

1.1 Senator moves to amend S.F. No. 2229 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**
1.4 **GREAT START FOR ALL MINNESOTA CHILDREN ACT OF 2023**

1.5 Section 1. **TITLE.**

1.6 This act shall be known as the "Great Start for All Minnesota Children Act of 2023."

1.7 **ARTICLE 2**
1.8 **GREAT START SCHOLARSHIPS**

1.9 Section 1. **[119C.01] GREAT START SCHOLARSHIPS PROGRAM.**

1.10 Subdivision 1. **Establishment; purpose.** The executive director of the Children's Cabinet,
1.11 in collaboration with the commissioner of education and the commissioner of human services,
1.12 shall establish and develop the great start scholarships program to ensure affordable access
1.13 to high-quality early care and learning for children from birth to kindergarten entry.

1.14 Subd. 2. **Development.** In developing the program under this section, the executive
1.15 director shall:

1.16 (1) identify ways to integrate the functions, administrative structures, and funding
1.17 mechanisms of early care and learning programs administered by the state with the great
1.18 start scholarships program;

1.19 (2) consider the recommendations made by the Great Start for All Minnesota Children
1.20 Task Force under Laws 2021, First Special Session chapter 7, article 14;

1.21 (3) make a plan to seamlessly transition the following families to the great start
1.22 scholarships program by July 1, 2025:

1.23 (i) families with at least one child receiving an early learning scholarship under section
1.24 124D.165; and

1.25 (ii) families with at least one child who is not yet in kindergarten and is receiving child
1.26 care assistance under sections 119B.03 or 119B.05 for care received from a provider licensed
1.27 under Minnesota Rules, parts 9502 or 9503, or Tribally licensed, or a Head Start program
1.28 that has a rating under section 124D.142;

2.1 (4) create mechanisms for members of local communities, including families and members
2.2 of the early care and learning workforce, to have input in decisions regarding needs and
2.3 preferences for early care and learning options;

2.4 (5) develop a method for funding early care and learning slots in response to local need
2.5 through contracts with eligible providers that may be used to deliver services that meet
2.6 quality and compensation standards with the intent to build early care and learning capacity
2.7 statewide for children from birth to kindergarten entry; and

2.8 (6) maximize available federal resources, while minimizing the extent to which state
2.9 policy is limited by federal regulations. The executive director, in consultation with an
2.10 appropriate state agency, may seek federal technical assistance or outside consultation as
2.11 necessary to provide minimally burdensome program access to all participating families.

2.12 Subd. 3. Program requirements. The great start scholarships program must include,
2.13 at a minimum:

2.14 (1) family-directed scholarships that provide financial assistance to families voluntarily
2.15 participating in the program;

2.16 (2) family eligibility for any family that has at least one child who is not yet in
2.17 kindergarten;

2.18 (3) provider eligibility for:

2.19 (i) any program licensed under Minnesota Rules, parts 9502 or 9503, or Tribally licensed,
2.20 that participates in the quality rating and improvement system under section 124D.142, and
2.21 complies with the federal requirements of public accommodations under Title III of the
2.22 Americans with Disabilities Act, United States Code, title 42, section 12182; and

2.23 (ii) school-based programs and Head Start programs that have a rating under section
2.24 124D.142, and that comply with the federal requirements of public accommodations under
2.25 Title III of the Americans with Disabilities Act, United States Code, title 42, section 12182;

2.26 (4) a unified, integrated, and simple online application process that utilizes administrative
2.27 data to ease qualification and benefit determination and facilitate required reporting to the
2.28 federal government;

2.29 (5) an integrated electronic attendance tracking system and payments system to safeguard
2.30 program integrity and streamline billing and payment processes for providers; and

2.31 (6) a schedule for scholarship amounts that ensures that no participating family pays
2.32 more than seven percent of annual income for early care and learning services for children

3.1 from birth to kindergarten entry. Scholarship amounts may vary by family income, program
 3.2 quality, geography, and need for compensatory services, and may take into consideration
 3.3 the results of the market rate survey under section 119B.02, subdivision 7, information from
 3.4 cost estimation models for providing early care and learning in the state, and cost information
 3.5 gathered through contracts under subdivision 2, clause (5).

3.6 Subd. 4. **Administration.** By May 1, 2025, the executive director, in consultation with
 3.7 the commissioner of education and the commissioner of human services, shall have in place
 3.8 the administrative structures and systems needed for the great start scholarships program
 3.9 to meet the operational needs of participating families and eligible providers.

3.10 **ARTICLE 3**

3.11 **CHILD CARE ASSISTANCE PROGRAM**

3.12 Section 1. Minnesota Statutes 2022, section 119B.011, subdivision 2, is amended to read:

3.13 Subd. 2. **Applicant.** "Child care fund applicants" means all parents; stepparents; legal
 3.14 guardians, ~~or~~; eligible relative caregivers ~~who are~~; relative custodians who accepted a transfer
 3.15 of permanent legal and physical custody of a child under section 260C.515, subdivision 4,
 3.16 or similar permanence disposition in Tribal code; successor custodians or guardians as
 3.17 established according to section 256N.22, subdivision 10; or foster parents providing care
 3.18 to a child placed in a family foster home under section 260C.007, subdivision 16b. Applicants
 3.19 must be members of the family and reside in the household that applies for child care
 3.20 assistance under the child care fund.

