DHS-6084-ENG   2-10

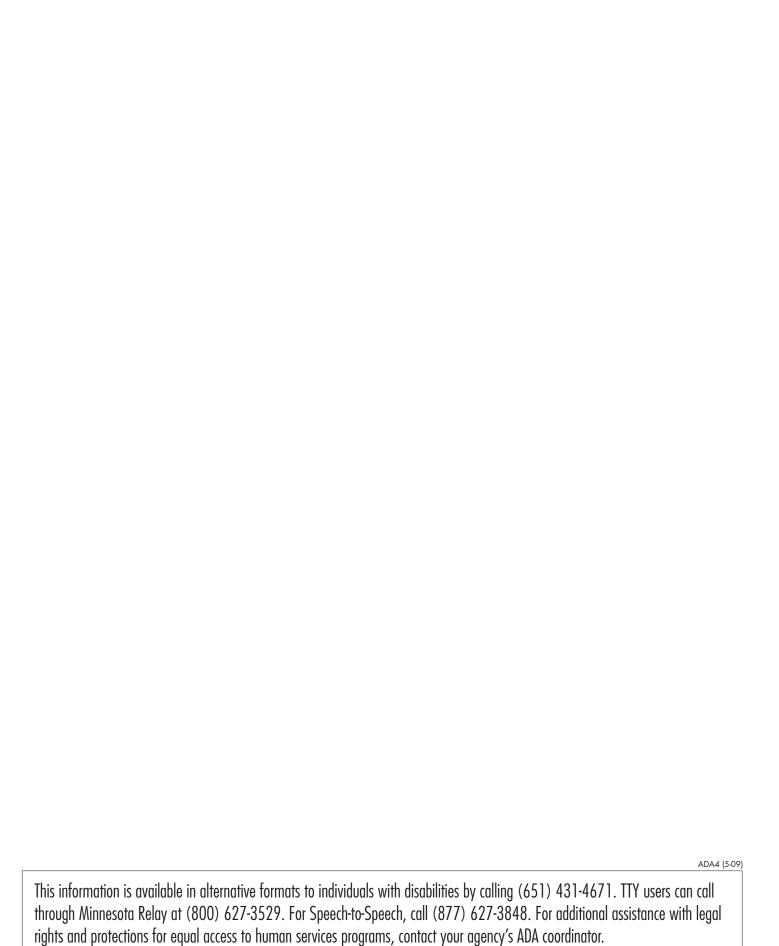# Early Learning Study: Move and Standards

A report to the
Minnesota Legislature

Minnesota Department of **Human Services**

Minnesota Department *of* Education

Prepared by the Minnesota Department of Human Services
in conjunction with the Minnesota Department of Education.

February 2010

Contents

Preface

The 2009 Legislature directed the Minnesota Department of Human Services (DHS), in conjunction with the Minnesota Department of Education (MDE), to study how to effectively transition Basic Sliding Fee Child Care, Minnesota Family Investment Program (MFIP) Child Care, and Child Care Development grants from DHS to MDE. The Legislature also directed that the study determine how to create an Early Learning system with one common set of standards. The legislative language is included as Appendix A.

This study is constructed in two parts. The first part addresses how to effectively transition child care programs from DHS to MDE. It is organized into the following sections:

- Introduction

- Minnesota Department of Human Services

- Minnesota Department of Education

- Stakeholder communication

- Conclusion.

The second part discusses creation of an early learning system with one common set of standards, and includes an update on the work of the Early Childhood Advisory Council (ECAC) and the cross-agency Quality Rating and Improvement System (QRIS) workgroup related to standards.

Part I: How to Effectively Transition Child Care Programs from DHS to MDE

I. Introduction

MDE and DHS share a policy focus on children ages birth to kindergarten entrance. Within this shared focus, each department has a programmatic and service emphasis that reflects the policy goals and funding sources of the specific departments. MDE provides services to young children and parents through school districts and grantees with the School Readiness, Head Start, Early Childhood Screening and Early Childhood Special Education and Part C programs. In addition, parent education is made available by all school districts through the Early Childhood Family Education (ECFE) program. Meals are provided to students in schools and children in child care settings through MDE's Child and Adult Care Food Program.

DHS provides funding and support services to child care programs and parents, including the Minnesota Child Care Resource and Referral Network, the Minnesota Center for Professional Development, other professional development and child care quality grantees and the Child Care Assistance Program (CCAP). The programs and services of both departments are funded by federal departments through grants and permanent programs through state general fund dollars, local levies and occasionally through private sources. The departments, within this shared focus, coordinate and collaborate to create an integrated policy effort around issues of school readiness,

and provide families with young children care and education that supports the state's goal of having all children school ready by 2020 [M.S. 124D.141].

Examples of this coordination and collaboration include:

- The Minnesota Early Childhood Advisory Council (ECAC), required by the 2007 Head Start reauthorization and established by a governor's executive order, is charged with development or enhancement of high-quality systems of early childhood education and care designed to improve school preparedness. It has an assistant commissioner from each department as council members. Staff from both departments support the work of the committees and the larger council. Much of ECAC's focus and work is a result of the 2006 Governor's Summit on School Readiness. DHS and MDE jointly planned and convened the summit on behalf of Governor Pawlenty.

- Both departments planned and implemented the pilot version of the Quality Rating and Improvement system. The pilot system includes child care programs, as well as Head Start and School Readiness programs.

- Head Start and the Child Care Assistance Program have worked together to reduce and remove funding barriers for families and programs, with the goal of enabling children to receive improved services.

- The Part C Advisory Committee, administered by MDE and mandated by the federal Special Education Office, includes a member from DHS representing child care and other DHS programs.

- The Professional Development Advisory Committee, a state advisory committee administered by DHS, includes representation from MDE.

- Representatives from both departments sit on the Minnesota BUILD Advisory Committee and Minnesota Early Childhood Comprehensive Systems (MECCS) Interagency Leadership Team.

- The statewide Strong Foundations Conference, which focuses on professional development for caregivers of infants and toddlers, is led and managed by staff from both MDE and DHS.

II. Minnesota Department of Human Services

1. Introduction to Child Care Assistance Programs and Child Care Development Grants

a. Child Care Assistance Program

The Child Care Assistance Program subsidizes child care costs for low-income families. The Basic Sliding Fee program (BSF) serves families who are not currently or recently attached to the Minnesota Family Investment Program (MFIP). The MFIP Child Care Program serves families on MFIP, Minnesota's cash assistance program for families. MFIP Child Care also serves families who have either exited MFIP within the past 12 months, or who exited more than 12 months ago and live in a county with a waiting list for BSF that limits the county's ability to move the family into the BSF program. These families are sometimes identified as receiving either Transition Year (TY) or Transition Year Extension (TYE) Child Care, which is part of the MFIP Child Care program.

b. Child Care Development Grants

Child Care Development Grants encompass programs and services to improve the quality of early childhood and school-age care and education settings to promote children's development and learning. Grants to local and statewide organizations support an infrastructure for child care resource and referral (CCR&R); professional development; quality improvement and a business loan program for child care providers; accreditation facilitation of licensed programs; and local initiatives to improve the quality of caregiving in legal unlicensed or family, friend and neighbor settings. Related activities include monitoring and technical assistance to grantees, as well as research and evaluation efforts designed to track child care use, child care supply, child care workforce characteristics and needs and evaluation of quality improvement efforts.

c. Federal Child Care and Development Fund — Brief Overview

The administrative costs of both the Child Care Assistance Program and Child Care Development Grants are funded primarily through the federal Child Care and Development Fund (CCDF). CCDF is a federal block grant with the stated purpose of increasing the availability, affordability, and quality of child care services. The program provides federal funding to: "(1) provide low-income families with the financial resources to find affordable quality child care for their children; (2) enhance the quality and increase the supply of child care for all families, including those who receive no direct assistance under the CCDF; (3) provide parents with a broad range of options in addressing their child care needs; (4) strengthen the role of the family; (5) improve the quality of, and coordination among, child care programs and early childhood development programs; and (6) increase the availability of early childhood development and before- and after-school care services."[1]

Administrative funding levels and requirements of the CCDF will be addressed in more detail in section 3 of Part 1.

