

Provider Perceptions of the Child Care Assistance Program In Minnesota

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Introduction

Minnesota's Child Care Assistance Program (CCAP) provides financial assistance to help families with low incomes 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. Participation of child care providers in CCAP is therefore vital to supporting family choice. However, child care providers are not required to accept CCAP as a form of payment for services they provide to families.ⁱ Data collected by the Minnesota Department of Human Services (DHS) indicates that 68 percent of licensed centers and 27 percent of licensed family child care providers in Minnesota are willing to accept CCAP.ⁱⁱ With this variation, it is important to understand providers' perceptions of and experiences with the program, regardless of whether they are currently accepting CCAP as a form of payment. These perceptions and experiences can inform changes to CCAP processes that address providers' concerns and barriers to participating in CCAP. This brief describes the results of a survey administered to child care providers to explore their perceptions of CCAP among other topics.

Methods

Provider survey

An online survey was distributed to all licensed and certified child care providers¹ in Minnesota (N=8,056) between November 2021 and January 2022. To contact these providers, DHS provided the Child Trends team with administrative data that contained contact information for currently active providers as well as information about their program type, location, capacity, and willingness to serve children receiving CCAP. A total of 1,096 licensed center-based and family child care providers responded to at least one question

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¹ 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/>)

(a response rate of 14%). Providers who completed the survey were entered into a lottery to win a \$20 gift card.²

We asked providers to compare the experience of serving families who pay tuition and fees privately with families who are participating in CCAP across multiple domains: reliability of payment, the amount of money the program receives for a child, paperwork and other administrative requirements, and the ease of filling vacancies. Respondents also provided details about how families are connected to their program and if and how copayments are collected. Providers who collect copayments were asked if this process was stressful and were provided with space to describe why.

Sample

The majority of providers who responded to the survey were family child care providers ($n=739$, 67%), followed by child care center directors or administrators ($n=286$, 26%) and certified center administrators ($n=71$, 6%). According to administrative data, two thirds of providers who responded ($n=754$, 69%) were willing to accept CCAP. By provider type, 66 percent of family child care providers ($n=486$), 84 percent of center-based providers ($n=239$), and 41% of certified center providers were willing to accept CCAP ($n=29$). However, when asked in the survey, nearly one third of providers who responded to the question reported that they were currently serving at least one child who receives CCAP (34%), with 18 percent of family child care providers, 62 percent of center-based providers, and 79 percent of certified center providers reporting that they served at least one child who receives CCAP.³

Findings

The survey asked providers to report on how they viewed the experience of serving families who pay privately and families who receive CCAP funds across a variety of factors. Table 1 reports on how providers who are and are not willing to accept CCAP perceive the ways certain factors differ across payment types. For example, when asked about reliability of payment, providers could report that CCAP payments were more reliable, that private payments were more reliable, or that CCAP and private payments were about equally reliable.

Table 1. Provider perceptions of CCAP, by willingness to accept CCAP

	Providers willing to accept CCAP (N=754)	Providers unwilling to accept CCAP (N=342)
Reliability of payment		
CCAP more	14%	6%
About the same	46%	34%
Private pay more	40%	60%
Amount of money received		

² A linked family survey was launched in conjunction with the provider survey, and providers were asked to recruit the families in their program. Providers who recruited at least five percent of families attending their program were entered into a lottery to win a \$50 gift card.

³ In the administrative data provided by DHS, many certified centers did not respond to the question about willingness to serve children with CCAP, which may account for the discrepancy between the number of certified centers willing to serve children with CCAP and the number who reported in the survey that they were currently serving children who receive CCAP.

	Providers willing to accept CCAP (N=754)	Providers unwilling to accept CCAP (N=342)
CCAP more	7%	3%
About the same	48%	37%
Private pay more	45%	60%
Amount of paperwork and other administrative requirements		
CCAP more	64%	58%
About the same	24%	13%
Private pay more	12%	29%
Ease of filling vacancies		
CCAP more	9%	8%
About the same	65%	53%
Private pay more	26%	40%

Source: Authors' analysis of the Minnesota Child Care Provider Survey (2021).

Reliability of payment and money received

Providers who were willing to accept CCAP had different perceptions about the reliability of CCAP payments compared to providers who were unwilling to accept CCAP. Nearly half of providers willing to accept CCAP perceived private payments and CCAP payments as being equally reliable (46%) and as earning them about the same amount of money per child (48%). However, providers who were not willing to accept CCAP perceived private payments as being more reliable and earning them more money per child (60%, respectively).