3.21 **EFFECTIVE DATE.** This section is effective August 25, 2024.

3.22 Sec. 2. Minnesota Statutes 2022, section 119B.011, subdivision 5, is amended to read:

3.23 Subd. 5. **Child care.** "Child care" means the care of a child by someone other than a
 3.24 parent; stepparent; legal guardian; eligible relative caregiver; relative custodian who
 3.25 accepted a transfer of permanent legal and physical custody of a child under section
 3.26 260C.515, subdivision 4, or similar permanence disposition in Tribal code; successor
 3.27 custodian or guardian as established according to section 256N.22, subdivision 10; foster
 3.28 parent providing care to a child placed in a family foster home under section 260C.007,
 3.29 subdivision 16b; or the ~~spouses~~ spouse of any of the foregoing in or outside the child's own
 3.30 home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

3.31 **EFFECTIVE DATE.** This section is effective August 25, 2024.

4.1 Sec. 3. Minnesota Statutes 2022, section 119B.011, subdivision 13, is amended to read:

4.2 Subd. 13. **Family.** "Family" means parents;² stepparents;² guardians and their spouses;
 4.3 ~~or~~; other eligible relative caregivers and their spouses;² relative custodians who accepted a
 4.4 transfer of permanent legal and physical custody of a child under section 260C.515,
 4.5 subdivision 4, or similar permanency disposition in Tribal code, and their spouses; successor
 4.6 custodians or guardians as established according to section 256N.22, subdivision 10, and
 4.7 their spouses; or foster parents providing care to a child placed in a family foster home
 4.8 under section 260C.007, subdivision 16b, and their spouses; and ~~their~~ blood related dependent
 4.9 children and adoptive siblings under the age of 18 years living in the same home ~~including.~~
 4.10 The definition includes children temporarily absent from the household in settings such as
 4.11 schools, foster care, and residential treatment facilities ~~or parents, stepparents, guardians~~
 4.12 ~~and their spouses, or other relative caregivers and their spouses~~ and adults temporarily
 4.13 absent from the household in settings such as schools, military service, or rehabilitation
 4.14 programs. An adult family member who is not in an authorized activity under this chapter
 4.15 may be temporarily absent for up to 60 days. When a minor parent or parents and his, her,
 4.16 or their child or children are living with other relatives, and the minor parent or parents
 4.17 apply for a child care subsidy, "family" means only the minor parent or parents and their
 4.18 child or children. An adult age 18 or older who meets this definition of family and is a
 4.19 full-time high school or postsecondary student may be considered a dependent member of
 4.20 the family unit if 50 percent or more of the adult's support is provided by the parents;²
 4.21 stepparents;² guardians; and their spouses; relative custodians who accepted a transfer of
 4.22 permanent legal and physical custody of a child under section 260C.515, subdivision 4, or
 4.23 similar permanency disposition in Tribal code, and their spouses; successor custodians or
 4.24 guardians as established according to section 256N.22, subdivision 10, and their spouses;
 4.25 foster parents providing care to a child placed in a family foster home under section
 4.26 260C.007, subdivision 16b, and their spouses; or eligible relative caregivers and their spouses
 4.27 residing in the same household.

4.28 **EFFECTIVE DATE.** This section is effective August 25, 2024.

4.29 Sec. 4. Minnesota Statutes 2022, section 119B.011, subdivision 19b, is amended to read:

4.30 Subd. 19b. **Student parent.** "Student parent" means a person who is:

4.31 (1) under 21 years of age and has a child;

4.32 (2) pursuing a high school diploma or commissioner of education-selected high school
 4.33 equivalency certification; and

5.1 ~~(3) residing within a county that has a basic sliding fee waiting list under section 119B.03,~~
5.2 ~~subdivision 4; and~~

5.3 ~~(4)~~ (3) not an MFIP participant.

5.4 **EFFECTIVE DATE.** This section is effective July 1, 2025.