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[1] 45 CFR, Parts 98 and 99, Child Care and Development Fund; Final Rule, p.39982.

2. Administrative Structure at the Department of Human Services, in Relation to Child Care Programs

As is the case with many human service and social service programs, CCAP is state-supervised and county-administered. Many services supported by the Child Care Development Grants are also coordinated at a state level and delivered through community-level grants in the CCR&R system and linked to county-level child care assistance programs and child care licensing.[1] This is similar to the local grantee delivery system in many DHS programs.

Both CCAP and Child Care Development Grants operate at DHS within an agency-wide structure developed to serve counties and grantees in their administration of multiple programs. In some cases, centralization of functions is agency-wide; in other cases, functions are centralized to cover some, but not all, programs. This section examines functions at DHS in relation to the child care programs, and whether they are centralized or decentralized.

a. Activities Occurring within Child Care Teams

Many core child care administrative functions occur within two inter-related child care teams — Child Care Assistance Program and Child Development Services (CDS). The work done by these teams falls into three categories — work done by both teams, joint activities, and work done by one of the two teams.

i. Work done by both teams includes

- Policy analysis and development, including legislative analysis.

- Research and evaluation to document emerging trends in child care, encourage evidence-based practices in child care settings, and assess the impact of supports for improving affordability and quality of child care.

- Implementation of new federal and state initiatives, including pilot programs (e.g., Parent Aware quality rating system pilot, School Readiness Connections).

- Linking policies and programs to support access to high-quality early childhood care and education, particularly for children most at risk of not being ready for school. Examples include development of the Quality Rating and Improvement System, School Readiness Connections, differential rate policy in CCAP, supports for accreditation in CDS, and the pre-k allowance program.

- Early childhood systems-building efforts: Examples include support for the Early Childhood Advisory Council, linkages to BUILD, and Strengthening Families.

- CCAP maximum rates: The annual rate survey is conducted through the Child Care Resource & Referral agencies and used for market rate analysis and rate setting in CCAP.

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[1] Minnesota's Child Care Resource & Referral system is structured in statute to serve geographic areas as defined by the Governor's Economic Development Regions. These 11 regions are groupings of counties.

- Support for parents seeking child care: CCR&R referral services and county CCAP services coordinate in serving families.

- Development of the federal Child Care and Development Fund plan, which includes both CCAP and child care quality activities.

- Providing information on quality of care to child care providers: county-level CCAP services support dissemination of information meant to support quality improvement to registered licensed and legal unlicensed providers serving CCAP children in coordination with CCR&R.

    ii.   Work done by one of the two teams

CCAP
- Technical assistance to, and oversight of, county CCAP administration, to aid counties in consistent application of program policy.

- Technical assistance to counties regarding financial management of their expenditures, allocations, and waiting list.

- Development and implementation, in conjunction with CDS, of an annual survey of child care providers' practices and rates, and analysis of rate data collected using DHS analysis protocols to inform DHS, legislators, and the general public about setting CCAP maximum rates to comply with CCDF regulations regarding rate surveys.

CDS
- Program administration of the Child Care Development Grants, described earlier, that improve quality and increase supply of child care programs, as well as provide families with information on finding high-quality child care options.

- Technical assistance, training and support for Child Care Development grantees.

Staff on the CCAP and CDS teams and non-personnel costs directly incurred by these teams are paid through federal CCDF funds.

b. Activities that are Centralized
Many functions that support the CCAP and CDS programs are disbursed throughout the agency. This centralized support occurs in all state agencies, although which duties are centralized varies by agency. This section categorizes these functions in three ways, and provides examples of each.

    i.   Agency-wide Activities

Some functions such as information technology (IT), graphics, communications, electronic documents, translation services, human resources and financial operations serve all areas of the agency and are centralized for all of DHS. There are also situations in which another area of DHS provides expertise and products to applicable DHS programs. An example is the Reports and Forecasts Division, which forecasts the CCAP caseload and expenditures, and completes required federal reports on caseload and legislative fiscal notes. Another example is the Appeals and Regulations Division, which hears participant appeals, provides legal

consultation on program and policy issues, and provides legal support for contract execution and management. The Internal Audits team provides review and expertise on audit and error report issues.

These functions are generally covered through agency indirect funds.

ii. Activities Centralized Across Multiple Programs, But Not the Entire Agency

Some functions such as relations with some county associations, constituent contacts, case reviews, and manual and form development occur in one place across multiple programs, including CCAP, to most efficiently and effectively meet customer needs. Grant management functions are coordinated across multiple programs, including Child Care Development Grants, to ensure accountability and standardized approaches to legal and fiscal practices. Case reviews, including those for child care as required by the federal government, are coordinated across multiple programs to allow for segregation of duties required, as stipulated in federal requirements, and to allow for consistency in audit standards. Fraud prevention and recovery support functions are located in a team that supports CCAP requirements, as well as those of other programs.

In cases where functions are pooled within a division, staff fulfilling these functions is not currently paid with CCDF funds.

iii. Computer Systems, and Related Activities

DHS recently implemented the statewide Minnesota Electronic Child Care system (MEC^2) which provides automated support for case management at the county level. MEC^2 has increased consistency in policy application across counties, has created ease of access for clients, and reduced county administrative burden by eliminating duplicate entry of data into MEC^2 and MAXIS. MEC^2 is an automated computer system for CCAP eligibility determinations, case management, billing and provider payments. MEC^2 has a Web-based front end separate from MAXIS, but its database and background processing are fully integrated with MAXIS. Moving forward, MEC^2 will allow for increased oversight of integrity of administrative practices, and development of more family-friendly policies that reduce duplicative requirements across programs.

DHS operates MAXIS and MEC^2, which are used statewide to determine eligibility for Minnesota's cash, group residential housing, child care, health care, foster care and food assistance programs. DHS provides IT application development and maintenance support for these systems, as well as issuing legal notices and payments to clients and providers (through Electronic Benefit Transfer [EBT], warrants and direct deposit). It also operates and maintains the MEC^2 Provider Resources Online system (MEC^2 PRO), a Web-based electronic billing and inquiry system for child care providers, which is fully integrated with MEC^2. Through MAXIS, MEC^2, and the DHS Data Warehouse, DHS staff provides data for program evaluation, financial accounting, and federal reporting for the programs administered through MAXIS and MEC^2. DHS also interfaces between systems. Two examples of systems with which MEC^2 interfaces are the child support (PRISM) and licensing systems. Through the MEC^2 interface with PRISM, MEC^2 receives notification of child support paid to the CCAP family and alerts the family's child care worker to enter the

child support payments as unearned income in MEC^2. MEC^2 sends child support referrals on CCAP cases to PRISM, as legally required. The licensing interface supplies licensing information for providers who are added to MEC^2, and updates that information with licensing changes. This also triggers MEC^2 background processes, where needed, to send notices and change the child care service authorization.

