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State of Minnesota

**S.F. No. 3384 - Allowance for Early Childhood Learning
Preparedness and Enrichment Expenses**

Author: Senator Larry Pogemiller

Prepared by: Joan White, Senate Counsel (651/296-3814) 

Date: March 27, 2006

Section 1, subdivision 1, establishes the early childhood learning preparedness and enrichment allowance program, to provide an allowance to families of young children to be used for learning preparedness and to enrich, enhance, improve, or benefit the child's physical, educational, artistic, or musical development.

Subdivision 2 provides the allowance amount. A claimant with a child who is at least six months old through the age of five is eligible for \$200 for each child, in addition to the amount under this subdivision. A family is eligible for the additional amount if the family has an income less than \$250,000 per year.

Subdivision 3 requires the commissioner of revenue to include on the individual tax form the information necessary to determine claimants who are eligible to receive an allowance, and must develop a method to locate potential claimants who do not file a state income tax form and inform them of the availability of the allowance. This section also specifies other duties of the commissioner of revenue.

Subdivision 4 provides the duties of the commissioner of education. The commissioner is required to consult with stakeholders and professionals in performing the duties specified under this subdivision.

Subdivision 5 establishes the local early childhood board, and lists the composition of the board. The duties of the local board include:

(1) assessing the community's current capacity to address the early childhood learning preparedness and enrichment needs of children from six months to kindergarten entrance;

(2) creating and implementing a method to qualify early childhood program learning preparedness and categories in the community;

(3) qualifying program categories that aim to meet early childhood learning preparedness and enrichment needs

(4) creating an ongoing evaluation of program categories in relation to outcomes for children and families;

(5) providing an appropriate public forum in the community to evaluate whether a program category continues to meet community expectations and the criteria under subdivision 7; and

(6) developing procedures to restrict allowance payments only to providers that meet community expectations and the criteria under subdivision 7.

Subdivision 6 allows school boards, including boards from public, charter, and nonpublic schools, to provide comments and recommendations to the local early childhood board, with regard to certain duties of the board. The commissioner of education makes the final program category determination.

Subdivision 7 requires that the early childhood allowance be used during the 12 months following receipt of the allowance, to pay for qualified learning preparedness activities, programs, or classes. The activities, programs, or classes must enrich, improve, or benefit the child's physical, educational, artistic, or musical development. The allowance may not be used for base child care costs or expenses.

Subdivision 8 clarifies that the allowance is not income for purposes of other public assistance programs.

This section is effective for claims filed after December 31, 2006.

Sections 2 and 3 modify two education funding statutes, by changing the pupil unit, and the school district's revenue formula.

Sections 4 to 6 amend income tax statutes, and **section 8** is also a tax related section.

Section 7 requires the commissioner of education to adjust all formulas in taxes payable in 2007 to ensure that education finance levies are not increased as a result of the pupil weight changes in section 2.

Section 9 provides a blank appropriation to the commissioner of revenue.

JW:mvm

Senators Pogemiller, Stumpf and Hottinger introduced-
S.F. No. 3384: Referred to the Committee on Finance.

A bill for an act
relating to early childhood; establishing an allowance for early childhood
learning preparedness and enrichment expenses; reducing class sizes for K-3
to meet the statutory state standard; creating a fourth individual income tax
bracket and increasing the rate of taxes on that income, subject to reduction
if the tax compliance gap is reduced; adjusting the income limits for the
education credit; appropriating money; amending Minnesota Statutes 2004,
sections 126C.05, subdivision 1; 126C.12, subdivision 1; 290.06, subdivision
2d; Minnesota Statutes 2005 Supplement, sections 290.06, subdivision 2c;
290.0674, subdivision 2; proposing coding for new law in Minnesota Statutes,
chapter 124D.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [124D.33] EARLY CHILDHOOD LEARNING PREPAREDNESS AND ENRICHMENT ALLOWANCE.

Subdivision 1. Allowance; purpose. An early childhood learning preparedness and enrichment allowance program is established, which will provide an allowance to families of young children, to be used for learning preparedness and to enrich, enhance, improve, or benefit the child's physical, educational, artistic, or musical development.

Subd. 2. Eligibility; allowance amount. A claimant with a child who is at least six months old through age five on April 15 of the year when the allowance is claimed is eligible to receive an allowance of \$200 for each eligible child. In addition, the allowance for each eligible child must be increased according to the following:

<u>Family Income</u>	<u>Additional Allowance Amount</u>
<u>Under \$10,000</u>	<u>\$1,000</u>
<u>\$10,000 - \$19,999</u>	<u>\$900</u>
<u>\$20,000 - \$29,999</u>	<u>\$800</u>

2.2	<u>Family Income</u>	<u>Additional Allowance Amount</u>
2.6	<u>\$30,000 - \$39,999</u>	<u>\$700</u>
2.7	<u>\$40,000 - \$49,999</u>	<u>\$600</u>
2.8	<u>\$50,000 - \$74,999</u>	<u>\$500</u>
2.9	<u>\$75,000 - \$99,999</u>	<u>\$400</u>
2.10	<u>\$100,000 - \$149,999</u>	<u>\$300</u>
2.11	<u>\$150,000 - \$249,999</u>	<u>\$200</u>
2.12	<u>\$250,000 and over</u>	<u>\$0</u>

2.13 As used in this section, "family income" is equal to "income" as defined in
 2.14 Minnesota Statutes, section 290.067, subdivision 2a, for the taxable year preceding the
 2.15 calendar year when the allowance is claimed, and "claimant" means an individual who
 2.16 meets the requirements of section 152 of the Internal Revenue Code of 1986, as amended
 2.17 through December 31, 2005, to claim the eligible child as a dependent.