5.5 Sec. 5. Minnesota Statutes 2022, section 119B.02, subdivision 1, is amended to read:

5.6 Subdivision 1. **Child care services.** The commissioner shall develop standards for county
5.7 and human services boards to provide child care services to enable eligible families to
5.8 participate in employment, training, or education programs. ~~Within the limits of available~~
5.9 ~~appropriations,~~ The commissioner shall distribute money to counties to reduce the costs of
5.10 child care for eligible families. The commissioner shall adopt rules to govern the program
5.11 in accordance with this section. The rules must establish a sliding schedule of fees for parents
5.12 receiving child care services. The rules shall provide that funds received as a lump-sum
5.13 payment of child support arrearages shall not be counted as income to a family in the month
5.14 received but shall be prorated over the 12 months following receipt and added to the family
5.15 income during those months. The commissioner shall maximize the use of federal money
5.16 under title I and title IV of Public Law 104-193, the Personal Responsibility and Work
5.17 Opportunity Reconciliation Act of 1996, and other programs that provide federal or state
5.18 reimbursement for child care services for low-income families who are in education, training,
5.19 job search, or other activities allowed under those programs. Money appropriated under
5.20 this section must be coordinated with the programs that provide federal reimbursement for
5.21 child care services to accomplish this purpose. ~~Federal reimbursement obtained must be~~
5.22 ~~allocated to the county that spent money for child care that is federally reimbursable under~~
5.23 ~~programs that provide federal reimbursement for child care services.~~ The counties
5.24 commissioner shall use the federal money to expand child care services. The commissioner
5.25 may adopt rules under chapter 14 to implement and coordinate federal program requirements.

5.26 **EFFECTIVE DATE.** This section is effective July 1, 2025.

5.27 Sec. 6. Minnesota Statutes 2022, section 119B.02, subdivision 2, is amended to read:

5.28 Subd. 2. **Contractual agreements with Tribes.** The commissioner may enter into
5.29 contractual agreements with a federally recognized Indian Tribe with a reservation in
5.30 Minnesota to carry out the responsibilities of county human service agencies to the extent
5.31 necessary for the Tribe to operate child care assistance programs ~~under sections 119B.03~~
5.32 ~~and 119B.05~~ for families eligible under this chapter. An agreement may allow the state to
5.33 make payments for child care assistance services provided under ~~section 119B.05~~ this

6.1 chapter. The commissioner shall consult with the affected county or counties in the
6.2 contractual agreement negotiations, if the county or counties wish to be included, in order
6.3 to avoid the duplication of county and Tribal child care services. ~~Funding to support services~~
6.4 ~~under section 119B.03 may be transferred to the federally recognized Indian tribe with a~~
6.5 ~~reservation in Minnesota from allocations available to counties in which reservation~~
6.6 ~~boundaries lie. When funding is transferred under section 119B.03, the amount shall be~~
6.7 ~~commensurate to estimates of the proportion of reservation residents with characteristics~~
6.8 ~~identified in section 119B.03, subdivision 6, to the total population of county residents with~~
6.9 ~~those same characteristics.~~

6.10 **EFFECTIVE DATE.** This section is effective July 1, 2025.

6.11 Sec. 7. Minnesota Statutes 2022, section 119B.02, subdivision 7, is amended to read:

6.12 Subd. 7. **Child care market rate survey.** (a) The commissioner shall conduct the next
6.13 survey of prices charged by child care providers in Minnesota in state fiscal year 2021 and
6.14 every three years thereafter to determine the 75th percentile for like-care arrangements in
6.15 county price clusters.

6.16 (b) Each nonsurvey year, the commissioner shall make a cost of living adjustment to
6.17 the prices determined under the survey. The commissioner shall adjust the prices based on
6.18 the Chained Consumer Price Index for All Urban Consumers published by the Bureau of
6.19 Labor Statistics.

6.20 Sec. 8. Minnesota Statutes 2022, section 119B.03, subdivision 3, is amended to read:

6.21 Subd. 3. **Eligible participants.** Families that meet the eligibility requirements under
6.22 sections 119B.09 and 119B.10, ~~except MFIP participants, diversionary work program, and~~
6.23 ~~transition year families~~ are eligible for child care assistance ~~under the basic sliding fee~~
6.24 ~~program. Families enrolled in the basic sliding fee program shall be continued until they~~
6.25 ~~are no longer eligible.~~ Child care assistance provided through the child care fund is considered
6.26 assistance to the parent.

6.27 **EFFECTIVE DATE.** This section is effective July 1, 2025.

6.28 Sec. 9. Minnesota Statutes 2022, section 119B.03, subdivision 9, is amended to read:

6.29 Subd. 9. **Portability pool Family move; continued participation.** (a) ~~The commissioner~~
6.30 ~~shall establish a pool of up to five percent of the annual appropriation for the basic sliding~~
6.31 ~~fee program to provide continuous child care assistance for eligible families who move~~
6.32 ~~between Minnesota counties. At the end of each allocation period, any unspent funds in the~~

7.1 ~~portability pool must be used for assistance under the basic sliding fee program. If~~
 7.2 ~~expenditures from the portability pool exceed the amount of money available, the reallocation~~
 7.3 ~~pool must be reduced to cover these shortages.~~

7.4 ~~(b) A family that has moved from a county in which it~~ A family receiving child care
 7.5 assistance under the child care fund that has moved from a county where the family was
 7.6 receiving basic sliding fee child care assistance to a another Minnesota county with a waiting
 7.7 list for the basic sliding fee program must: be admitted into the new county's child care
 7.8 assistance program if the family

7.9 ~~(1) meet~~ meets the income and eligibility guidelines for the ~~basic sliding fee child care~~
 7.10 assistance program; and.