A number of functions form a bridge between MEC^2 and CCAP policy staff. Examples of this include the Help Desk for county users of the automated systems, policy and systems training, policy and system user manuals, the MEC^2 county liaison, and PolicyQuest through which counties pose policy questions which are answered by DHS and posted in an online forum that includes multiple programs and can be accessed by all counties.

CCDF funds are transferred to Transition Support Systems, the division that manages and maintains MEC^2. See section 3 for more details.

3. Overview of CCDF Funds Spent on Administration

a. Federal Funds: Indirect
Federal Child Care and Development Funds (CCDF) are used to pay for costs related to administering the Child Care Assistance Program and child development services, including salary and non-salary costs, as well as a portion of costs related to child care licensing staff. In addition, agency and statewide indirect costs that support federal grants are allocated to federal funds. Indirect costs include a portion of administrative supports related to central services such as appeals and regulations, reports and forecasting, financial reporting and human resources. Each year, DHS requests a waiver from Minnesota Management and Budget (MMB) to limit the amount of agency indirect costs that a federal capped fund must pay to 10 percent of the total administrative costs.[1] This ensures that at least 90 percent of available funds are spent on direct administration of human service programs.

DHS indirect cost practice and procedure are different than that of MDE. DHS allocates indirect costs to all administrative accounts that include salaries, whereas MDE has costs that are excluded from both the rate calculation and from billing. It is unknown at this time what effect a transfer would have on the amount of funding allocated to indirect costs.

b. Federal Funds: Administrative
Federal CCDF regulations limit the amount of administrative dollars expended to 5 percent of the total federal allocation and state match required under the program. In Minnesota, the total federal funds were $107 million in FFY 2009, the most recent year available from the federal Child Care Bureau. In FFY 2010, DHS budgeted $3.3 million (or 3.1 percent of the federal allocation) for administrative costs in CCDF, which includes the agency indirect costs noted above. The $3.3 million budgeted for administration is divided as follows:

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[1] This cap would not automatically move with the child care programs to MDE. The level of funds required for agency indirect could increase.

Child care administrative expenditures

Child care salary and administration	$2,860,000
Child care licensing[1]	$110,000
Indirect	$320,000
Total	**$3,290,000**

Federal CCDF funds also support ongoing costs incurred by the MAXIS computer system for the MEC^2 child care assistance eligibility and payment system. Spending authority for MEC^2 is $1.5 million, with current annual costs averaging $1 million. Systems expenditures are not included toward the federal administrative cap noted above.

c. State Funds
A total of $93,000 in general funds is budgeted for salary and non-salary staff support of Child Development Services.

d. Other Funds
A private grant awarded through the Minnesota Early Learning Foundation provides a time-limited source of funding to support administrative costs related to implementation of the pilot Quality Improvement Rating System, also known as Parent Aware. In state fiscal year 2010, funding is $125,331. This funding will end June 30, 2010.

4. Moving to a Different Administrative Structure — Framework, Issues, and Possible Solutions

a. Framework
The focus of this section is on the ongoing operation of the child care programs if moved from the Department of Human Services to the Department of Education. The four agency-specific characteristics that will be discussed to establish a framework for a move:

- Mission
- Relationships
- Expertise
- Automated computer systems.

Mission
Each state agency has a unique mission. The mission of DHS is that:

> "the agency, working with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential."

The governor identified an alignment between the child care programs (and other programs moved from the Department of Children, Families and Learning [CFL] in 2003) in Reorganization Order No. 186:

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[1] The study language does not address child care licensing.

"This reorganization aligns programs and services within the Department of Human Services that are related to the Department of Human Services' core function of administering programs and providing services for children, families and individuals in need."

This mission is put into action for the child care programs through the departmental priority of improving outcomes for the most at-risk children:

"Working with others, the department will provide early and targeted services to the children in Minnesota who are at the greatest risk for poor outcomes, including those who are homeless, disabled, teenage parents, in child protection, or in deep or persistent poverty. By identifying these at-risk children, building partnerships and service networks, and implementing targeted, coordinated and integrated services, children's lives will improve. They will also be better prepared for a healthy and productive adulthood."

This targeting to children and families at risk for poor outcomes supports the direction in the CCDF regulations to "provide low-income families with the financial resources to find and afford quality child care for their children."[1]

Relationships
An agency's primary relationships flow from its mission. The Department of Human Services partners with counties, tribes, and community organizations in delivering a large number of social service programs designed to lift up at-risk Minnesotans. These programs are administered at the local level; county, tribal or community organization staff interacts directly with clients.

DHS' role with counties is twofold: to support counties so they can be successful, and to provide oversight to ensure compliance and monitor performance. Counties, tribes, and their representative organizations, and DHS have developed multiple and ongoing venues in which concerns of and about at-risk clients are discussed. These relationships extend beyond professional staff, and mean that staff across the DHS organizational structure understand the county context.

DHS also supports and maintains relationships with local community-based organizations through grants and partnerships that often link to county-delivered services. Like counties and tribes, these community-based organizations also deliver critical social services to at-risk Minnesotans and other clients, and frequently operate as a part of networks (i.e., the Child Care Resource & Referral system, Community Action Programs) that may provide technical assistance to and coordination among their own members. DHS' role with these entities mirrors that of its role with counties: to provide support for success and oversight to ensure compliance and monitor performance.

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[1] 45 CFR, Parts 98 and 99, Child Care and Development Fund; Final Rule, p. 39982.

Relationships within a department between programs are also key to working toward a program's mission. The following are examples of relationships that exist within DHS:

- Early Childhood Facilities Bonding: overseen by the Office of Economic Opportunity within DHS in coordination with Child Development Services.

- Child care licensing: in addition to allocating a portion of CCDF funds to support child care licensing within DHS' Licensing Division, regular coordination and policy and program planning occurs between DHS child care programs and Licensing. Examples include coordinated communication to state child care center and county family child care licensing staff; support for linkages between CCR&R agencies and licensors to support child care quality; and planning and implementing initiatives with shared impact such as the Licensing Look-Up Web-site, the Parent Aware quality rating system pilot, and the professional development system's training requirements and registry.

- Supporting children at risk of abuse and neglect: coordinated efforts to provide professional development to child care providers and information to families through CCR&Rs and county-level CCAP services using the national Strengthening Families approach.

- Child Mortality Review: coordinated efforts to study child deaths that occur in child care settings and implement recommendations, including child care provider professional development, to reduce incidence of deaths.

- Children's mental health services: coordinated efforts in planning child care provider professional development initiatives and parent supports across early childhood and children's mental health systems.

- Professional development of child care providers: coordinated efforts with the Children and Family Services child welfare training system to provide cross-training and share system resources.

- Outreach to child care providers and families in refugee and immigrant communities: shared activities to provide information on child care assistance and child care quality improvement activities to individuals in and organizations serving refugee and immigrant communities.

- Minnesota Family Investment Program, Food Support, and Child Support: coordinated efforts to develop and refine policies to better support families receiving cash assistance, food support and/or child care assistance, and to address the concerns of counties in administering multiple programs serving the same families.

DHS and MDE also have different primary federal partners. DHS's primary partner is the Department of Health and Human Services (DHHS), and MDE's is the Department of Education (DOE), although MDE does work with DHHS on the Head Start program.