Administrative requirements

When asked to compare the amount of paperwork and other administrative requirements for families who receive CCAP and those who privately pay, three in five providers believed that there are more paperwork and administrative requirements for CCAP (63%), regardless of their willingness to accept CCAP. A slightly larger proportion of providers willing to accept CCAP believed that CCAP required more paperwork (64%) than providers unwilling to accept CCAP (58%).

Ease of filling vacancies

Providers in Minnesota were asked how they compared the experience of serving families who privately pay with the experience of serving families who are participating in CCAP in terms of the ease of filling vacancies. Of the providers who responded and regardless of willingness to accept CCAP, 62 percent said that CCAP and private pay were about the same in terms of filling vacancies. Thirty percent of providers

said families who use private payments were somewhat or much easier to fill vacancies than families who receive CCAP, and nine percent of providers said families who receive CCAP were somewhat or much easier to fill vacancies compared to families who use private payments.

How families get connected with their program

We asked providers to indicate how families receiving CCAP get connected with their early care and education program and asked them to select all that applied from the following list:

- Referrals from CCR&R (Child Care Resource & Referral)/Child Care Aware,
- Referrals from county staff (e.g., SNAP [Supplemental Nutrition Assistance Program], WIC [Special Supplemental Nutrition Program for Women, Infants, and Children], MFIP [Minnesota Family Investment Program]),
- Referrals from friends or family members,
- Provider connection of families in their program to CCAP,
- or Other.

More than half of center-based providers reported that the most common way families receiving CCAP were connected with their program was through referrals from county staff (58%), followed by providers connecting families to CCAP services (52%) and referrals from friends or family members (50%). For family child care providers, the most common method was referrals from friends or family members (43%) and the provider connecting families with CCAP services (37%). The most common way families were connected with certified centers was “other” (29%), with fewer certified center administrators reporting referrals from CCR&R/Child Care Aware (13%) or that the providers connected families with CCAP (11%). When providers noted another option, most mentioned that families contact them directly with questions. Other options mentioned were county lists of providers, Google ads or other types of advertisements, social media, and school district referrals.

Copay

Most families receiving CCAP are required to pay a copayment to their child care provider.ⁱⁱⁱ Copayment rates are based on a family’s size and annual income, and families are responsible for the copayment as well as the differential between provider rates and reimbursement rates. Families at the lowest income level may have a \$0 copayment.^{iv} The payment amount is based on family size and income. Copayment collection is left to the child care provider, and the child care provider often determines how the copayment can be made.