7.11 ~~(2) notify the family's previous county of residence of the family's move to a new county~~
 7.12 ~~of residence.~~

7.13 ~~(e)~~ (b) The receiving county must:

7.14 ~~(1) accept administrative responsibility for applicants for portable basic sliding fee~~
 7.15 ~~assistance~~ a family that is eligible for child care assistance that moved into the county at
 7.16 the end of the two months of assistance under the Unitary Residency Act;.

7.17 ~~(2) continue portability pool basic sliding fee assistance until the family is able to receive~~
 7.18 ~~assistance under the county's regular basic sliding program; and~~

7.19 ~~(3) notify the commissioner through the quarterly reporting process of any family that~~
 7.20 ~~meets the criteria of the portable basic sliding fee assistance pool.~~

7.21 **EFFECTIVE DATE.** This section is effective July 1, 2025.

7.22 Sec. 10. Minnesota Statutes 2022, section 119B.03, subdivision 10, is amended to read:

7.23 Subd. 10. **Application; entry points.** Two or more methods of applying for the ~~basic~~
 7.24 ~~sliding fee child care assistance program under this chapter~~ must be available to applicants
 7.25 in each county. To meet the requirements of this subdivision, a county may provide
 7.26 alternative methods of applying for assistance, including, but not limited to, a mail
 7.27 application, or application sites that are located outside of government offices.

7.28 **EFFECTIVE DATE.** This section is effective July 1, 2025.

7.29 Sec. 11. Minnesota Statutes 2022, section 119B.035, subdivision 1, is amended to read:

7.30 Subdivision 1. **Establishment.** A family in which a parent provides care for the family's
 7.31 infant child may receive a subsidy in lieu of assistance if the family is eligible for or is

8.1 receiving assistance under the ~~basic sliding fee~~ child care assistance program. An eligible
8.2 family must meet the eligibility factors under section 119B.09, except as provided in
8.3 subdivision 4, and the requirements of this section. Subject to federal match and maintenance
8.4 of effort requirements for the child care and development fund, and up to available
8.5 appropriations, the commissioner shall provide assistance under the at-home infant child
8.6 care program and for administrative costs associated with the program. At the end of a fiscal
8.7 year, the commissioner may carry forward any unspent funds under this section to the next
8.8 fiscal year within the same biennium for assistance under the ~~basic sliding fee~~ child care
8.9 assistance program.

8.10 **EFFECTIVE DATE.** This section is effective July 1, 2025.

8.11 Sec. 12. Minnesota Statutes 2022, section 119B.035, subdivision 2, is amended to read:

8.12 Subd. 2. **Eligible families.** A family with an infant under the age of one year is eligible
8.13 for assistance if:

8.14 (1) the family is not receiving MFIP, other cash assistance, or other child care assistance;

8.15 (2) the family has not previously received a lifelong total of 12 months of assistance
8.16 under this section; and

8.17 (3) the family is participating in the ~~basic sliding fee~~ child care assistance program or
8.18 provides verification of participating in an authorized activity at the time of application and
8.19 meets the program requirements.

8.20 **EFFECTIVE DATE.** This section is effective July 1, 2025.

8.21 Sec. 13. Minnesota Statutes 2022, section 119B.035, subdivision 4, is amended to read:

8.22 Subd. 4. **Assistance.** (a) A family is limited to a lifetime total of 12 months of assistance
8.23 under subdivision 2. The maximum rate of assistance is equal to 68 percent of the rate
8.24 established under section 119B.13 for care of infants in licensed family child care in the
8.25 applicant's county of residence.

8.26 (b) A participating family must report income and other family changes as specified in
8.27 sections 256P.06 and 256P.07, and the county's plan under section 119B.08, subdivision 3.

8.28 ~~(c) Persons who are admitted to the at-home infant child care program retain their position~~
8.29 ~~in any basic sliding fee program. Persons leaving the at-home infant child care program~~
8.30 ~~reenter the basic sliding fee program at the position they would have occupied.~~

9.1 ~~(d)~~(c) Assistance under this section does not establish an employer-employee relationship
 9.2 between any member of the assisted family and the county or state.

9.3 **EFFECTIVE DATE.** This section is effective July 1, 2025.

9.4 Sec. 14. Minnesota Statutes 2022, section 119B.035, subdivision 5, is amended to read:

9.5 Subd. 5. **Implementation.** The commissioner shall implement the at-home infant child
 9.6 care program under this section through counties that administer the ~~basic sliding fee~~ child
 9.7 care assistance program under ~~section 119B.03~~ this chapter. The commissioner must develop
 9.8 and distribute consumer information on the at-home infant child care program to assist
 9.9 parents of infants or expectant parents in making informed child care decisions.