Expertise
Based on their mission and the programs and functions they oversee, agencies develop unique areas of expertise. DHS has developed expertise in applying the law at the level of an

individual person (determining individual eligibility), issuing benefits only to eligible persons and making payments to individuals and providers (for an individual person).

Automated Support for Eligibility Determinations and Provider Payments
As discussed earlier, DHS has developed automated computer systems that support administration of public assistance programs at the county level. The computer systems support eligibility processes as well as billing, payment and notification processes. These systems enable payments to be made in compliance with the law. These systems are integrated to support both client access and program integrity. The systems, and the attached Data Warehouse, include significant amounts of data classified as "private" or "confidential" under state statute. Data is used to better understand the CCAP caseload and trends in the caseload.

A move from DHS to MDE would require significant work to develop a detailed agreement between the agencies that would ensure ongoing, seamless automated computer system support for county staff administering the program and would ensure that payments to providers on behalf of families continue uninterrupted.

b. Detail
This study assumes that all staff currently fully funded with CCDF funds would move to MDE if the Legislature adopted a proposal to move the programs. Section 4c presents some aspects to consider in planning for moving these staff.

Many functions that are crucial to operation of the child care programs are managed outside of the child care teams. This report does not assume that staff in non-child care areas would move. For these functions, the transition plan is more complicated, as the agencies would need to determine how these tasks would be transferred or supported through existing mechanisms. This section discusses issues and possible solutions in ensuring that critical functions are supported by MDE.

Table A. Child Care Program Functions, Transition Issues, and Potential Solutions

Function	Description	Issues	Potential solutions
Financial Operations	Develop the Basic Sliding Fee program allocation on an annual basis. Track Basic Sliding Fee Expenditures and determine carryover amounts/underspending in program. Make monthly	Some of the tasks that would move to MDE would likely be similar to those MDE performs currently (payments to grantees, tracking of expenditures, allocations). The implementation of MEC2 has changed the financial administration	Significant training of MDE staff would need to occur on payments and the MEC^2 system. Some functions such as the BSF allocation could be returned to CCAP team, where it occurred prior to 2003. Management of CCDF funds

Function	Description	Issues	Potential solutions
	administrative payments to counties. Complete federal financial reporting for CCDF funding, including compliance with requirements for set-asides and targeted funds and maintenance of effort (MOE). Make payments to child care providers and/or families. Respond to questions from counties about payments. Bill counties for reimbursement of overpayment collections.	of CCAP considerably since CCAP was at CFL.[1] MDE does not currently make client-based payments at the level or magnitude made by DHS.	is strongly connected to administration of federal Temporary Assistance for Needy Families (TANF) funds. Continued, and ongoing support from DHS would ensure that funds are being managed and reported appropriately, and treated consistently between the two agencies (e.g., MOE management). If federal funds were drawn down by MDE, as the lead agency, and payments continued to be made at DHS through MEC[2], the agencies would need to coordinate payments and draw downs on a daily basis.
Forecast Fiscal notes	Forecast number of families that will be served by the MFIP CCAP and average/ total costs of serving them. Project average costs and caseload in BSF. Develop fiscal note estimates for proposed bills that take into account interactions between assistance programs. Complete required federal reports on caseload. MDE has a fully developed forecasting function (see MDE	The MFIP and CCAP forecasts are closely linked due to both program factors and federal funding interactions such as MOE requirements. Changes in the CCAP forecast are one factor that impacts the state and federal share of funding in the MFIP forecast. When CCAP was at CFL, program staff did own forecasting and fiscal notes. Program staff does not have the expertise to produce forecasts at the same level of quality and complexity as have been produced at DHS since 2003.	Need to develop plan for considering changes in other forecast programs when developing projections and for incorporating changes in other DHS programs (e.g., any proposed change to MFIP that requires a fiscal note would involve analysis from both agencies, agreement on assumptions and prioritization of fiscal note requests.) MDE and DHS can develop a linked fiscal note process to address the cross-agency coordination needed. Need to develop a plan for transitioning federal reporting functions (and necessary data collection) to MDE. Function

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[1] The child care programs were located at the Department of Children, Families and Learning from 1997 to 2003.

Function	Description	Issues	Potential solutions
	section).		is currently performed by Reports and Forecasts staff. Any potential solution would need to incorporate automated computer system and Data Warehouse functions.
Legislative analysis Fiscal notes State budget preparation	Systems, program and budget staff work together to develop fiscal notes that incorporate impacts on other programs and on systems. Budget staff coordinate and prioritize fiscal note work, is responsible for monitoring and tracking fiscal and MOE interactions between the CCAP and MFIP programs, and monitors state and federal funding changes in the CCAP program to ensure federal requirements are met.	Caseload and cost estimates and system and timeline implications are closely linked with other DHS programs, particularly MFIP. Changes in the CCAP have an impact on the funding sources in the MFIP forecast as well as MOE requirements in TANF. These fiscal interactions have become more complex in recent years due to changes in federal regulations related to MOE requirements and changes in how cases are funded in MFIP. MFIP and CCAP staff must continue to closely collaborate on financial policy analysis.	Need to develop plan for incorporating changes in other DHS programs into the fiscal note. MDE and DHS can agree to enhance current fiscal note and budget preparation processes by adding information and review steps. Any potential solution would need to incorporate automated computer system and Data Warehouse functions.
MEC^2 Data Warehouse	MEC^2 is an automated computer system for CCAP eligibility determinations, case management, billing and provider payments. MEC^2 has a Web-based front end separate from MAXIS, but its database and background processing is fully integrated with MAXIS. MEC2 reporting is done from the DHS Data	A move of the child care programs from DHS to MDE would need to include plans for enhancing MDE's capacity to issue benefits at the individual level. MDE would need to be able to accommodate an average of almost 200,000 issuances in CCAP on an annual basis for total direct service payments of $188 million, serving a	A comprehensive plan for ongoing maintenance and operation of, and updates to MEC^2 if CCAP was moved to MDE, is critical to protecting families and providers from negative consequences. With a move to MDE, the agencies would need to reach agreement about governance, access, and funding specific to MEC^2 and the Data Warehouse.

Function	Description	Issues	Potential solutions
	Warehouse. Access to data in the warehouse allows for a better understanding of the caseload, and trends in the caseload.	monthly average of 17,700 families in SFY09. Payments are made daily. MEC^2 cannot operate apart from MAXIS. Two CCAP staff members are currently learning to extract data for evaluation and program management purposes. The learning process for doing this successfully is long, and CCAP staff will require continued assistance from experienced DHS Data Warehouse users.	Data warehousing would need to be negotiated between MDE and DHS. Workforce One is a system operated by DEED that is the employment services case management system for MFIP participants. DHS funds a proportionate share of all operating costs, sits on the steering committee, and provides input on system priorities. That model could inform decisions around MEC^2 if child care programs are transferred to MDE. Both agencies' finance divisions would need to be involved to work out processes for billing in order to avoid issues around cost allocation. State agencies that have data residing on DHS' Data Warehouse pay a storage fee. CCAP would also pay a fee. This would need to be included in budget planning. Data management tasks such as loading data and setting up a file structure would need to be performed. An agreement would need to be reached about how to continue to support this work.
Child care quality databases	The Parent Aware database, housed on the DHS server, is a tool for tracking and calculating ratings for quality ratings system pilot.	Successful migration to MDE is dependent on MDE having the same server program.	IT staff from both agencies will need to gather information about servers in both agencies and develop a timeline and plan. Agreement between MDE and DHS may maintain Parent Aware pilot database on current server or move to MDE. This may result in

Function	Description	Issues	Potential solutions
			additional costs. With the end of the Parent Aware pilot in 2011 and possible start of a statewide system, quality rating and improvement system (QRIS) Web-site and database may need to be revised and data/Web-site transferred.
Functions that serve counties and tribes operating all assistance programs	A number of staff members oversee a function that connects with counties and tribes — online forms, online manuals, PolicyQuest software, County Link, Bulletins, computer lab training, help desk, constituent calls, and a system for distribution of paper forms.		These functions would need to be developed at MDE, or alternatives developed that meet the administrative and service delivery needs of counties and tribes.
Connections with counties and tribes — supervision and communi-cation	M.S. 256 establishes the legal relationship between DHS and counties.