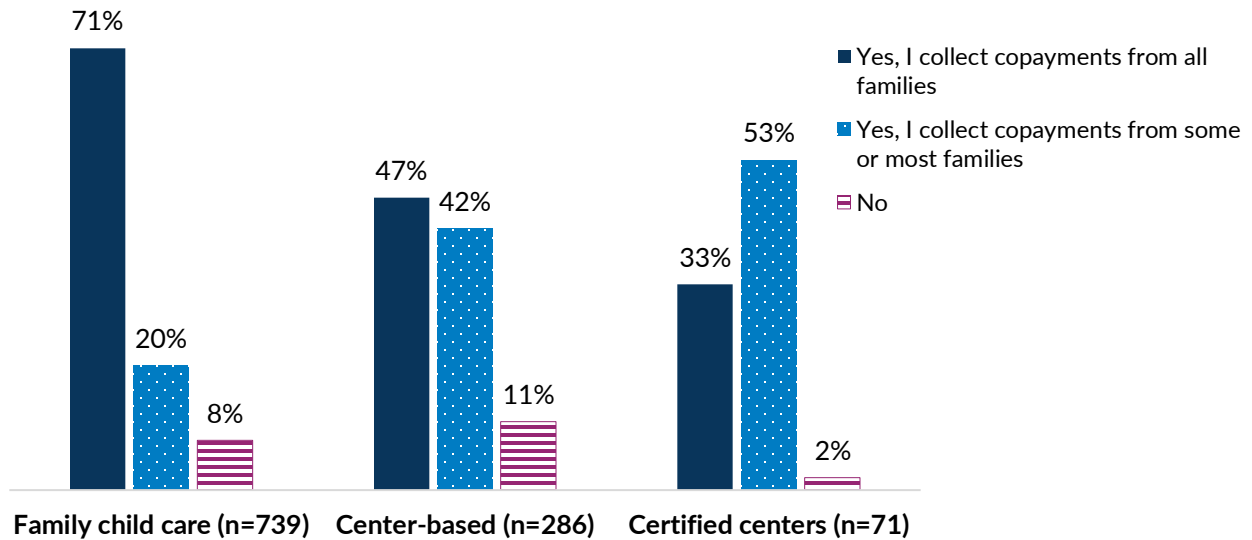
Collection of copay

When asked if providers collect a copayment from a family receiving CCAP, the majority of providers who were serving a child receiving CCAP (69%) collected from all or most families. Seventy-one percent of family child care providers collected copayments from all families, while the proportion was lower for center-based programs (47%) and certified centers (33%; see Figure 1). Regarding location, 53 percent of Greater Minnesota and 47 percent of metro programs reported collecting copays from all their CCAP-receiving families.

We also examined collection of copay by center size—we considered centers that had a capacity of 15-49 as “small” (26%), centers with a capacity of 50-99 as “medium” (43%), centers with a capacity of 100-149 as “large” (19%), and centers with a capacity of 150 or more as “extra-large” (13%). For licensed centers, 53

percent of small, 41 percent of medium, 55 percent of large, and 39 percent of extra-large sized centers reported collecting copays from all their CCAP-receiving families.

Figure 1. Collection of copayments from families receiving CCAP, by program type

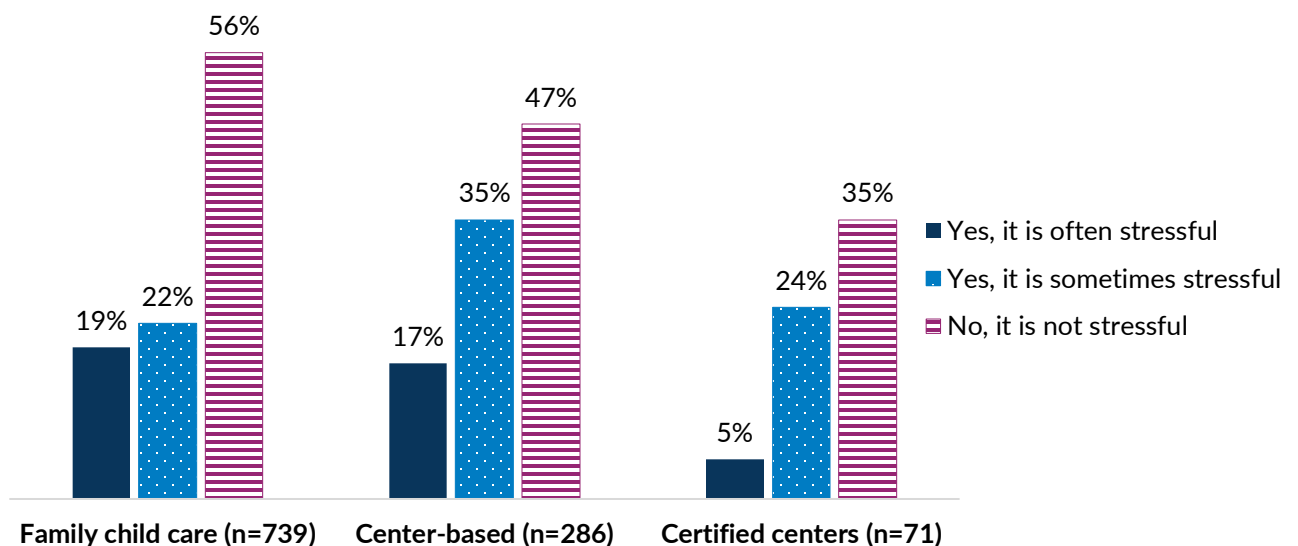


Source: Authors' analysis of the Minnesota Child Care Provider Survey (2021).

Copay stress

Providers that collect copayments from families were asked if they ever experience stress in collecting copayments from families. Of those who collect copayments, 49 percent did not feel stressed in collecting copayments; however, 19 percent of family child care and 17 percent of center-based providers often found it stressful, while 22 percent of family child care and 35 percent of center-based providers only sometimes found it stressful (see Figure 2).

Figure 2. Amount of stress from collecting copayments from families, by program type



Source: Authors' analysis of the Minnesota Child Care Provider Survey (2021).