2.18 **Subd. 3. Commissioner of revenue duties; determining eligible claimants;**
 2.19 **payment of the allowance. (a) The commissioner of revenue shall include on the**
 2.20 **individual income tax form the information that is necessary to determine claimants who**
 2.21 **are eligible to receive an allowance, and must develop a method to locate potential**
 2.22 **claimants who do not file state income tax forms and inform them of the availability of**
 2.23 **the allowance.**

2.24 **(b) The commissioner of revenue shall establish a process to transfer the allowance**
 2.25 **to claimants electronically.**

2.26 **(c) Claims for the allowance must be submitted by April 15. The commissioner of**
 2.27 **revenue must certify the allowance no later than August 15 of the year when the claim is**
 2.28 **submitted.**

2.29 **Subd. 4. Commissioner of education duties. (a) The commissioner shall, after**
 2.30 **consultation with stakeholders and professionals:**

2.31 **(1) define outcomes and indicators for local early childhood boards;**

2.32 **(2) provide technical assistance to local early childhood boards;**

2.33 **(3) establish minimum administrative and service guidelines and standards for**
 2.34 **the local early childhood boards;**

2.35 **(4) design and implement a method of monitoring and evaluating early childhood**
 2.36 **education enrichment criteria and local early childhood boards;**

3.1 (5) develop a process to review program categories recommended by local early
 3.2 childhood boards, and timely make a determination regarding the program category
 3.3 submitted by the local board; and

3.4 (6) develop a process for payments to providers based on the allowances.

3.5 (b) The commissioner is granted rulemaking authority as necessary to carry out the
 3.6 duties in paragraph (a).

3.7 Subd. 5. Local early childhood board composition and duties. (a) "Local early
 3.8 childhood board" means the group composed of one member of the following groups, if
 3.9 they exist in the school district:

3.10 (1) other early childhood education-related boards;

3.11 (2) three parents of children age five or under who represent the economic and
 3.12 ethnic diversity of the community;

3.13 (3) licensed child care providers;

(4) early childhood education providers;

3.15 (5) a representative from a program that provides physical education opportunities to
 3.16 children;

3.17 (6) school superintendents' designee;

3.18 (7) public or private nonprofit agencies serving youth and families;

3.19 (8) an individual or a representative from a program that provides musical instruction
 3.20 or classes to children;

3.21 (9) a representative from the arts community;

3.22 (10) local child care resource and referral programs; and

3.23 (11) the county board of commissioners.

(b) A local early childhood board must:

3.25 (1) assess the community's current capacity to address the early childhood learning
 3.26 preparedness and enrichment needs of children from six months to kindergarten entrance;

3.27 (2) create and implement a method to qualify early childhood program learning
 3.28 preparedness and categories in the community, according to the criteria under subdivision
 3.29 7;

3.30 (3) qualify program categories that aim to meet early childhood learning
 3.31 preparedness and enrichment needs;

3.32 (4) create an ongoing evaluation of program categories in relation to outcomes
 3.33 for children and families;

3.34 (5) provide an appropriate public forum in the community to evaluate whether
 3.35 a program category continues to meet community expectations and the criteria under
 3.36 subdivision 7; and

4.1 (6) develop procedures to restrict allowance payments only to providers that meet
 4.2 community expectations and the criteria under subdivision 7.

4.3 **Subd. 6. Local school boards; charter school boards; nonpublic school boards.**

4.4 School boards in the school district, including boards from the public school system,
 4.5 charter schools, and nonpublic schools, may provide comments and recommendations
 4.6 to the local early childhood board, with regard to the board's duties under subdivision 5,
 4.7 paragraph (b), clauses (2), (3), and (4). The commissioner of education makes the final
 4.8 program category determination under subdivision 4, paragraph (a), clause (5).

4.9 **Subd. 7. General criteria for activities.** The early childhood allowance must be
 4.10 used during the 12 months following receipt of the allowance by the claimant for a child
 4.11 who is at least six months old through age five, to pay for qualified learning preparedness
 4.12 activities, or programs or classes that enrich, improve, or benefit the child's physical,
 4.13 educational, artistic, or musical development. The allowance may not be used for base
 4.14 child care costs or expenses.

4.15 **Subd. 8. Allowance is not income for purposes of other publicly funded**
 4.16 **programs.** Notwithstanding any law to the contrary, the allowance does not count as
 4.17 earned income for purposes of the medical assistance, MinnesotaCare, MFIP, or child
 4.18 care assistance programs.

4.19 **EFFECTIVE DATE.** This section is effective for claims filed after December
 4.20 31, 2006.

4.21 Sec. 2. Minnesota Statutes 2004, section 126C.05, subdivision 1, is amended to read:

4.22 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil in average
 4.23 daily membership enrolled in the district of residence, in another district under sections
 4.24 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter
 4.25 school under section 124D.10; or for whom the resident district pays tuition under section
 4.26 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision
 4.27 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted
 4.28 according to this subdivision.

4.29 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
 4.30 by the commissioner and has an individual education plan is counted as the ratio of the
 4.31 number of hours of assessment and education service to 825 times 1.25 with a minimum
 4.32 average daily membership of 0.28, but not more than 1.25 pupil units.

4.33 (b) A prekindergarten pupil who is assessed but determined not to be handicapped is
 4.34 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

5.1 (c) A kindergarten pupil with a disability who is enrolled in a program approved
 5.2 by the commissioner is counted as the ratio of the number of hours of assessment and
 education services required in the fiscal year by the pupil's individual education program
 5.4 plan to 875, but not more than one.

5.5 (d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.557~~ 0.65
 5.6 of a pupil unit for fiscal year ~~2000~~ 2007 and thereafter.

5.7 (e) A pupil who is in any of grades 1 to 3 is counted as ~~1.15~~ 1.2 pupil units for fiscal
 5.8 year ~~2000~~ 2007 and thereafter.

5.9 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal
 5.10 year 1995 and thereafter.

5.11 (g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

5.12 (h) A pupil who is in the postsecondary enrollment options program is counted
 5.13 as 1.3 pupil units.