DHS, counties and tribes have developed multiple and ongoing venues for communication. | M.S. 256.01, subd. 2 does not apply to MDE. | Because a similar relationship does not exist between MDE and counties, Minnesota statutes would need to be changed to define this relationship, including any authority needed to supervise counties for CCAP purposes.

MDE will need to develop strategies to remain connected to counties. |
| Improper authoriza-tions for payment (IAP) child care case reviews | Review a sample of child care cases from the counties. | The case reviews for the federally mandated IAP program are completed by the Payment Error Rate Measurement (PERM) staff.

Reports and Forecasts staff provide case sample selection for this project through data pulled from the Data Warehouse.

Training of PERM staff about CCAP policy and | Contracting back to DHS for case reviews and training portion would be one possibility.

If the task moved to MDE, additional staff would need to come to MDE to complete these case reviews and significant training on the process would need to occur.

Any potential solution would need to incorporate automated computer system |

Function	Description	Issues	Potential solutions
		MEC^2 system is completed by DHS training staff.	and Data Warehouse functions in order to accomplish the sample selection process.
Office of the Legislative Auditor (OLA) annual audit	Now that payments for CCAP are made by the state, the OLA requirements to audit the program's financial practices, system security, and case management annually are in effect.	In the future, the audit practice established by the OLA may need to be supported by agency staff on an annual basis.	If the OLA and the federal process can be aligned, it may be that the practices established for the IAP could meet the needs of both audit requirements, but would need to be completed annually.
Fraud prevention and control	Minnesota Statutes 119B.02, subd. 2, requires enforcement of program integrity and fraud prevention requirements in CCAP. DHS established a fraud prevention hotline, and a fraud prevention investigation process that is used for all public assistance programs in the agency. It currently supports the child care assistance work also.	Staff members for these efforts are funded through "agency indirect" payments made by programs under the auspices of DHS, and legislative appropriations from the human service committee to the DHS.	Arrangements would need to be made to continue a relationship with DHS to accomplish these functions, or staff would need to be added to the CCAP team to accomplish these functions.
Document translation and interpretation	DHS' work around translations and interpretation falls into two categories: a) federal requirements about providing access, and b) DHS initiatives to improve access.

Federal requirements apply to both state agencies.

DHS translates forms that individuals use to apply for various types of assistance, as well as materials that help clients | | Plans will need to be made to ensure a smooth transition for translation and interpretation that does not disadvantage clients whose primary language is not English.

MDE maintains a master contract for interpreters and works with school districts to ensure adequate services to English language learners and families. MDE has the ability to contract and oversee translated materials. |

Function	Description	Issues	Potential solutions
	and the public understand programs and policies. DHS supports business areas and grantees with training and technical assistance on serving clients who speak languages other than English.		
Appeals	DHS hears appeals when a program applicant or participant believes that the law was not applied appropriately in their case. Many appeals involve eligibility and benefit levels in multiple programs (CCAP, MFIP, etc.) MDE currently hears appeals in the Compliance and Assistance Division with regard to special education (see Appeals in MDE section). DHS also conducts appeals regarding overpayments and use of revenue recapture. DHS conducts appeals related to disqualification based on intentional program violations. DHS conducts approximately 300 appeals annually in which CCAP was the exclusive issue. The Appeals Office also heard other appeals in which another program was the primary issue, but which included CCAP implications.	When the child care programs were at CFL, DHS conducted the appeal hearings. CCAP appeals are a question of whether the law was applied appropriately in an individual case. Clients who file appeals of MFIP case determinations may need to file separate appeals of MFIP child care if the programs are administered by separate agencies.	An agreement could be developed to continue to hear appeals at DHS. MDE could contract with DHS to hear appeals for MFIP child care cases to reduce the burden on clients and counties, and ensure consistent determinations for families. The MDE Compliance and Assistance Division could assume responsibility for CCAP appeals. They would need training to do so. Any differences between the appeal structures would need to be identified.

c. Short-term transition issues

This study has focused on planning for and implementing the transfer of programs from one agency to another with a goal of maintaining successful program administration. There are numerous short-term issues that need to be planned for and undertaken to physically move staff, and to transition activities from one agency to another.

A physical move of staff involves identifying work space at MDE that meets child care team needs in terms of access to team members, and supports integration with MDE programs. Costs of moving expenses for workstation contents and computers, electrical installation and purchase of new phones are estimated by MDE to be approximately $50,000.

Transition of activities between agencies would need to occur while programs continue to operate and include, but are not limited to:

- Communications: in the short-term, redesign and/or reprint forms and documents developed by DHS to meet MDE standards. In the long term, workload would increase for MDE communications staff.

- Governance authority: designation of MDE as state agency to lead CCDF by the Governor.

- Grants and contracts: in the short term, amend grants to shift oversight from DHS to MDE. Ongoing, MDE staff would need to assume the responsibility that DHS contracts staff provide to ensure that requests for proposals, grant and vendor contracts meet legal requirements of state and federal law, reflect agency goals, and contain legally enforceable terms through coordination and review of contracts at the development stage, and final stage of execution.

- Record Retention: apply MDE's record retention schedules to child care records at the state and local level, transition to those schedules, and communicate to local partners about changing schedules, if necessary.

- Technology: redirect all electronic files to appropriate storage location at MDE. This would require time commitment of IT staff at each agency.

- Transfer of knowledge about program operations: transfer knowledge to staff at MDE about functions they are assuming that range in degree of familiarity (for example, making administrative payments to counties, tracking administrative funds, paying vendors).

- Develop interagency agreements as necessary to support functions that would continue to be maintained by DHS.

The agencies request that the Legislature designate a planning period if the decision is made to move the child care programs from DHS to MDE. The role of the transfer decision in achieving the policy goal of creating a high-quality early childhood system that improves educational outcomes for children so that all children are school-ready by 2020 must be carefully weighed and evaluated within the context of other state policy goals and ongoing high-priority projects.

III. Minnesota Department of Education

1. Introduction

The mission of the Minnesota Department of Education (MDE) is to:

> *Improve educational achievement by establishing clear standards, measuring performance, assisting educators and increasing opportunities for lifelong learning.*

MDE focuses on four primary goals:

- Improve achievement for all students
- Enhance teacher quality
- Expand education options for students and families
- Implement education finance reform and enhance accountability.

The agency works within a transparent system of accountability to achieve these goals. The accountability system is based on holding districts and schools accountable for the education of all students, an emphasis on scientific research and doing what works; expanded parental options and expanded local control and flexibility.

2. Executive Agency Functions

In order to offer high-quality services that effectively impact Minnesota citizens, state agencies perform core functions to support these services. In different departments, these core functions may serve specific constituents with diverse interests, but the governing best practices and activities are similar across departments.