9.10 **EFFECTIVE DATE.** This section is effective July 1, 2025.

9.11 Sec. 15. Minnesota Statutes 2022, section 119B.08, subdivision 3, is amended to read:

9.12 Subd. 3. **Child care fund plan.** (a) The county and designated administering agency
 9.13 shall submit a biennial child care fund plan to the commissioner. The commissioner shall
 9.14 establish the dates by which the county must submit the plans. The plan shall include:

9.15 (1) a description of strategies to coordinate and maximize public and private community
 9.16 resources, including school districts, health care facilities, government agencies,
 9.17 neighborhood organizations, and other resources knowledgeable in early childhood
 9.18 development, in particular to coordinate child care assistance with existing community-based
 9.19 programs and service providers including child care resource and referral programs, early
 9.20 childhood family education, school readiness, Head Start, local interagency early intervention
 9.21 committees, special education services, early childhood screening, and other early childhood
 9.22 care and education services and programs to the extent possible, to foster collaboration
 9.23 among agencies and other community-based programs that provide flexible, family-focused
 9.24 services to families with young children and to facilitate transition into kindergarten. The
 9.25 county must describe a method by which to share information, responsibility, and
 9.26 accountability among service and program providers;

9.27 (2) a description of procedures and methods to be used to make copies of the proposed
 9.28 state plan reasonably available to the public, including members of the public particularly
 9.29 interested in child care policies such as parents, child care providers, culturally specific
 9.30 service organizations, child care resource and referral programs, interagency early
 9.31 intervention committees, potential collaborative partners and agencies involved in the

10.1 provision of care and education to young children, and allowing sufficient time for public
10.2 review and comment; and

10.3 (3) information as requested by the department to ensure compliance with the child care
10.4 fund statutes and rules promulgated by the commissioner.

10.5 (b) The commissioner shall notify counties within 90 days of the date the plan is submitted
10.6 whether the plan is approved or the corrections or information needed to approve the plan.
10.7 The commissioner shall withhold a county's allocation until it has an approved plan. Plans
10.8 not approved by the end of the second quarter after the plan is due may result in a 25 percent
10.9 reduction in allocation. Plans not approved by the end of the third quarter after the plan is
10.10 due may result in a 100 percent reduction in the allocation to the county payments to a
10.11 county until it has an approved plan. Counties are to maintain services despite any ~~reduction~~
10.12 ~~in their allocation~~ withholding of payments due to plans not being approved.

10.13 **EFFECTIVE DATE.** This section is effective July 1, 2025.

10.14 Sec. 16. Minnesota Statutes 2022, section 119B.09, subdivision 1, is amended to read:

10.15 Subdivision 1. **General eligibility requirements.** (a) Child care services must be
10.16 available to families who need child care to find or keep employment or to obtain the training
10.17 or education necessary to find employment and who:

10.18 ~~(1) have household income less than or equal to 67.85 percent of the state median income,~~
10.19 ~~adjusted for family size, at application and redetermination, and meet the requirements of~~
10.20 ~~section 119B.05; receive MFIP assistance; and are participating in employment and training~~
10.21 ~~services under chapter 256J; or.~~

10.22 ~~(2) have household income less than or equal to 47 percent of the state median income,~~
10.23 ~~adjusted for family size, at application and less than or equal to 67 percent of the state~~
10.24 ~~median income, adjusted for family size, at redetermination.~~

10.25 (b) Child care services must be made available as in-kind services.

10.26 (c) All applicants for child care assistance and families currently receiving child care
10.27 assistance must be assisted and required to cooperate in establishment of paternity and
10.28 enforcement of child support obligations for all children in the family at application and
10.29 redetermination as a condition of program eligibility. For purposes of this section, a family
10.30 is considered to meet the requirement for cooperation when the family complies with the
10.31 requirements of section 256.741.

11.1 (d) All applicants for child care assistance and families currently receiving child care
 11.2 assistance must pay the co-payment fee under section 119B.12, subdivision 2, as a condition
 11.3 of eligibility. The co-payment fee may include additional recoupment fees due to a child
 11.4 care assistance program overpayment.

11.5 (e) If a family has one child with a child care authorization and the child reaches 13
 11.6 years of age or the child has a disability and reaches 15 years of age, the family remains
 11.7 eligible until the redetermination.

11.8 Sec. 17. Minnesota Statutes 2022, section 119B.095, subdivision 1, is amended to read:

11.9 Subdivision 1. **General authorization requirements.** (a) When authorizing the amount
 11.10 of child care, the county agency must consider the amount of time the parent reports on the
 11.11 application or redetermination form that the child attends preschool, a Head Start program,
 11.12 or school while the parent is participating in an authorized activity.

11.13 (b) Except as provided in paragraph (c), full-time care must be authorized when all
 11.14 parentally responsible individuals in the family:

11.15 (1) average 25 or more hours per week of employment receiving at least minimum wage;

11.16 (2) are enrolled in a full-time educational program, as defined by an educational
 11.17 institution; or

11.18 (3) have 25 or more hours of activities included in an employment plan under section
 11.19 256G.07.

