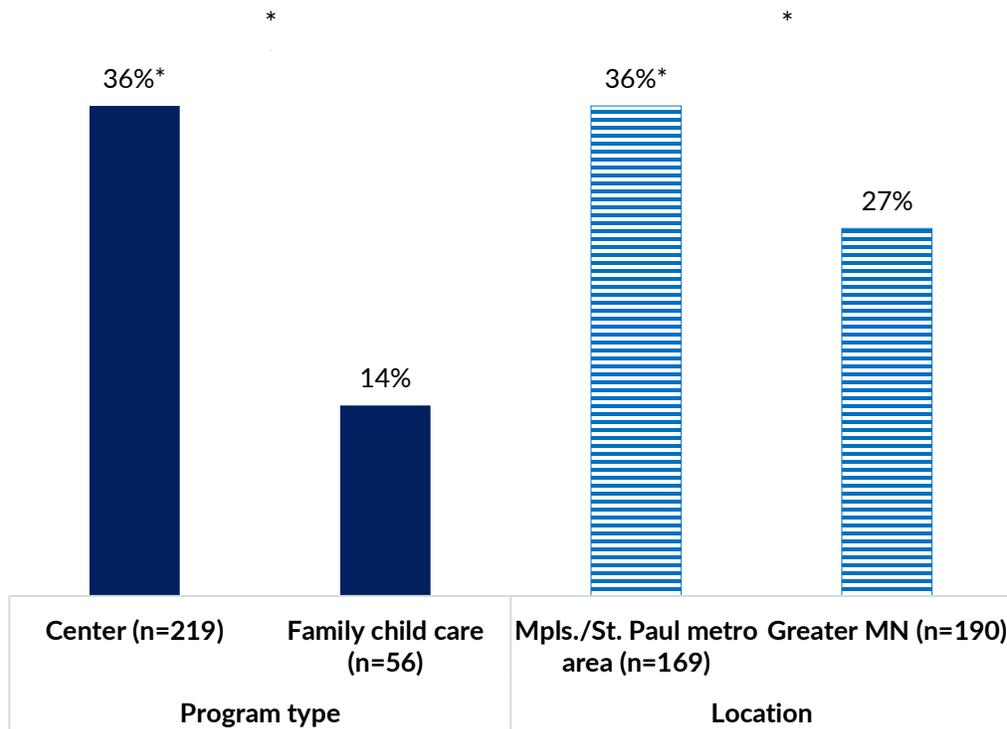
Figure 3. Percentage of families who marked cost factors as “crucially important”



Source: Authors’ analysis of the Minnesota Child Care Family Surveys (2021, 2022).

A significantly greater proportion of families enrolled in centers (36%) noted financial aid being offered as crucially important compared to families enrolled in family child care (14%); as well as a greater proportion of families in the metro area (36%) compared to families in Greater Minnesota (27%; see Figure 4). A similar pattern emerged when asked the importance of a provider’s cost information being easily accessible—while 20 percent of families overall indicated that it was crucially important, a greater proportion of families using centers (24%) than using family child care (11%) and a greater proportion of families in the Minneapolis/St. Paul metropolitan area (25%) than in Greater Minnesota (16%) noted it as crucially important.

Figure 4. Families who marked financial aid being offered by the provider as “Crucially important”



Source: Authors’ analysis of the Minnesota Child Care Family Surveys (2021, 2022).

Notes: * Indicates a significant difference, $p < 0.05$.

What receiving CCAP and ELS means for families

We provided an open-ended section that asked families how receiving subsidies has affected them, and 263 families responded to the prompt. Overall, families expressed positive feelings toward the financial assistance programs, noting that it allowed them to maintain employment, pursue higher education, and pay for living expenses while their children received high-quality care. Among the few respondents who expressed that they were still struggling and would like more from the program, they cited issues such as high child care costs and difficulties meeting financial assistance requirements. Table 1 describes the prominent themes in the responses and provides some example quotes from parents.