Regarding location, 47 percent of Greater MN and 56 percent of metro-based providers do not find collecting copays from families stressful, whereas 29 percent of both Greater MN and metro reported collecting copays to be sometimes stressful. Considering the size of the program, for licensed centers, 58 percent of small-sized centers do not find collecting copayments stressful compared to 47 percent of medium-sized, 37 percent of large-sized, and 53 percent of extra-large sized centers. Forty-two percent of large and 35 percent of medium-sized center respondents indicated collecting copays as being sometimes stressful.

To understand providers' experiences collecting copayments, we asked an open-ended question about why they might feel stress when collecting copayments. One hundred and twenty-one participants responded to this open-ended question and we have outlined their responses in Table 2.

Table 2. Open-ended responses: Reasons why collecting copayments is stressful

Theme	Description	Example quotes
Affordability	Fifty-three percent of providers mentioned that parents were unable to afford the copay. Providers acknowledged that families often did not have enough funds for other necessities or that providers would sometimes receive negative comments for collecting copayments.	<p>“Just hate asking for it. Some can't afford that.”</p> <p>“Often parents do not have any extra money to pay copayments.”</p> <p>“Most of my families on CCAP are single moms barely getting by. I feel sometimes their co-pay would not financially hurt me as much as it could hurt their budget.”</p> <p>“Parents cannot afford their copay. Parents are usually stressed between paying bills—rent and food. Copay is not their priority.”</p>
Payments from parents were not timely	Seventeen percent of providers said that parents were often not timely in making their payments—they either chose not to pay, did not think it was necessary, were behind on their payments, or would forget to pay.	<p>“Because some parents ignore friendly reminders to pay and we have to chase their payment down.”</p> <p>“In the past some families need to be asked over and over for the copay...it has gotten better since DHS or CCAP has put the little notation on the forms that ask if the client has paid or made arrangements to pay the copay.”</p> <p>“They don't feel it is important to pay the copay because the county is paying most of their child care.”</p>

Theme	Description	Example quotes
<p>Misunderstanding of copayment requirements</p>	<p>Fourteen percent of providers noted that parents and they themselves sometimes misunderstood what copayments were required of them and when they had to pay. Often the CCAP payment is sent after the care is provided and the timing can be challenging to figure out. Providers also noted that families did not know they had to pay a copayment and assumed that CCAP would cover the entire cost</p>	<p>“Sometimes families don't read all the information about CCAP and don't understand that it doesn't cover the full bill and they have to pay the difference.”</p> <p>“CCAP paperwork or information being unclear.”</p> <p>“Families do not understand the CCAP program. Explaining the program should be handled by the CCAP Staff! We also have a rate difference and the confuses families.”</p> <p>“Sometimes it is hard to connect with CCAP to go over billing, etc.”</p> <p>“The way we bill our tuition does not easily line up with the way and timing of CCAP funding. It's very complicated for our bookkeeper to give the family an easy answer as to what their balance is at any given time.”</p>
<p>Added burden</p>	<p>Eight percent of providers reported that collecting copayments was an added burden for them. It creates more paperwork for them, or they have to constantly remind parents about the copayment which increased their stress and added work for them to manage.</p>	<p>“It is so much figuring to accurately make sure the copayment is the correct amount so that the county doesn't short what is owed in total.”</p> <p>“It doesn't fit into by billing system and requires manual recordkeeping and sometimes gets missed.”</p> <p>“I frequently have to remind them or ask for it. My non-CCAP families just drop a check in my fee box every week. Also, I have issues with them not being able to pay and letting it multiply so they end up owing a lot because they put it off for weeks until I threaten to terminate care.”</p>

Theme	Description	Example quotes
<p>Uncomfortable conversations about financial well-being</p>	<p>Eight percent of providers were uncomfortable discussing parents' financial situations, noting that some parents would share their financial burdens or resist paying, which made it uncomfortable for providers to ask for copayments.</p>	<p>“We feel it is important for families to take responsibility to pay their copayments. If families are struggling financially to do this we help them with scholarship funds. The stressful part is talking to them about this issue.”</p> <p>“I'm still waiting for a copay for September plus [family] hasn't paid me for the month of October and November. Losing lots of money. Plus you can't get any information about families on county so the provider gets screwed out of pay.”</p> <p>“It's the idea of asking for money. That's what I don't like about it.”</p> <p>“Some of the families become irritated when asked for the co pay.”</p> <p>“Sometimes parents feel the county pays enough and why should they pay a copay even though it is right in their paper work. I've had horrible experiences with some parents who never paid their bills.”</p>

Source: Authors' analysis of the Minnesota Child Care Provider Survey (2021).