11.20 If a household has more than one parentally responsible individual and one parent is unable
 11.21 to care for children, then only the parent capable of caring for the children must meet the
 11.22 requirements under this paragraph for full-time care to be authorized.

11.23 ~~(b)~~ (c) Care must be authorized and scheduled with a provider based on the applicant's
 11.24 or participant's verified activity schedule when:

11.25 (1) the family requests care from more than one provider per child;

11.26 (2) the family requests care from a legal nonlicensed provider; or

11.27 (3) an applicant or participant is employed by any child care center that is licensed by
 11.28 the Department of Human Services or has been identified as a high-risk Medicaid-enrolled
 11.29 provider.

11.30 ~~(e)~~ (d) If the family remains eligible at redetermination, a new authorization with fewer
 11.31 hours, the same hours, or increased hours may be determined.

12.1 Sec. 18. Minnesota Statutes 2022, section 119B.12, subdivision 1, is amended to read:

12.2 Subdivision 1. **Fee schedule.** (a) All changes to parent fees must be implemented on
12.3 the first Monday of the service period following the effective date of the change.

12.4 PARENT FEE SCHEDULE. The parent fee schedule is as follows, except as noted in
12.5 subdivision 2:

12.6 Income Range (as a percent of the state Co-payment (as a percentage of adjusted
12.7 median income, ~~except at the start of the first~~ gross income, except for the first two tiers)
12.8 ~~tier for the first two tiers~~)

12.9	0-74.99% of federal poverty guidelines	\$0/biweekly
12.10	75.00-99.99% of federal poverty guidelines	\$2/biweekly
12.11	100.00% of federal poverty	
12.12	guidelines-27.72%	2.61% <u>1.31%</u>
12.13	27.73-29.04%	2.61% <u>1.31%</u>
12.14	29.05-30.36%	2.61% <u>1.31%</u>
12.15	30.37-31.68%	2.61% <u>1.31%</u>
12.16	31.69-33.00%	2.91% <u>1.46 %</u>
12.17	33.01-34.32%	2.91% <u>1.46 %</u>
12.18	34.33-35.65%	2.91% <u>1.46 %</u>
12.19	35.66-36.96%	2.91% <u>1.46 %</u>
12.20	36.97-38.29%	3.21% <u>1.61 %</u>
12.21	38.30-39.61%	3.21% <u>1.61 %</u>
12.22	39.62-40.93%	3.21% <u>1.61 %</u>
12.23	40.94-42.25%	3.84% <u>1.92%</u>
12.24	42.26-43.57%	3.84% <u>1.92%</u>
12.25	43.58-44.89%	4.46% <u>2.23%</u>
12.26	44.90-46.21%	4.76% <u>2.38%</u>
12.27	46.22-47.53%	5.05% <u>2.53%</u>
12.28	47.54-48.85%	5.65% <u>2.83%</u>
12.29	48.86-50.17%	5.95% <u>2.98%</u>
12.30	50.18-51.49%	6.24% <u>3.12%</u>
12.31	51.50-52.81%	6.84% <u>3.42%</u>
12.32	52.82-54.13%	7.58% <u>3.79%</u>
12.33	54.14-55.45%	8.33% <u>4.17%</u>
12.34	55.46-56.77%	9.20% <u>4.60%</u>
12.35	56.78-58.09%	10.07% <u>5.04%</u>
12.36	58.10-59.41%	10.94% <u>5.47%</u>
12.37	59.42-60.73%	11.55% <u>5.78%</u>
12.38	60.74-62.06%	12.16% <u>6.08%</u>

13.1	62.07-63.38%	12.77% <u>6.39%</u>
13.2	63.39-64.70%	13.38% <u>6.69%</u>
13.3	64.71-67.00%	14.00% <u>7.00%</u>
13.4	<u>67.01-85.00%</u>	<u>7.00%</u>
13.5	Greater than 67.00% <u>85.00%</u>	ineligible

13.6 (b) For families with incomes greater than or equal to 100 percent of federal poverty
 13.7 guidelines and not more than 67 percent of the state median income, a family's biweekly
 13.8 co-payment fee is the fixed percentage established for the income range multiplied by the
 13.9 highest possible income within that income range. For families with incomes greater than
 13.10 or equal to 67.01 percent of the state median income and not more than 85 percent of the
 13.11 state median income, a family's biweekly co-payment fee is the fixed percentage established
 13.12 for the income range multiplied by the lowest possible income within that income range.

13.13 Sec. 19. Minnesota Statutes 2022, section 119B.13, subdivision 1, is amended to read:

13.14 Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~November 15~~ August 7, 2024 ~~2023~~,
 13.15 the maximum rate paid for child care assistance in any county or county price cluster under
 13.16 the child care fund shall be: the greater of the 75th percentile of the most recent child care
 13.17 provider rate survey, including cost of living adjustments under section 119B.02, subdivision
 13.18 7, paragraph (b), or the rates in effect at the time of the update. Thereafter, each rate change
 13.19 is effective the first full service period on or after January 1 of the year following the provider
 13.20 rate survey.