Table 1. Open-ended responses: What receiving financial assistance has meant to families

Theme	Description	Example quotes
<p>Allowed parents to maintain employment</p>	<p>Thirty-eight percent of respondents reported that the child care assistance allowed them to continue working, either because they did not have to worry about finding someone to watch their child or because it would not make financial sense to work without assistance given high child care costs.</p>	<p>“Receiving the grant makes it possible for us to work. If we did not receive the grant, the cost of daycare would be more than one parents' income.”</p> <p>“Without it, my family wouldn't be where we are at right now. I would have to stay home while another parent works their butt off to get enough money for bills, food, accessories, or even random emergencies that come up. I'm grateful it helps a bit so that we can both keep working to provide for our family.”</p> <p>“I would not be able to work without the child care financial assistance. It would not financially make sense for me to work if I had to pay the complete costs of tuition. The financial assistance has allowed me to work and work hard toward building a better life for my children and I.”</p>
<p>Appreciation for the financial assistance program</p>	<p>Twenty-seven percent of respondents expressed their gratitude and appreciation for the program. Parents felt that the program was overall helpful and in some cases life-changing for them and their families.</p>	<p>“I don't even know if I can express in words how thankful I am to be given a child care financial assistance. My son now gets the opportunity to attend a daycare center that I would not be able to otherwise afford. I don't want my financial issues to be a burden on my son and receiving a child care financial assistance to help pay for care has taken that burden off my son and in turn makes me feel much better.”</p> <p>“Everything. Truly, it has meant everything. I am more appreciative of these programs than anyone could know. Thank you to whomever makes sure they are in place. Bless.”</p>

Theme	Description	Example quotes
Child receives high-quality education	Thirteen percent of parents discussed the benefits that financial assistance brought to their children in terms of education. Respondents mentioned that it allowed their children to attend a high-quality provider who expanded their learning and development and that it gave the children opportunities to socialize with other children.	<p>"It's allowed me to enroll my child in a center that offers languages and other enrichment activities that he may not be offered in another care center."</p> <p>"My child receives important social skills needed for future school. [He] has learned the importance of counting & ABC's. These significant learning objectives are making him [improve] in behavior and social views."</p>
Allowed parents to attend school	Twelve percent of parents reported that the financial assistance allowed them to continue to attend school. Some noted that they were able to attain a degree and work toward a better future for themselves and their children.	<p>"I was able to go back to school and pursue a nursing degree while my children go to daycare."</p> <p>"It's given my family the opportunity to allow me to attend school and obtain my associate degree."</p>
Decreased stress	For eleven percent of parents, the assistance resulted in greater well-being, as it reduced their stress around finances and finding care, and for some, the additional stress of being a single parent.	<p>"It's meant everything to me, I get a breath of fresh air. It's like I can live again."</p> <p>"Child care helping me is a big benefit for me and a big weight off my shoulders."</p> <p>"It means so much to our family because this has relieved so much stress which allows both parents to work to take care of family."</p>
Financial stability and living expenses	Ten percent noted that the financial assistance allowed them to pay for other living expenses and necessities, such as food, bills, and "fun activities." Additionally, it allowed families to put more money into their savings and provided a degree of financial stability.	<p>"We have been able to pay our other bills and buy food. It has been life changing."</p> <p>"It meant we survived when I was a single mama and rebuilding our lives. It meant I was able to go back to work and provide for us. It meant I was able to pay all our bills and make ends meet. It meant we even had some extra for little fun things or treats occasionally."</p>

Theme	Description	
Keep housing	For a very small number of families (3%), the financial assistance helped to prevent them from becoming homeless by allowing them to put more money toward rent and mortgages.	<p>“It has been essential. I could not work at a job without assistance from these assistance and scholarship programs. Without a job, I imagine we would be homeless and live in abject poverty. It's a lifeline for my family.”</p> <p>“It has meant that both parents get to work, and it has literally kept us from being homeless.”</p>
Challenges of affording child care and navigating system	Some families noted that they were struggling to pay for child care or to maintain eligibility for the financial assistance program (4%).	<p>“But the way child care assistance is set up when it comes to a person's income is so backwards when calculated. It's almost like you have to be poor and not working much to get the assistance you need. If you're working hard you're punished because the way child care assistance calculates your gross income and net your net income puts you in a bracket of income that you never physically see within the realms of your paycheck.”</p> <p>“We have to pay for child care for two children and have financial support for two. Honestly, we still pay a tremendous amount in child care, so we don't feel very relieved when it comes to paying for care.”</p>

Source: Authors' analysis of the Minnesota Child Care Family Surveys (2021, 2022).