5.14 Sec. 3. Minnesota Statutes 2004, section 126C.12, subdivision 1, is amended to read:

5.15 Subdivision 1. **Revenue.** Of a district's general education revenue for fiscal year
 5.16 ~~2000~~ 2007 and thereafter each school district shall reserve an amount equal to the formula
 5.17 allowance multiplied by the following calculation:

5.18 (1) the sum of adjusted marginal cost pupils in average daily membership, according
 5.19 to section 126C.05, subdivision 5, in kindergarten times ~~.057~~ .15; plus

5.20 (2) the sum of adjusted marginal cost pupils in average daily membership, according
 5.21 to section 126C.05, subdivision 5, in grades 1 to 3 times ~~.115~~ .2; plus

5.22 (3) the sum of adjusted marginal cost pupils in average daily membership, according
 to section 126C.05, subdivision 5, in grades 4 to 6 times .06.

5.24 Sec. 4. Minnesota Statutes 2005 Supplement, section 290.06, subdivision 2c, is
 5.25 amended to read:

5.26 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income
 5.27 taxes imposed by this chapter upon married individuals filing joint returns and surviving
 5.28 spouses as defined in section 2(a) of the Internal Revenue Code must be computed by
 5.29 applying to their taxable net income the following schedule of rates:

5.30 (1) On the first ~~\$25,680~~ \$29,980, 5.35 percent;

5.31 (2) On all over ~~\$25,680~~ \$29,980, but not over ~~\$102,030~~ \$119,100, 7.05 percent;

(3) On all over ~~\$102,030~~ \$119,100, but not over \$270,000, 7.85 percent;

5.33 (4) On all over \$270,000, 9.25 percent.

6.1 Married individuals filing separate returns, estates, and trusts must compute their
6.2 income tax by applying the above rates to their taxable income, except that the income
6.3 brackets will be one-half of the above amounts.

6.4 (b) The income taxes imposed by this chapter upon unmarried individuals must be
6.5 computed by applying to taxable net income the following schedule of rates:

- 6.6 (1) On the first ~~\$17,570~~ \$20,510, 5.35 percent;
- 6.7 (2) On all over ~~\$17,570~~ \$20,510, but not over ~~\$57,710~~ \$67,360, 7.05 percent;
- 6.8 (3) On all over ~~\$57,710~~ \$67,360, but not over \$180,000, 7.85 percent;
- 6.9 (4) On all over \$180,000, 9.25 percent.

6.10 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying
6.11 as a head of household as defined in section 2(b) of the Internal Revenue Code must be
6.12 computed by applying to taxable net income the following schedule of rates:

- 6.13 (1) On the first ~~\$21,630~~ \$25,250, 5.35 percent;
- 6.14 (2) On all over ~~\$21,630~~ \$25,250, but not over ~~\$86,910~~ \$101,450, 7.05 percent;
- 6.15 (3) On all over ~~\$86,910~~ \$101,450, but not over \$229,500, 7.85 percent;
- 6.16 (4) On all over \$229,500, 9.25 percent.

6.17 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the
6.18 tax of any individual taxpayer whose taxable net income for the taxable year is less than
6.19 an amount determined by the commissioner must be computed in accordance with tables
6.20 prepared and issued by the commissioner of revenue based on income brackets of not
6.21 more than \$100. The amount of tax for each bracket shall be computed at the rates set
6.22 forth in this subdivision, provided that the commissioner may disregard a fractional part of
6.23 a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

6.24 (e) An individual who is not a Minnesota resident for the entire year must compute
6.25 the individual's Minnesota income tax as provided in this subdivision. After the
6.26 application of the nonrefundable credits provided in this chapter, the tax liability must
6.27 then be multiplied by a fraction in which:

6.28 (1) the numerator is the individual's Minnesota source federal adjusted gross income
6.29 as defined in section 62 of the Internal Revenue Code and increased by the additions
6.30 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), and (9),
6.31 and reduced by the Minnesota assignable portion of the subtraction for United States
6.32 government interest under section 290.01, subdivision 19b, clause (1), and the subtractions
6.33 under section 290.01, subdivision 19b, clauses (9), (10), (14), (15), and (16), after applying
6.34 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

6.35 (2) the denominator is the individual's federal adjusted gross income as defined in
6.36 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in

7.1 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), and (9), and reduced by the
 7.2 amounts specified in section 290.01, subdivision 19b, clauses (1), (9), (10), (14), (15),
 and (16).

7.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 7.5 December 31, 2005.

7.6 Sec. 5. Minnesota Statutes 2004, section 290.06, subdivision 2d, is amended to read:

7.7 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
 7.8 December 31, ~~2000~~ 2006, the minimum and maximum dollar amounts for each rate
 7.9 bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the
 7.10 percentage determined under paragraph (b). For the purpose of making the adjustment as
 7.11 provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the
 rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2005,
 7.13 and before January 1, ~~2001~~ 2007. The rate applicable to any rate bracket must not be
 7.14 changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes
 7.15 in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10
 7.16 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

7.17 (b) The commissioner shall adjust the rate brackets and by the percentage determined
 7.18 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
 7.19 section 1(f)(3)(B) the word "~~1999~~" "2005" shall be substituted for the word "1992." For
 7.20 2001, the commissioner shall then determine the percent change from the 12 months
 7.21 ending on August 31, ~~1999~~ 2005, to the 12 months ending on August 31, ~~2000~~ 2006, and
 in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2005, to the 12
 7.23 months ending on August 31 of the year preceding the taxable year. The determination of
 7.24 the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
 7.25 not be subject to the Administrative Procedure Act contained in chapter 14.

7.26 No later than December 15 of each year, the commissioner shall announce the
 7.27 specific percentage that will be used to adjust the tax rate brackets.

7.28 Sec. 6. Minnesota Statutes 2005 Supplement, section 290.0674, subdivision 2, is
 7.29 amended to read:

7.30 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ 250
 1 percent of the federal poverty guidelines, the maximum credit allowed for a family is
 7.32 \$1,000 multiplied by the number of qualifying children in kindergarten through grade 12
 7.33 in the family. The maximum credit for families with one qualifying child in kindergarten
 7.34 through grade 12 is reduced by \$1 for each \$4 of household income over ~~\$33,500~~ 250

8.1 percent of the federal poverty guidelines, and the maximum credit for families with two
 8.2 or more qualifying children in kindergarten through grade 12 is reduced by \$2 for each
 8.3 \$4 of household income over ~~\$33,500~~ 250 percent of the federal poverty guidelines,
 8.4 but in no case is the credit less than zero.