13.21 ~~(1) for all infants and toddlers, the greater of the 40th percentile of the 2021 child care~~
 13.22 ~~provider rate survey or the rates in effect at the time of the update; and~~

13.23 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~
 13.24 ~~2021 child care provider rate survey or the rates in effect at the time of the update.~~

13.25 ~~(b) Beginning the first full service period on or after January 1, 2025, the maximum rate~~
 13.26 ~~paid for child care assistance in a county or county price cluster under the child care fund~~
 13.27 ~~shall be:~~

13.28 ~~(1) for all infants and toddlers, the greater of the 40th percentile of the 2024 child care~~
 13.29 ~~provider rate survey or the rates in effect at the time of the update; and~~

13.30 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~
 13.31 ~~2024 child care provider rate survey or the rates in effect at the time of the update.~~

13.32 ~~The rates under paragraph (a) continue until the rates under this paragraph go into effect.~~

14.1 ~~(e)~~ (b) For a child care provider located within the boundaries of a city located in two
14.2 or more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid for child
14.3 care assistance shall be equal to the maximum rate paid in the county with the highest
14.4 maximum reimbursement rates or the provider's charge, whichever is less. The commissioner
14.5 may: (1) assign a county with no reported provider prices to a similar price cluster; and (2)
14.6 consider county level access when determining final price clusters.

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

14.9 ~~(e)~~ (d) The department shall monitor the effect of this paragraph on provider rates. The
14.10 county shall pay the provider's full charges for every child in care up to the maximum
14.11 established. The commissioner shall determine the maximum rate for each type of care on
14.12 an hourly, full-day, and weekly basis, including special needs and disability care.

14.13 ~~(f)~~ (e) If a child uses one provider, the maximum payment for one day of care must not
14.14 exceed the daily rate. The maximum payment for one week of care must not exceed the
14.15 weekly rate.

14.16 ~~(g)~~ (f) If a child uses two providers under section 119B.097, the maximum payment
14.17 must not exceed:

14.18 (1) the daily rate for one day of care;

14.19 (2) the weekly rate for one week of care by the child's primary provider; and

14.20 (3) two daily rates during two weeks of care by a child's secondary provider.

14.21 ~~(h)~~ (g) Child care providers receiving reimbursement under this chapter must not be
14.22 paid activity fees or an additional amount above the maximum rates for care provided during
14.23 nonstandard hours for families receiving assistance.

14.24 ~~(i)~~ (h) If the provider charge is greater than the maximum provider rate allowed, the
14.25 parent is responsible for payment of the difference in the rates in addition to any family
14.26 co-payment fee.

14.27 ~~(j)~~ (i) The maximum registration fee paid for child care assistance in any county or
14.28 county price cluster under the child care fund shall be set as follows: ~~(1) beginning November~~
14.29 ~~15, 2021, the greater of the 40th percentile of the 2021 child care provider rate survey or~~
14.30 ~~the registration fee in effect at the time of the update; and (2) beginning the first full service~~
14.31 ~~period on or after January 1, 2025, the maximum registration fee shall be the greater of the~~
14.32 ~~40th percentile of the 2024 child care provider rate survey or the registration fee in effect~~
14.33 ~~at the time of the update. The registration fees under clause (1) continue until the registration~~

15.1 ~~fees under clause (2) go into effect~~ the greater of the 75th percentile of the most recent child
 15.2 care provider rate survey, including cost of living adjustments under section 119B.02,
 15.3 subdivision 7, paragraph (b), or the registration fee in effect at the time of the update. Each
 15.4 maximum registration fee update must be implemented on the same schedule as maximum
 15.5 child care assistance rate increases under paragraph (a).

15.6 ~~(k)~~ (j) Maximum registration fees must be set for licensed family child care and for child
 15.7 care centers. For a child care provider located in the boundaries of a city located in two or
 15.8 more of the counties of Benton, Sherburne, and Stearns, the maximum registration fee paid
 15.9 for child care assistance shall be equal to the maximum registration fee paid in the county
 15.10 with the highest maximum registration fee or the provider's charge, whichever is less.

15.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.12 Sec. 20. Minnesota Statutes 2022, section 119B.13, subdivision 4, is amended to read:

15.13 Subd. 4. **Rates charged to publicly subsidized families.** Child care providers receiving
 15.14 reimbursement under this chapter may not charge a rate to clients receiving assistance under
 15.15 this chapter that is higher than the private, full-paying client rate. This subdivision shall not
 15.16 prohibit a child care provider receiving reimbursement under this chapter from providing
 15.17 discounts, scholarships, or other financial assistance to any clients.