Discussion of Findings and Implications

To better understand the implications of these findings, the Child Trends team met with members of the Child Care Assistance Program in Minnesota's Department of Human Services (DHS) to discuss how these results fit into the broader child care landscape in Minnesota. The purpose of this discussion was to make sense of these findings and to hear from our state partners what was salient to them; below we outline the points that emerged during the discussion and consider upcoming and potential policy changes, as a recent Minnesota legislative session passed sweeping changes to the child care system^{iv} that may address some of these issues.

For the majority of families in our sample, financial assistance does not change the number of child care options they perceive to be available to them. While financial assistance may improve access to child care in other ways, it seems that it may not do so by opening the door to additional programs but may instead render existing options more affordable. Our partners were somewhat surprised that more families did not report that it decreased the number of options, as the number of providers that accept financial assistance in certain communities (such as outside of the metropolitan area) have been dwindling. It is possible that for these families, there were only one or two options for child care, and thus their access to child care was not increased or decreased regarding the availability of providers. On the other hand, it is important to note that our sample included families who had successfully found care when using financial assistance, and it is possible that families who have not found a provider would express a different opinion.

Some of the changes outlined in the recently passed legislation aim to make CCAP more attractive to providers by increasing the maximum rates paid to providers to the 75th percentile of market rates. This potential to engage more providers in the program could result in some families having a greater pool to select from.

While financial assistance programs help mitigate costs, families still pay significant out-of-pocket expenses. Those who receive CCAP and those in rural Minnesota are more likely to pay out-of-pocket expenses; however, expenses were higher on average for those who receive ELS and those in the metro area. Increases in the maximum rates paid to providers may help reduce these costs for families. It seems that families experience confusion around these charges and there is evidence that providers find the collection of copayments to be stressful ([see our brief on the provider perspective of financial assistance programs](#)). Furthermore, our data show that many families are receiving other sources of financial aid, and it is unclear where these funds may be coming from—some centers and schools may provide scholarships, providers may provide discounts, and local communities and non-profit organizations may provide some funds as well.

Cost is a crucially important factor to many families when selecting child care, and it is often the primary reason a family selects a certain provider. Many families reported prioritizing certain cost factors over other non-cost-related factors when searching for care, with nearly a third saying that the primary reason they chose their provider was because that provider accepted subsidy. This may indicate that other aspects of child care access are neglected for families who receive subsidies, who may be required to select providers solely on the basis of their cost. However, although two-thirds of families said that the provider accepting subsidy was crucially important, many families still selected a different primary reason for selecting their provider. Other common primary reasons for selecting a provider were that the facility is within driving distance (7%), the use of quality learning activities or curricula (5%) and cost being within the

Recent Changes to the Child Care System Passed by the Minnesota Legislature

- Modernization of information technology systems for child- and family-focused programs
- Increase in the maximum rate paid for child care assistance
- Transferring the CCAP and Early Learning Scholarship (ELS) programs to the same department, with a planned redesign of the programs
- Universal child care assistance application and alignment between financial assistance programs

families' budget (5%). This indicates that while cost is vitally important to families, their experiences and perceptions may vary based, for example, on the type of care they choose.

Our state partners were struck by the findings related to cost and reiterated the need for policy to increase CCAP reimbursement rates. The changes to Minnesota's child care system include a plan to transfer the CCAP and ELS programs to the newly-formed Department of Children, Youth, and Families and develop a universal application form for child care assistance. Additionally, the state plans to increase investment in the Basic Sliding Fee CCAP and reprioritize the waitlist to increase and expedite access to CCAP for families.