- **Relationships with local units of government, including funding, analysis and technical assistance:** Every department has local governmental constituencies it must work with, whether city, county or school district.

- **Public information:** Departments must have a public interface, including a communications function that provides program and policy details needed by the general public and specific constituent groups.

- **Technical assistance:** Departments must provide policy and policy implementation information and support to constituencies.

- **Policy analysis and development:** Departments must put forward policies in response to emerging needs and provide analysis of proposed and existing policies.

- **Program policy development and implementation:** Departments must implement programs, some involving other state agencies. To formalize these arrangements, departments establish interagency agreements to guide program policy development, program implementation and fiscal accountability. Departments must also implement a process for constituent appeals.

- **Research and evaluation:** Departments must be able to provide impact analysis and program evaluation, to the extent funded by the state or federal government.

- **Forecasting:** Departments must be able to project, calculate and analyze expenditures for all types of funding.

- **Contract and grant management:** Departments must maintain rigorous contract processes and management, in accordance with established state policy.

- **Federal reporting:** Every department that receives federal funds must provide information to the federal government in the form and manner required by the government.

- **Computer systems and database management:** Departments have information and technology services and systems that manage accounting services including payments, program and service data collection and reporting according to state and federal requirements, record maintenance and analysis.

Table B. MDE Existing Practice and Transfer Options

Departmental Executive Functions	MDE Existing Practice and Transfer Options
Relationships with local units of government, including funding, analysis and technical assistance	**Current:** Both state agencies conduct much of their business through local units of government — DHS primarily through the state's 87 counties and MDE primarily through the state's 337 school districts. MDE also works through 95 local interagency early intervention committees (IEICs) throughout the state in providing early intervention services to young children and their families. County boards and school boards have joint responsibility to coordinate, provide and pay for appropriate intervention services and to facilitate payment for services from public and private sources. MDE fiscal staff works with counties on third-party payments for early childhood special education. Both state agencies also conduct a major share of business through grants to and contracts with public and private organizations. **Transfer Option: Counties:** MDE would build on existing relationships with counties through communication with and participation in county services organizations and social services advocacy groups. Communication to county directors could happen similarly to communication with school superintendents as was done during the CFL period. Child care grants and contracts would be managed through the existing MDE process. MDE's Program Accountability and Improvement division (PAI) manages the administration of competitive grants and contracts for all of MDE's divisions, including existing work with Early Learning Services, School Improvement and Character, Counseling and Service Learning. PAI would work with the transferred child care programs in the development and execution of child care grants and contracts.
Public information	**Current:** MDE currently maintains two public Web-sites, the departmental site that creates access to district and E-12 grant and program details; and MNParentsKnow.info, which is a commercial-appearing site for parents of young children, offering information on parenting, child development, learning standards and special education. To facilitate statewide public input on issues, MDE also holds public hearings and stakeholder briefings. **Transfer Option:** Integrate child care programs into MDE site and maintain links to appropriate DHS and local sites.
Technical assistance	**Current:** MDE provides technical assistance to parents, school districts and other stakeholders through Web postings, e-mail and electronic document sharing, phone and online and live trainings. **Transfer Option:** Build on existing technical assistance methodologies to reach DHS-related audiences and ensure constituent needs are met.
Policy analysis and development	**Current:** MDE has a formal process for proposing technical and policy legislation or changes, fiscal notes and internal summaries. MDE would develop a cross-agency system consultation with DHS for fiscal notes and legislative information.

Departmental Executive Functions	MDE Existing Practice and Transfer Options
	Transfer Option: Develop a cross-agency system of consultation with DHS for forecasting, fiscal notes and legislative information involving TANF or MFIP.
Program policy development and implementation	**Current:** The interagency agreement first developed in the mid 1980s by MDE as the lead agency and with DHS and the Minnesota Department of Health (MDH) for the federal program, Intervention for Disabled Infants and Toddlers (Part C); MDE's interagency agreement with MnSCU for implementing the Higher Education Early Childhood Special Education (ECSE) Preservice Grants. Applicants who have applied for or are receiving financial assistance may appeal decisions made at the local level if they are dissatisfied with such decisions. Currently the Appeals and Regulations division in DHS conducts hearings when applicants or recipients appeal a delay in their application or a denial, reduction, suspension or termination of financial assistance or social services, including child care assistance. **Transfer Option:** Using experience with other departments developing and implementing interagency agreements, MDE would ensure efficient and effective policy development and functioning of programs. MDE options for assuming this responsibility after transfer may include contracting with DHS through an interagency agreement or establishing a CCAP appeals process within MDE. Since MDE conducts a similar process with regards to special education appeals, it would be positioned to accommodate the child care assistance appeals. When CCAP was located at CFL, DHS conducted all hearings and issued all decisions in the first year after transfer because CFL did not have statutory authority to do so. After the first year, statute was amended to provide ultimate authority for final orders on appeal decisions to CFL; the hearing function remained at DHS.
Research and evaluation	**Current:** MDE's Office of Accountability and Improvement is responsible for research and evaluation of educational programs. MDE also conducts the annual statewide School Readiness study required by the legislature. **Transfer Option:** Building on experience and relationships with the research community, maintain current research and evaluation efforts and respond to new opportunities.
Forecasting	**Current:** MDE is responsible for the state general education fund, which is the largest single item of state general fund spending. MDE calculates state aid and distributes aid payments to school districts and charter schools, and calculates school district property tax levy limitations. MDE calculates in excess of $1.9 billion of annual property tax levy limitations and half of the state budget in general education expenditures. MDE is responsible for forecasting state education general revenue, which includes basic revenue, extended time revenue, compensatory revenue, Limited English Proficiency revenue, gifted and talented revenue, training and

Departmental Executive Functions	MDE Existing Practice and Transfer Options
	experience revenue, operating sparsity revenue, transportation sparsity revenue, operating capital revenue, equity revenue, alternative compensation (Q-comp) revenue, transition revenue. **Transfer Option:** Work with DHS' forecasting division to ensure integration of TANF and MFIP into child care program policy and planning. MDE could establish a CCAP forecasting position at MDE.
Contract and grant management	**Current:** MDE is responsible for managing and administering competitive and application grant programs through its Program Accountability and Improvement division (PAI). This division provides centralized oversight for the application, management and reporting of all contracts and grants, with a special emphasis on increasing departmental efficiency and effectiveness. **Transfer Option:** Integrate DHS contracts and grants into existing PAI system.
Federal reporting	**Current:** MDE has extensive experience reporting to the federal government. The performance standards and requirements of the No Child Left Behind Act and the Individuals with Disabilities Education Act expanded reporting needs at both the federal and state level. **Transfer Option:** Accountability to the required federal funding sources for services can be ensured through carefully planned administrative structures, a phased transfer, and possibly ongoing communication. Ensure timely and accurate reporting using existing federal/state reporting systems and expertise.
Computer systems and database management	**Current:** MDE has IT services that support development of data collection systems with the capacity to combine, analyze and report data. MDE is a recipient of a longitudinal database grant from the Department of Education. The recently submitted next proposal for this grant includes collection and management of early childhood data for inclusion in this longitudinal system. The Minnesota Electronic Child Care System (MEC^2) assists counties in determining family eligibility for CCAP, making payments to child care providers, tracking child care expenditures and ensuring program integrity. **Transfer Option:** IT departments of both DHS and MDE would develop a phased, efficient plan for data and system maintenance while ensuring appropriate access, continuity and security. MDE could contract for MEC^2 with DHS through an interagency agreement or integrate child care eligibility and payment functions with systems at MDE.