8.5 For purposes of this section "income" has the meaning given in section 290.067,
 8.6 subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint
 8.7 income tax return is filed.

8.8 (b) For a nonresident or part-year resident, the credit determined under subdivision 1
 8.9 and the maximum credit amount in paragraph (a) must be allocated using the percentage
 8.10 calculated in section 290.06, subdivision 2c, paragraph (e).

8.11 EFFECTIVE DATE. This section is effective for taxable years beginning after
 8.12 December 31, 2005.

8.13 **Sec. 7. DIRECTION TO DEPARTMENT.**

8.14 The commissioner of education shall adjust all formulas in taxes payable in 2007
 8.15 to ensure that education finance levies are not increased as a result of the pupil weight
 8.16 changes in section 2.

8.17 **Sec. 8. CLOSING TAX COMPLIANCE GAP; GOVERNOR'S**
 8.18 **RECOMMENDATION TO REDUCE INCOME TAX RATES.**

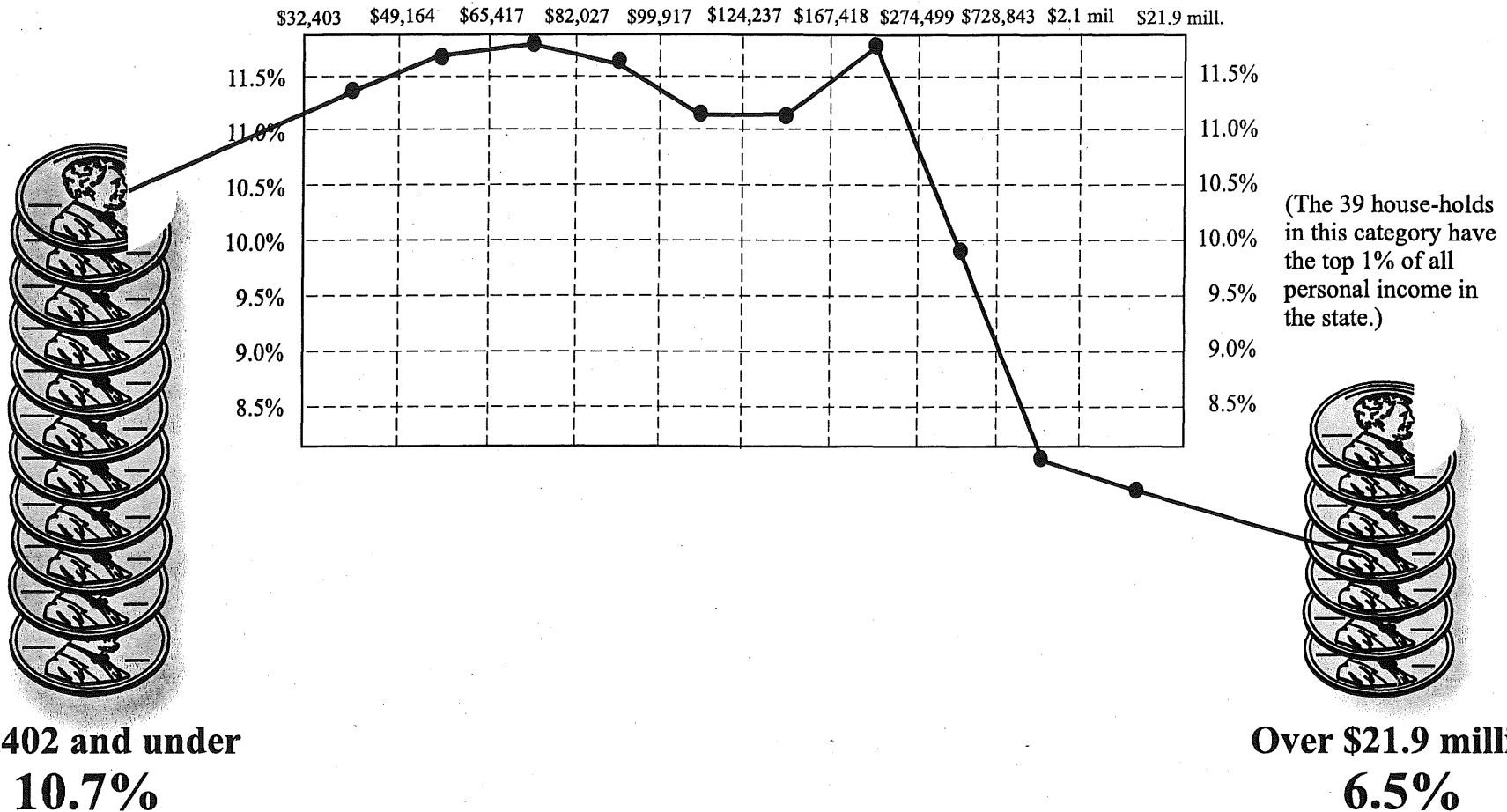
8.19 On August 1, of 2007 and each subsequent year, the governor must submit to the
 8.20 legislature an estimate of the amount by which tax compliance activities conducted by the
 8.21 Department of Revenue under section 9 and Laws 2005, chapter 156, article 1, section
 8.22 15, subdivisions 2 and 3, have reduced the amount of the tax compliance gap during the
 8.23 preceding 12-month period. If the amount exceeds \$100,000,000 in any year, the governor
 8.24 must recommend to the legislature a reduction in the income tax rate established for the
 8.25 fourth income brackets under section 4 that would reduce the revenue attributable to the
 8.26 tax on the fourth income bracket by the amount of reduction in the tax compliance gap.

8.27 **Sec. 9. APPROPRIATION.**

8.28 \$..... is appropriated to the commissioner of revenue to pay the cost of participation
 8.29 in the "Fed-State" tax processing program of the Internal Revenue Service.