Many families view these programs as vitally important to them and their children. The majority of families who responded to the open-ended prompt expressed positive feelings toward the financial assistance program, and many indicated how necessary these programs were for them to maintain employment, attend school, and have some level of financial stability. Despite remaining challenges to child care access, these programs are beneficial to many families. However, one point raised during the discussion with our state partners focused on the "benefits cliff" that makes it difficult for families to increase their income while also remaining eligible for these financial assistance programs. Families may be dissuaded from promotions or other income increases, as the increase is often not enough to cover the costs of child care without assistance. Some of the changes put forth in the Minnesota legislative session focus on alignment between the financial assistance programs and increasing the income limit to the 85th percentile of state median income, which may help to address this issue.

While there will be remaining obstacles to accessing affordable child care, many of the forthcoming changes to Minnesota's child care subsidy system will do much to address the challenges raised by families in this survey. Cost remains an extremely relevant factor for families in their search for child care and was one of the main themes that emerged in our discussion with DHS, and it will continue to be a major consideration as these policies are implemented. DHS looks forward to continuing to solicit families' perspectives as these changes are implemented.

About the Minnesota Child Care Policy Research Partnership

This brief is part of the Minnesota Child Care Policy Research Partnership, a collaborative between Child Trends, the University of Minnesota, and the Minnesota Department of Human Services. The research partnership is funded through a grant from the federal Office of Planning, Research, and Evaluation in the Administration for Children and Families, U.S. Department of Health and Human Services. The goal of the partnership is to support children and families in Minnesota by addressing pressing questions that policymakers and researchers have related to equitable access to early care and education (ECE) and improving stakeholders' understanding of the effectiveness of policies and practices that support access. Find out more information, including publications from the project, on the [Child Trends](#) website.



Appendix A: Outreach Methods

In order to hear from families with a variety of experiences with child assistance programs, we sought to recruit both families who receive CCAP and families who receive ELS. Our recruitment goal was 175 respondents for each type of financial assistance for a total of 350 families, as we believed this sample size would be representative. Furthermore, as we were providing families with a \$25 for completing the survey, this sample size was appropriate for our budget as well. Because CCAP and ELS are distributed through different agencies, we used two different outreach methods and coordinated with two different departments.

Minnesota's Department of Human Services (DHS) oversees the administration of CCAP. Although DHS did not have access to families' emails, they did have information on families' addresses. Therefore, we conducted outreach via a postcard mailed to families by DHS. CCAP administrators mailed the post cards to a random selection of 1,000 families within the seven-county metropolitan area and 1,000 families within Greater Minnesota for a total of 2,000 families. The postcards provided a brief description of the survey and included a QR code that led to the survey.

The ELS is overseen by the Minnesota Department of Education. The ELS data system contained information on families' emails, and so to reach families who receive ELS, we conducted outreach via an email from ELS. ELS administrators randomly selected 1,000 families within the metropolitan area and 1,000 families within Greater Minnesota for a total of 2,000 families to whom to send the survey. Families received an email that described the study and provided a link to complete the study.

There were 318 responses to the survey (91% of the second survey recruitment goal).

ⁱ Child Care Aware of America. (2022). *New report finds that increases in the prices of child care continue to exceed the rate of inflation.* <https://info.childcareaware.org/media/price-of-care>

ⁱⁱ Delfino, D. (2023). *Families who pay for child care spend an average of 17.8% of their income on it—here's where it costs them the most.* Lending Tree. <https://www.lendingtree.com/debt-consolidation/child-care-income-study/>

ⁱⁱⁱ Rice, D., Schmit, S., & Matthews, H. (2019). *Child care and housing: Big expenses with too little help available.* Center on Budget and Policy Priorities. <https://www.cbpp.org/research/housing/child-care-and-housing-big-expenses-with-too-little-help-available#:~:text=For%20families%20in%20households%20with,over%20200%20percent%20of%20poverty.>

^{iv} S.F. No. 2995, 2023-2024 Reg. Sess. (Minn. 2023).

https://www.revisor.mn.gov/bills/text.php?number=SF2995&version=4&session=ls93&session_year=2023&session_number=0&format=pdf