IV. Stakeholder Communication

In the event of a transfer, it is essential that an integrated, carefully planned and ongoing communication effort be implemented to prevent disruption of services to parents, children and other constituents. Both DHS and MDE use a range of public relations and information strategies to inform constituents: press releases, e-mails, public meetings, document services, and attendance at community and organizational meetings. This transfer would require full utilization of all strategies and carefully planned and executed timelines and programmatic and service details. Some of MDE's stakeholders include Minnesota Community Education Association, Minnesota Association for Family and Early Education, school districts, school boards, teacher unions and teachers. Some of DHS' stakeholders include Child Care Resource & Referral agencies, counties, the Minnesota Association of County Social Service Administrators and other county associations, and child care providers. Communication strategies must recognize parents and children as the ultimate recipients of service.

V. Conclusion

This study has presented issues that must be addressed for the child care programs to be transitioned effectively from DHS to MDE. Decisions regarding the transfer of child care services from DHS to MDE must result in achieving the state policy goal of improved educational outcomes for Minnesota's young children. It is important to note that a transfer is one of multiple strategies through which to achieve alignment of policies and program administration. One recent proposal in Minnesota is the creation of an Office of Early Learning that brings programs together outside existing agencies. Options used by other states include dual governance systems that retain programs in current agencies or the creation of a new state agency focused on early childhood policies and programs.

The criteria for assessing these strategies should include, but not be limited to:

- Integration of early learning child standards and program quality standards into all early childhood settings
- Statewide planning for kindergarten transition
- Alignment of state dollars and policies with the expanding focus at both the state and federal levels on preparing at-risk children for kindergarten
- Alignment of policies and services directed at preparing children for kindergarten regardless of the setting that families choose for their young children.

Alignment of policy and services positions Minnesota for future opportunities. The federal Early Learning Challenge Fund currently under debate in the Senate, possible changes to Head Start, reauthorization of the federal Child Care and Development Fund, and pre-kindergarten initiatives of the federal Department of Education depend on comprehensive reform of state early childhood systems. This reform must align all system components and be consistent with the Race to the Top central areas of reform — standards and assessments, effective teaching, data systems that measure student success and inform practice and turning around low performing schools.

As stated earlier, MDE and DHS share a policy focus on young children, particularly on promoting the development, skills and learning needed to succeed in school. While each department serves young children and their families with the goal of enabling them to fully thrive, the larger agency missions shape the services delivered. DHS helps people meet their basic needs so they can live in dignity and achieve their highest potential. MDE is charged with improving children's educational achievement so they can reach their full potential. Both missions must continue to be accomplished in the service of Minnesota's children and families.

PART II: How to Create an Early Learning System with One Common Set of Standards

In addition to directing DHS and MDE to develop a study on how to move DHS child care programs to MDE, the 2009 Legislature also directed the agencies to "determine how to create an early learning system with one common set of standards." Similar efforts are underway, under a different time frame as directed by different legislation passed in 2008 and 2009. These efforts are being conducted by the Early Childhood Advisory Council and work being done to create a Quality Rating and Improvement System (QRIS) framework as directed by the 2009 Legislature. Thus, DHS and MDE provide an update on these other efforts. Before outlining these initiatives, this study describes the differentiation of types of standards and identifies previous agency efforts to develop common standards that are being built upon in current work.

Differentiating Types of Standards
When referring to standards, there is sometimes confusion about standards for children — typically referred to as early learning standards — and standards for early childhood programs. While both sets of standards are essential and interconnected in an effective early learning system, they are differentiated from one another as follows:

- **Early Learning Standards** are defined as a common set of developmentally appropriate expectations for young children within a context of shared reasonability and accountability for helping children meet these expectations. In Minnesota, these standards are called the Early Childhood Indicators of Progress and are aligned with the academic standards for k-12.

- **Early Childhood Program Standards** identify the components and features of early childhood programs that, based on research, have been shown to ensure the conditions in which children are more likely to learn.

Previous Efforts to Develop Common Standards for Children and Programs
Current efforts to develop common standards build on previous work by the departments to articulate and align standards across age groups and different types of early childhood programs. These efforts have included:

- **Shared agreement on early learning standards for children** — both departments contributed to the development of *Minnesota's Early Childhood Indicators of Progress* (ECIPs) for young children ages birth to 3 and 3-5, and make use of these standards to inform policies and programs, including development of common program standards.

- **Development and shared use of the 10 Essential Elements as criteria for program standards** — These criteria were developed for the 2006 Governor's Summit on School Readiness and are drawn from research that describes the program features or practices essential in successful, targeted early childhood programs. These elements were adopted by the Summit attendees, a group representing early childhood program advocates, researchers, state departments and legislators. Crosswalks of the elements with different types of early childhood programs have informed policy and planning activities in both departments. The Governor's Summit link is [MN Governor's Summit on School Readiness report](#).

- **Alignment of School Readiness, Head Start and Parent Aware standards for child care programs** — In the early stages of development of the Parent Aware quality rating system pilot, MDE developed an alignment chart identifying how School Readiness program standards as described in law and Head Start program performance standards align with Parent Aware quality standards for child care programs.

Within this context, the departments are developing common program standards to ensure that Minnesota's children most at risk for being prepared to enter kindergarten have access to high-quality early care and education programs. These program standards will use as the foundation the "10 essential elements" that emerged out of the 2006 Governor's Summit on School Readiness.

Governor's Early Childhood Advisory Council
The Governor's Early Childhood Advisory Council (ECAC) was mandated by the federal Improving Head Start for School Readiness Act of 2007, Public Law 110-134, Minnesota Statutes 124D.141, and Governor's Executive Order 08-14 in 2008. The ECAC is an advisory body charged with making recommendations to the governor and Legislature regarding the development of an effective early learning system. The council is made up of 17 gubernatorial and legislative appointees who are also encouraged to serve on one of the council's four standing committees, which include additional members representing a diverse group of stakeholders. The Council, with funding from the pending federal American Recovery and Reinvestment (ARRA) grant, decided to support the development of common standards for Minnesota's early childhood programs.

The council has as its goal "By 2020, all Minnesota children are school-ready as they enter kindergarten," and as its guiding principle that "Children and families are best served when research-based programs and policies that align with the 10 Essential Elements of Effective Early Care and Education Programs are implemented and evaluated regularly." In addition, the council has two federal charges regarding early learning standards and program standards:

- Make recommendations for improvements in state early learning standards

- Make recommendations for improvements in program standards.

Work is underway by the ECAC and its Early Learning Standards committee to address these charges. In June 2009, the council endorsed a preliminary strategic plan that is intended to guide the work of the council and its committees. The strategic plan focuses on accomplishing the

work outlined in all 12 state and federal charges. Committees have been meeting regularly to develop recommendations that will be brought to the council for action.

Most recently, American Recovery and Reinvestment Act (ARRA) funds are available to support the work of state advisory councils. The funding appropriated ($1,046,000 to Minnesota over a 3-year period) is to assist state advisory councils in carrying out activities to facilitate development or enhancement of high-quality systems of early childhood education and care designed to improve school readiness.

Minnesota's application will focus on five high-impact areas that allow the state to take stock of current challenges and opportunities, and build capacity to serve Minnesota's youngest citizens. Impact Area #1 relates specifically to a common set of standards.