Rates Dip at the Top

In Minnesota, most taxpayers pay about the same share of their incomes in state and local taxes. That's not true at the top. People with the state's highest incomes also pay the lowest effective tax rate. Here are the rates forecast for Minnesotans at various incomes.



Source: 2005 Minnesota Tax Incidence Study, State Revenue Department
StarTribune graphic

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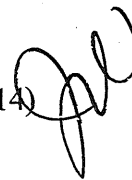
State of Minnesota

S.F. No. 2883 - Family Day Care Homes

Author: Senator Dan Sparks

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 24, 2006



Section 1 modifies the Department of Human Services licensing act by expanding the definition of special family day care homes, by including a license holder that is a not-for-profit agency that provides child care in a dwelling located on a residential lot, and the license holder maintains two or more contracts with community employers or other community organizations to provide child care services. The county is allowed to grant a capacity variance if the provider meets the requirements in this section of law.

Section 2 makes section 1 effective the day following final enactment.

JW:mvm

Senator Sparks introduced—

S.F. No. 2883: Referred to the Committee on Health and Family Security.

A bill for an act relating to human services; modifying child care licensing provisions; amending Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 4, is amended to read:

Subd. 4. **Special family day care homes.** Nonresidential child care programs serving 14 or fewer children that are conducted at a location other than the license holder’s own residence shall be licensed under this section and the rules governing family day care or group family day care if:

(a) the license holder is the primary provider of care and the nonresidential child care program is conducted in a dwelling that is located on a residential lot;

(b) the license holder is an employer who may or may not be the primary provider of care, and the purpose for the child care program is to provide child care services to children of the license holder’s employees;

(c) the license holder is a church or religious organization; ~~or~~

(d) the license holder is a community collaborative child care provider. For purposes of this subdivision, a community collaborative child care provider is a provider participating in a cooperative agreement with a community action agency as defined in section 256E.31; or

(e) the license holder is a not-for-profit agency that provides child care in a dwelling located on a residential lot and the license holder maintains two or more contracts with community employers or other community organizations to provide child care services.
The county licensing agency may grant a capacity variance to a license holder licensed

2.1 under this paragraph to exceed the licensed capacity of 14 children by no more than five
2.2 children during transition periods related to the work schedules of parents, if the license
2.3 holder meets the following requirements:

2.4 (1) the program does not exceed a capacity of 14 children more than a cumulative
2.5 total of four hours per day;

2.6 (2) the program meets a one to seven staff-to-child ratio during the variance period;

2.7 (3) all employees receive at least an extra four hours of training per year than
2.8 required in the rules governing family child care each year;

2.9 (4) the facility has square footage required per child under Minnesota Rules, part
2.10 9502.0425;

2.11 (5) the program is in compliance with local zoning regulations;

2.12 (6) the program is in compliance with the applicable fire code as follows:

2.13 (i) if the program serves more than five children older than 2-1/2 years of age,

2.14 but no more than five children 2-1/2 years of age or less, the applicable fire code is

2.15 educational occupancy, as provided in Group E Occupancy under the Minnesota State

2.16 Fire Code 2003, Section 202; or

2.17 (ii) if the program serves more than five children 2-1/2 years of age or less, the

2.18 applicable fire code is Group I-4 Occupancies, as provided in the Minnesota State Fire

2.19 Code 2003, Section 202; and

2.20 (7) any age and capacity limitations required by the fire code inspection and square

2.21 footage determinations shall be printed on the license.

2.22 **Sec. 2. EFFECTIVE DATE.**

2.23 Section 1 is effective the day following final enactment.

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S.F. No. 2997 - Child Care Rates

Author: Senator John C. Hottinger

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 27 2006



Section 1 modifies the parent fee statute to allow another source, other than the family, to pay the parent fee directly to the child care provider, without a penalty. Child care providers must document the payment source, amount, and the time period covered by the payment.

Section 2 requires the commissioner of human services to determine the maximum child care rate on a half-day basis for children who are school age.

Section 3, paragraph (a), provides that child care providers may not be reimbursed for more than 25 "full day" absent days per child, and for no more than ten consecutive "full day" absent days, unless the child has a documented medical condition. Under paragraph (b), child care providers must be reimbursed for up to ten federal or state holidays per year when the provider charges families for those days and the holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays. Paragraph (c) prohibits the county or state from assessing an overpayment to a family or child care provider unless (1) there was a provider error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child were paid, and the family and child care provider had prior notification that the days were used, or (3) the family or provider did not timely report a change as required under law.

The effective date of this bill is July 1, 2006.

JW:mvm

A bill for an act

relating to human services; modifying child care assistance maximum rates,
absent days, and parent fees; amending Minnesota Statutes 2004, section
119B.12, subdivision 2; Minnesota Statutes 2005 Supplement, section 119B.13,
subdivisions 1, 7.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 119B.12, subdivision 2, is amended to read:

Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period.

A family's parent fee must be a fixed percentage of its annual gross income. Parent fees must apply to families eligible for child care assistance under sections 119B.03 and 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's annual gross income to 100 percent of the annual federal poverty guidelines. Parent fees must begin at 75 percent of the poverty level. The minimum parent fees for families between 75 percent and 100 percent of poverty level must be \$10 per month. Parent fees must provide for graduated movement to full payment. Payment of part or all of a family's parent fee directly to the family's child care provider on behalf of the family by a source other than family shall not affect the family's eligibility for child care assistance, and the amount paid shall be excluded from the family's income. Child care providers who accept third-party payments must maintain family specific documentation of payment source, amount, and time period covered by the payment.

Sec. 2. Minnesota Statutes 2005 Supplement, section 119B.13, subdivision 1, is amended to read:

2.1 Subdivision 1. **Subsidy restrictions.** (a)(i) Effective July 1, 2005, the commissioner
2.2 of human services shall modify the rate tables for child care centers published in
2.3 Department of Human Services Bulletin No. 03-68-07 so that in counties with regional or
2.4 statewide cells, the higher of the 100th percentile of the 2002 market rate survey data or
2.5 the rate currently identified in the bulletin will be the maximum rate. The rates established
2.6 in this clause will be considered as the previous year's rates for purposes of the increase in
2.7 item (iii), and shall be compared to the 100th percentile of current market rates.