How providers collect copay

Providers were asked how their programs collect copayments, with the options being online payments, mobile payments, cash, checks, or other. Across program types, 68 percent accepted checks, 65 percent accepted cash, 53 percent accepted online payments, 16 percent accepted mobile payments, and 7 percent mentioned another form of payment. The most common copayment collection method for family child care was cash (62%), while centers were more likely to accept online payments (71%). There were significant differences among which types of programs are willing to accept online payments, with significantly fewer family child care providers willing to accept online payments (15%) compared to center-based providers (71%).

Discussion of Findings and Implications

To make sense of these findings and understand the steps that DHS had already taken to address these challenges, the Child Trends team met with members of the Child Care Assistance Program. During this discussion, the CCAP team shared what findings were most striking to them and offered their perspective on policy changes that could address these issues. Furthermore, Minnesota’s legislative session recently passed sweeping changes to the child care system,^v many of which aim to reduce provider burden and attract more providers to the program. Two primary topics emerged from our discussion with DHS, outlined below.

For a significant portion of providers, the experience of collecting copayments is stressful. Among the providers who collected copayments from all or most of their families, 45 percent found the experience sometimes or often stressful. Providers cited a few reasons why collecting copayments was stressful, including families’ lack of funds, payments not being timely, and misunderstanding of subsidy rules.

Providers—regardless of whether they are willing to accept CCAP—perceive CCAP payments as having more paperwork and administrative requirements. Sixty four percent of providers who accepted CCAP and 58 percent of providers who did not accept CCAP reported that CCAP had more administrative burden than private payments. During the discussion with DHS staff, the members of the CCAP team acknowledged the extra work providers needed to undertake in order to participate in the program and identified this as another area where additional work could be done to improve providers’ experiences.

Several recommendations emerged to address these issues during the discussion with DHS. Members of the CCAP team considered ways that they could modernize the CCAP application and data system, as part of the legislation includes transforming the information technology systems to allow both families and providers to navigate financial assistance programs with more ease. Not only could this reduce the amount of paperwork providers and families must handle, but it could also cut down the number of reminders providers give to families about payment and allow the system to take on the burden of asking for copayments. Additionally, although smaller copayments still present an issue, reducing copayments would do much to alleviate provider burden. Accordingly, DHS staff shared that they used preliminary findings from this survey to successfully rationalize the reduction of copayments. Further reductions of copayments could provide additional benefits to both providers and families.

In addition to the considerations above, many of the changes outlined in the recent child care legislation aim to address these challenges. For example, the state aims to make financial assistance programs more attractive for providers by increasing maximum reimbursement rates to the 75th percentile of market rates. For program retention overall, the legislation establishes the Great Start Compensation Support Payments, which provides supports to eligible child care and early learning programs to improve access and strengthen retention. The state will also create a cost-of-care estimation model for early care and education programs and an early childhood professional wage scale. Finally, the legislation includes a plan

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
- Establishment of Great Start Compensation Support Payments to eligible providers
- Transferring the CCAP and Early Learning Scholarship (ELS) programs to the same department, with a planned redesign of the programs
- Development of cost-of-care estimation model and early childhood career wage scale

to transfer the CCAP and ELS programs, to the newly-established Department of Children, Youth, and Families, which could reduce the amount of paperwork associated with the financial assistance programs.

While the impact of these changes remains to be seen, these policies will likely benefit providers and allow them to participate more freely in Minnesota's child care subsidy system. As these policies are implemented, DHS is interested in hearing from providers about their experiences and continuing to improve the system.

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.



ⁱ Minnesota Department of Human Services. (2018). *Child Care Assistance Program processes and tasks*. <https://mn.gov/dhs/partners-and-providers/policies-procedures/child-care-and-early-education/child-care-assistance-program/>

ⁱⁱ Minnesota Department of Human Services. (2022). *Minnesota Child Care Assistance Program: State fiscal year 2021 provider profile*. <https://edocs.dhs.state.mn.us/lfservlet/Public/DHS-7819E-ENG>

ⁱⁱⁱ Minnesota Department of Human Services. (2018). *Child Care Assistance Program processes and tasks*. <https://mn.gov/dhs/partners-and-providers/policies-procedures/child-care-and-early-education/child-care-assistance-program/>

^{iv} Minnesota Department of Human Services. (2022). *Minnesota Child Care Assistance Program copayment schedules*. <https://edocs.dhs.state.mn.us/lfservlet/Public/DHS-6413K-ENG>

^v 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