High Impact Areas

1. Comprehensive, well articulated children's learning and program standards will drive curricula, instruction, child assessments and professional development.

2. Integrated data systems will enable policymakers, state agencies and the community to better measure school readiness. Data analysis and reporting methods will assure reliability, validity and accuracy of the data and safeguard the rights of individual children.

3. An effective professional development system to prepare early childhood educators and care providers will be implemented, guided by data and resulting in improved teaching skills.

4. At-risk children and families will have increased access to effective early care and education programs. The design and subsequent funding of the system will be guided by data.

5. Improvements in local services will result in increased access by at-risk children and their families.

The activities designed as part of the ARRA funding application directly address Minnesota's needs in designing a standards-based and purpose-driven accountability system. Two proposal activities will directly address Impact Area #1 regarding comprehensive, well articulated standards for early care and education:

- Develop and implement a mentor/coach community of practice to enhance practitioner understanding and use of early learning standards, instructional practice and program standards.

- Develop common program standards.

Framework for a Quality Rating and Improvement System
The ECAC work described earlier is in concert with the cross-agency work of DHS and MDE to develop a framework for a quality rating and improvement system (QRIS). In 2009, the following was passed as part of the QRIS legislation directing the departments to work on common early childhood program standards.

> 124D.142 **Quality Rating and Improvement System**
>
> b) In planning a statewide quality rating and improvement system framework in paragraph (a), the state shall use evaluation results of the Minnesota quality rating system rating tool in use in fiscal year 2008 to recommend:
>
> (1) a framework of a common set of child outcome and program standards for a voluntary statewide quality rating and improvement system;
>
> (2) a plan to link future funding to the framework described in paragraph (a), clause (2); and
>
> (3) a plan for how the state will realign existing state and federal administrative resources to implement the voluntary quality rating and improvement system framework. The state shall provide the recommendation in this paragraph to the early childhood education finance committees of the legislature by March 15, 2011.

To accomplish this statutory directive, the departments have created a cross-agency workgroup and drafted a workplan to which ARRA funding can be used. The workplan is included as Appendix B. Workplan objectives include:

- Develop scope and plan for work based on legislation
- Create a common set of child outcomes
- Create a framework for a common set of program standards for a voluntary QRIS
- Develop quality indicators for a voluntary QRIS using the framework of common program standards
- Create a plan to link future funding to a voluntary QRIS framework
- Create a plan for how the state will realign existing state and federal administrative resources to implement the voluntary QRIS.

Funding from the ECAC's ARRA grant will support the QRIS framework workgroup's efforts through a review by national content experts and key stakeholders of a draft set of common program standards based on the 10 Essential Elements; facilitation of agency meetings to achieve consensus on the draft of program standards and QRIS indicators; and facilitation of public comment period on the standards and indicators.

Appendix A — Laws of Minnesota 2009, Chapter 96, Article 6, Section 10

Sec. 10. **EARLY LEARNING STUDY.**

The Department of Human Services, in conjunction with the Department of Education, shall develop a study to:

(1) determine how to effectively transition basic sliding fee child care, MFIP child care, and child care development grants from the Department of Human Services to the Department of Education; and

(2) determine how to create an early learning system with one common set of standards.

The Department of Human Services and Department of Education must report the results of this study by February 15, 2010, to the legislative committees having jurisdiction over health and human services, early education, and K-12 education.

Appendix B — Early Childhood Quality Rating and Improvement System (QRIS) Framework Work Plan

Minnesota Department of Education (MDE) and Minnesota Department of Human Services (DHS)

November 2009

Background: A QRIS framework workgroup, comprised of DHS and MDE staff, has been established to carry out legislative direction provided in Minnesota Statute 124D.142, which is intended to move Minnesota toward creation of a standards-based quality rating and improvement system. The legislation includes direction to use the results of the evaluation of Parent Aware to recommend how existing early care and education systems and programs in Minnesota can accomplish the four objectives listed below. Recommendations related to the four objectives will be presented to the Legislature and the governor's Early Childhood Advisory Committee (ECAC) in March, 2011.

Note: The departments are aware of other activities impacting its recommendations, including a Kellogg Foundation-funded workgroup report to be released in fall 2009, and the work of the ECAC. In addition, efforts in other states will be examined as each of these objectives is addressed.

Objectives

1. Develop scope and plan for work based on legislation.

Tasks	Timeline	Uses ARRA Funding?
A. Establish cross-agency workgroup and define key objectives and tasks for workplan	Aug 09	No
B. Meet with Parent Aware evaluator to determine status of evaluation, including timing of availability of specific findings needed to inform workplan	Sept 09	No
C. Complete draft workplan with specific objectives, tasks, and timelines	Oct 09	No

2. Create a common set of child outcomes.

Tasks	Timeline	Uses ARRA Funding?
A. Define and agree to common set of child outcomes and describe their use	Nov 09 – Jan 10	No

3. Create a framework of a common set of program standards for a voluntary quality rating and improvement system.

Tasks	Timeline	Uses ARRA Funding?
A. Establish a definition of "program standards"	Nov 09	No
B. Using the 10 Essential Elements, create criteria for selecting the common set of standards • Develop a shared understanding of how the 10 Essential Elements are present in different types of early childhood programs in Minnesota. • Develop a crosswalk of the 10 Essential Elements with the School Readiness standards, Head Start performance standards, accreditation standards, child care center and family child care licensing standards, and the Parent Aware indicators to determine presence and absence of the 10 Essential Elements in the early childhood system.	Nov 09	No
C. Using the 10 Essential Elements, create and finalize the common program standards, including input by the public, national experts, the ECAC, the Early Childhood Caucus, preliminary findings from Parent Aware and a review of other states	Dec 09 – Aug 10	Yes — to facilitate public input and access national experts

4. Develop quality indicators for a voluntary statewide Quality Rating and Improvement System using the framework of common program standards

Tasks	Timeline	Uses ARRA Funding?
A. Draft indicators for the statewide quality rating and improvement system that will measure some or all of the common program standards using the results of the final Parent Aware evaluation and review of other states. Put out for review by the public, national experts, the ECAC, and the Early Childhood Caucus • Prioritize indicators given cost and feasibility, using Kellogg Foundation-funded workgroup product, as applicable	Dec 09 – Oct 10	Yes — to facilitate public input and access national experts
B. Meeting between the Departments of Education and Human Services to achieve consensus on draft set of QRIS categories and indicators	Oct 10	Yes — to facilitate meeting

Tasks	Timeline	Uses ARRA Funding?
C. Conduct public comment period and incorporate findings into QRIS categories and indicators	Oct – Nov 10	Yes — to facilitate public input and develop communication materials
D. Finalize recommendations for QRIS indicators	Dec 10	No

5. Create a plan to link future funding to a voluntary QRIS framework.

Tasks	Timeline	Uses ARRA Funding?
A. Identify sources of funds the QRIS framework could address • Consult with EC Caucus and appropriate ECAC committees.	Dec 09 – Jan 10	No
B. Generate options for how links between QRIS and funding streams could be implemented within specific program areas and initiatives	Feb – April 10	No

6. Create a plan for how the state will realign existing state and federal administrative resources to implement the voluntary QRIS framework.

Tasks	Timeline	Uses ARRA Funding?
Describe the range of resources needed to implement this framework	June 10	No
Describe available administrative resources	July 10	No
Outline policy and program options for using administrative resources to implement framework	Aug – Nov 10	No