2.8 (ii) For the period between July 1, 2005, and through the full implementation of the
2.9 new rates under item (iii), the rates published in Department of Human Services Bulletin
2.10 No. 03-68-07 as adjusted by item (i) shall remain in effect.

2.11 (iii) Beginning January 1, 2006, the maximum rate paid for child care assistance
2.12 in any county or multicounty region under the child care fund shall be the lesser of the
2.13 75th percentile rate for like-care arrangements in the county or multicounty region as
2.14 surveyed by the commissioner or the previous year's rate for like-care arrangements
2.15 in the county increased by 1.75 percent.

2.16 (iv) Rate changes shall be implemented for services provided in March 2006 unless a
2.17 participant eligibility redetermination or a new provider agreement is completed between
2.18 January 1, 2006, and February 28, 2006.

2.19 As necessary, appropriate notice of adverse action must be made according to
2.20 Minnesota Rules, part 3400.0185, subparts 3 and 4.

2.21 New cases approved on or after January 1, 2006, shall have the maximum rates
2.22 under item (iii) implemented immediately.

2.23 (b) Not less than once every two years, the commissioner shall survey rates
2.24 charged by child care providers in Minnesota to determine the 75th percentile for
2.25 like-care arrangements in counties. When the commissioner determines that, using the
2.26 commissioner's established protocol, the number of providers responding to the survey is
2.27 too small to determine the 75th percentile rate for like-care arrangements in a county or
2.28 multicounty region, the commissioner may establish the 75th percentile maximum rate
2.29 based on like-care arrangements in a county, region, or category that the commissioner
2.30 deems to be similar.

2.31 (c) A rate which includes a special needs rate paid under subdivision 3 may be in
2.32 excess of the maximum rate allowed under this subdivision.

2.33 (d) The department shall monitor the effect of this paragraph on provider rates. The
2.34 county shall pay the provider's full charges for every child in care up to the maximum
2.35 established. The commissioner shall determine the maximum rate for each type of care on
2.36 an hourly, full-day, and weekly basis, including special needs and handicapped care. The

3.1 commissioner shall also determine the maximum rate for school age care on a half-day
3.2 basis.

(e) When the provider charge is greater than the maximum provider rate allowed,
3.4 the parent is responsible for payment of the difference in the rates in addition to any
3.5 family co-payment fee.

3.6 EFFECTIVE DATE. This section is effective July 1, 2006.

3.7 Sec. 3. Minnesota Statutes 2005 Supplement, section 119B.13, subdivision 7, is
3.8 amended to read:

3.9 Subd. 7. Absent days. (a) Child care providers may not be reimbursed for more
3.10 than 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more than
3.11 ten consecutive full-day absent days, unless the child has a documented medical condition
3.12 that causes more frequent absences. Documentation of medical conditions must be on
3.13 the forms and submitted according to the timelines established by the commissioner. If a
3.14 child attends for part of the time authorized to be in care in a day, but is absent for part of
3.15 the time authorized to be in care in that same day, the absent time will be reimbursed but
3.16 the time will not count toward the ten consecutive or 25 cumulative absent day limits.
3.17 If a child attends part of an authorized day, payment to the provider must be for the full
3.18 amount of care authorized for that day. Child care providers may only be reimbursed for
3.19 absent days if the provider has a written policy for child absences and charges all other
3.20 families in care for similar absences.

3.21 (b) Child care providers must be reimbursed for up to ten federal or state holidays
3.22 or designated holidays per year when the provider charges all families for these days
3.23 and the holiday or designated holiday falls on a day when the child is authorized to be
3.24 in attendance. Parents may substitute other cultural or religious holidays for the ten
3.25 recognized state and federal holidays. Holidays do not count toward the ten consecutive or
3.26 25 cumulative absent day limits.

3.27 (c) A family or child care provider may not be assessed an overpayment for an absent
3.28 day payment unless (1) there was a provider error in the amount of care authorized for the
3.29 family, (2) all of the allowed full-day absent payments for the child have been paid and the
3.30 family and child care provider had prior notification of this before the absent days were
3.31 used, or (3) the family or provider did not timely report a change as required under law.

EFFECTIVE DATE. This section is effective July 1, 2006.

- 1.1 Senator moves to amend S.F. No. 2997 as follows:
- 1.2 Page 1, delete section 1
- 1.3 Page 3, delete section 3
- 1.4 Renumber the sections in sequence and correct the internal references
- 1.5 Amend the title accordingly

2.1 (4) have received a baccalaureate degree with a Montessori certificate within the
2.2 past five years.

2.4 Sec. 6. Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 12, is
2.5 amended to read:

2.6 Subd. 12. **First aid training requirements.** ~~Notwithstanding Minnesota Rules,~~
2.7 ~~part 9503.0035, subpart 2, when children are present in a~~ (a) For purposes of family child
2.8 care home and group family child care governed by Minnesota Rules, parts 9502.0315
2.9 to 9502.0445, or a child care center governed by Minnesota Rules, parts 9503.0005 to
2.10 9503.0170 when children are present, at least one staff person must be present in the
2.11 center or home who has been trained in first aid. The first aid training must have been
2.12 provided by an individual approved to provide first aid instruction. First aid training may
2.13 be less than eight hours and persons qualified to provide first aid training shall include
2.14 individuals approved as first aid instructors. First aid training must be repeated every three
2.15 years and must be documented in the individual's training record.

2.16 (b) For purposes of child care centers governed by Minnesota Rules, parts 9503.0005
2.17 to 9503.0170, all teachers and assistant teachers, and at least one staff person during
2.18 field trips and when transporting children in care, must satisfactorily complete first aid
2.19 training within 90 days of the start of work, unless the training has been completed within
2.20 the previous three years. The first aid training must be:

2.21 (i) repeated at least every three years;

2.22 (ii) documented in the person's personnel record and indicated on the center's
2.23 staffing chart; and

2.24 (iii) provided by an individual approved as a first aid instructor."

2.25 Amend the title accordingly



Child Care Training and Professional Development Proposal

Background:

Fewer than 50% of Minnesota's youngest citizens are fully prepared for kindergarten. Quality child care improves children's cognitive, social, emotional and physical development. Research shows that well-trained child care providers can best facilitate the positive brain development that can affect a child throughout their life. Currently, licensed family child care providers are required to take only 6 hours of in-service training annually, in comparison to child care center staff who are required to take between 20 and 40 hours of professional development annually.

This proposal would:

- Increase the required in-service training for family child care providers from 6 to 12 hours annually;
- Require that all new center and family child care providers complete at least two hours of training in early child development within their first year of employment (providers with previous course work in early childhood development are exempt); and
- Ensure that first aid training is repeated every three years by providers who are required to take such training.

Why More Hours of Training?

Education and training are predictors of quality in child care, both among family child care providers and child care center staff. Research shows that providers with more specialized training provide higher quality care than those without such credentials. The family child care community supports more professionalization of their field, and in that respect, feels that increased training requirements are warranted.

Why Require Early Child Development Training?

It is important that all child care providers have a basic working knowledge of early childhood development. Knowledge of typical "ages and stages" helps providers work more effectively with young children. Utilizing their knowledge of age-appropriate stages, providers can more successfully plan activities and communicate with parents.

Why is the First Aid Change Needed?

The language in this proposal simply brings back the original requirement that certain child care providers take first aid training every three years. This requirement was accidentally changed in the last legislative session.

Will These Requirements Count Toward Training Hours?

Yes. All early child development and first aid training requirements would count toward the required training hours. Training hours are determined per MN licensing rules.

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 3615 - Child Care

Author: Senator John C. Hottinger

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 27, 2006



This bill modifies the parent fee statute to allow another source, other than the family, to pay the parent fee directly to the child care provider, without a penalty. Child care providers must document the payment source, amount, and the time period covered by the payment.

JW:mvm

Senator Hottinger introduced--

S.F. No. 3615: Referred to the Committee on Finance.

A bill for an act relating to human services; modifying child care assistance parent fees; amending Minnesota Statutes 2004, section 119B.12, subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 119B.12, subdivision 2, is amended to read:

Subd. 2. Parent fee. A family must be assessed a parent fee for each service period.

A family's parent fee must be a fixed percentage of its annual gross income. Parent fees must apply to families eligible for child care assistance under sections 119B.03 and 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's annual gross income to 100 percent of the annual federal poverty guidelines. Parent fees must begin at 75 percent of the poverty level. The minimum parent fees for families between 75 percent and 100 percent of poverty level must be \$10 per month. Parent fees must provide for graduated movement to full payment. Payment of part or all of a family's parent fee directly to the family's child care provider on behalf of the family by a source other than the family shall not affect the family's eligibility for child care assistance, and the amount paid shall be excluded from the family's income. Child care providers who accept third-party payments must maintain family specific documentation of payment source, amount, and time period covered by the payment.

Bulletin

March 5, 2006

Minnesota Department of Human Services □ 444 Lafayette Rd. □ St. Paul, MN 55155

OF INTEREST TO

- County Directors
- County Supervisors and Staff
 - Child Care
 - Child Support
 - Fiscal
 - Fraud
 - Income Maintenance
 - Social Services
- County Child Care Administrative Contacts and Client Access Contacts
- Child Care Resource and Referral Agencies
- Employment Service Providers
- Tribal Representatives

ACTION

Please read and implement.

DUE DATE

March 20, 2006

DHS Announces Policy Directives for the Child Care Assistance Program

TOPIC

Child Care Assistance Program (CCAP)

- Copayment assistance for families
- Partial hour payments

PURPOSE

To clarify CCAP policy.

CONTACT

Contact your CCAP Technical liaison (see Page 2) or submit your question through Policy Quest.

CCAP Technical Liaisons (see Page 2)
Minnesota Department of Human Services
444 Lafayette Road North
St. Paul, N 55155-3834

SIGNED

CHARLES E. JOHNSON
Assistant Commissioner
Children and Family Services

Introduction and background

During the legislative session of 2003 and subsequently, there have been significant changes in Child Care Assistance Program policy. These changes have raised questions regarding a variety of implementation and interpretation issues. This bulletin provides clarification to address agency administrative responsibility related to these issues.

Technical Liaisons contact information

Region	Technical Liaison	Phone Number	Email Address
2, 3, 5, 7E	Tia Chang	(651) 284-4109	tia.chang@state.mn.us
4	Brenda Clark	(651) 297-7085	brenda.clark@state.mn.us
6E, 6W	Laurie Possin	(651) 296-1451	laurie.j.possin@state.mn.us
7W, 10, 11	Merianne Peterson	(651) 284-3899	merianne.peterson@state.mn.us
1, 8, 9	Joan Anderson	(651) 284-4110	joan.k.anderson@state.mn.us

CONTENTS

- Section 1 – Payment of family copayments
- Section 2 – Payment of partial hour child care costs
- Section 3 – Special Needs
- Section 4 – Legal References

SECTION 1. Payment of family copayments by child care providers or other third party entities.

Background

DHS has been notified that some parent copayments are being paid by third parties, or are being waived or reduced by child care providers. This section provides information needed for counties to inform both families and providers of the program requirement that families are responsible to pay their copayment fee.

Family responsibility to pay copayment fees

Federal law (federal Child Care and Development Block Grant, Title 42, section 9858) and Minnesota Statutes, chapters 119B.09 and 119B.12, subdivision 2 outline cost sharing measures that must be in place for families determined to be eligible for the CCAP. Families earning 75 percent of the federal poverty level and above must be assessed a parent fee for each service period. For families earning between 75 percent and 100 percent of the federal poverty level, the minimum fee is \$ 5 per month. For families earning above 100 percent of poverty, the parent fee must be a fixed percentage of the family's annual gross income. Parent fees must provide graduated movement to full payment.

Parents who do not pay their required share of child care expenses are violating the sliding fee payment requirements in Minnesota Statutes, section 119B.12. Families who fail to pay the family copayment fee are ineligible for child care assistance until the fees are paid or until the family reaches an agreement for payment with the provider and the county and continues to comply with the payment agreement. Minn. R. part 3400.0040, subpart 6a.

Required county action:

Beginning March 20, 2006 and through September 30, 2006 counties must notify all families, providers and when possible community agencies that are known to assist with copayments that families are responsible for full payment of their copayments, that 100% of the copayment must be made by the family, and can not be waived by the provider or paid by a third party.

There are occasional circumstances where families may not be able to pay 100% of the biweekly or monthly copayment in a timely manner. The 100 % payment requirement does not preclude current language which allows payment arrangements. The notice should include language regarding nonpayment of copayments as follows: "When a family is unable to pay their copayment, a payment arrangement can be established between the provider and the parent according to Minnesota Rules, part 3400.0040, subpart 6a".

Effective 10/1/2006, if the county is made aware of third party payments of copayments, the amount of the copayment that was not paid by the family would be considered an overpayment to the family, in accordance with Minn. R. part 3400.0110, subpart 4a.

Options for notification:

Clients – Notices to families could be provided upon redetermination or in separate mailings. The requirement to pay 100% of the copayment should be added to cover letters, handbooks and any other materials that outline client responsibilities.

Providers - Notices to providers could be included in other mailings. Provider registration packets and provider billing forms should be updated to reflect these requirements as follows:

"Child care providers are responsible to collect the copayment and inform the county if the copayment was or was not received. Providers who falsely declare receipt of the family's copayment on the billing statement may have their payment stopped by the county, or the county may refuse to pay a bill submitted by the provider, according to Minnesota Statutes, section 119B.13 subdivision 6 (d). When a family is unable to pay their copayment, a payment arrangement can be established between the provider and the parent according to Minnesota Rules, part 3400.0040, subpart 6a. "

SECTION 2. Payments made to child care providers using partial hours of payment

Background:

MN Statutes, section 119B.13, Subdivision 1 (d) states that the county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and handicapped care.

Required county action:

Beginning March 20, 2006, if a licensed child care provider charges on a full hour, full day, or full week basis, the county must pay the provider in the increments billed. Legal nonlicensed providers can be paid only on an hourly basis.

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March 5, 2006
Page 4

A county may pay for less than a full hour of child care **only** when the provider bills in increments that are less than an hour in length. The provider may charge for, and **must** be paid for, the full authorized hour (up to the amount of authorized care) even if the child was not in care for the full hour.

For counties on MEC², please contact the Help Desk at (651) 297-1848 or 1-(800) 657-3610 if you have questions about issuing partial hour payments.

Note: Counties should review billing forms to ensure that there is a differentiation between actual hours attended (eg. 3:15 p.m. – 4:45 p.m. = 1.5 hours, and the provider charge (eg. provider may charge 1.5 hours if that is their practice, or 2 hours if that is their practice).

SECTION 3. Special Needs

This information is available in other formats to people with disabilities by contacting Aaron Coonce at 651-296-1835 or through the Minnesota Relay Service at 1-800-627-3529 (TDD), 7-1-1 or 1-877-627-3848 (speech to speech relay service).

SECTION 4. Legal References

Federal law, Child Care and Development Block Grant, Title 42, section 98.58
Minnesota Statutes, chapters 119B.09-119B.13
Minnesota Rules, parts 3400.0040 and 3400.0110

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and Fiscal Analysis**

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Senate
State of Minnesota

**S.F. No. 3087 - Child Passenger Restraint Systems (1st
Engrossment)**

Author: Senator John C. Hottinger

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 27, 2006



Section 1 amends the Department of Human Services licensing act, specifically the provision requiring training related to proper use and installation of child passenger restraints before transporting a child, by adding a new paragraph stating that programs and individuals using only buses or school buses to transport children are exempt from the training requirement.

Section 2 makes section 1 effective July 1, 2006.

JW:mvm

A bill for an act
relating to child care; changing the requirement for use of child passenger
restraint systems; amending Minnesota Statutes 2005 Supplement, section
245A.18, subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2005 Supplement, section 245A.18, subdivision 2,
is amended to read:

Subd. 2. Child passenger restraint systems; training requirement. (a) Family
and group family child care, child care centers, child foster care, and other programs
licensed by the Department of Human Services that serve a child or children under nine
years of age must document training that fulfills the requirements in this subdivision.

(b) Before a license holder, staff person, caregiver, or helper transports a child
or children under age nine in a motor vehicle, the person transporting the child must
satisfactorily complete training on the proper use and installation of child restraint systems
in motor vehicles. Training completed under this section may be used to meet initial
or ongoing training under the following:

(1) Minnesota Rules, part 2960.3070, subparts 1 and 2;

(2) Minnesota Rules, part 9502.0385, subparts 2 and 3; and

(3) Minnesota Rules, part 9503.0035, subparts 1 and 4.

(c) Training required under this section must be at least one hour in length,
completed at orientation or initial training, and repeated at least once every five years. At
a minimum, the training must address the proper use of child restraint systems based on
the child's size, weight, and age, and the proper installation of a car seat or booster seat in
the motor vehicle used by the license holder to transport the child or children.

2.1 (d) Training under paragraph (c) must be provided by individuals who are certified
 2.2 and approved by the Department of Public Safety, Office of Traffic Safety. License holders
 2.3 may obtain a list of certified and approved trainers through the Department of Public
 2.4 Safety Web site or by contacting the agency.

2.5 (e) Programs and individuals using only buses, as defined in section 169.01, or school
 2.6 buses to transport children shall be exempt from the requirements in this subdivision.

2.7 **Sec. 2. EFFECTIVE DATE.**

2.8 Section 1 is effective July 1, 2006.

1.1 Senator moves to amend S.F. No. 3087 as follows:

1.2 Page 2, delete lines 5 and 6, and insert:"

1.3 (e) Child care centers that only transport school age children as defined in section
1.4 245A.02, subdivision 16, in school buses as defined in section 169.01, subdivision 6,
1.5 clauses (1) to (4), are exempt from this subdivision."