15.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.19 Sec. 21. Minnesota Statutes 2022, section 119B.15, is amended to read:

15.20 **119B.15 ADMINISTRATIVE EXPENSES.**

15.21 The commissioner shall use up to 1/21 of the state and federal funds available for the
 15.22 ~~basic sliding fee program and 1/21 of the state and federal funds available for the MFIP~~
 15.23 child care assistance program for payments to counties for administrative expenses. The
 15.24 commissioner shall make monthly payments to each county based on direct service
 15.25 expenditures. Payments may be withheld if monthly reports are incomplete or untimely.

15.26 **EFFECTIVE DATE.** This section is effective July 1, 2025.

15.27 Sec. 22. Minnesota Statutes 2022, section 119B.24, is amended to read:

15.28 **119B.24 DUTIES OF COMMISSIONER.**

15.29 In addition to the powers and duties already conferred by law, the commissioner of
 15.30 human services shall:

16.1 (1) administer the child care fund, ~~including the basic sliding fee program~~ authorized
 16.2 under sections 119B.011 to 119B.16;

16.3 (2) monitor the child care resource and referral programs established under section
 16.4 119B.19; and

16.5 (3) encourage child care providers to participate in a nationally recognized accreditation
 16.6 system for early childhood and school-age care programs. Subject to approval by the
 16.7 commissioner, family child care providers and early childhood and school-age care programs
 16.8 shall be reimbursed for one-half of the direct cost of accreditation fees, upon successful
 16.9 completion of accreditation.

16.10 **EFFECTIVE DATE.** This section is effective July 1, 2025.

16.11 Sec. 23. **REPEALER.**

16.12 Minnesota Statutes 2022, sections 119B.03, subdivisions 1, 2, 4, 4a, 5, 6, 6a, 6b, and 8;
 16.13 and 119B.11, subdivision 1, are repealed.

16.14 **EFFECTIVE DATE.** The repeal of section 119B.03, subdivisions 1, 2, 4, 4a, 5, 6, 6a,
 16.15 6b, and 8, is effective July 1, 2025. The repeal of section 119B.11, subdivision 1, is effective
 16.16 July 1, 2023.

16.17 **ARTICLE 4**

16.18 **EARLY LEARNING SCHOLARSHIPS**

16.19 Section 1. Minnesota Statutes 2022, section 124D.165, subdivision 2, is amended to read:

16.20 Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship,
 16.21 parents or guardians must meet the following eligibility requirements:

16.22 (1) have an eligible child; and

16.23 (2) have income equal to or less than ~~185~~ 85 percent of ~~federal poverty level~~ state median
 16.24 income, as adjusted by family size, in the current calendar year, or be able to document
 16.25 their child's current participation in the free and reduced-price lunch program or Child and
 16.26 Adult Care Food Program, National School Lunch Act, United States Code, title 42, sections
 16.27 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition
 16.28 Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving
 16.29 Head Start for School Readiness Act of 2007; Minnesota family investment program under
 16.30 chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition
 16.31 assistance program; or placement in foster care under section 260C.212.

17.1 (b) An "eligible child" means a child who has not yet enrolled in kindergarten and is:

17.2 ~~(1) at least three but not yet five years of age on September 1 of the current school year;~~

17.3 ~~(2) a sibling from birth to age five of a child who has been awarded a scholarship under~~
 17.4 ~~this section provided the sibling attends the same program as long as funds are available;~~

17.5 ~~(3) the child of a parent under age 21 who is pursuing a high school degree or a course~~
 17.6 ~~of study for a high school equivalency test; or~~

17.7 ~~(4) homeless, in foster care, or in need of child protective services.~~

17.8 (c) A child who has received a scholarship under this section must continue to receive
 17.9 a scholarship each year until that child is eligible for kindergarten under section 120A.20
 17.10 and as long as funds are available.

17.11 (d) Early learning scholarships may not be counted as earned income for the purposes
 17.12 of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota
 17.13 family investment program under chapter 256J, child care assistance programs under chapter
 17.14 119B, or Head Start under the federal Improving Head Start for School Readiness Act of
 17.15 2007.

17.16 (e) A child from an adjoining state whose family resides at a Minnesota address as
 17.17 assigned by the United States Postal Service, who has received developmental screening
 17.18 under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district,
 17.19 and whose family meets the criteria of paragraph (a) is eligible for an early learning
 17.20 scholarship under this section.

17.21 Sec. 2. Minnesota Statutes 2022, section 124D.165, subdivision 3, is amended to read:

17.22 Subd. 3. **Administration.** (a) The commissioner shall establish application timelines
 17.23 and determine the schedule for awarding scholarships that meets operational needs of eligible
 17.24 families and programs. The commissioner must give highest priority to applications from
 17.25 children who:

17.26 (1) have a parent under age 21 who is pursuing a high school diploma or a course of
 17.27 study for a high school equivalency test;

17.28 (2) are in foster care ~~or otherwise in need of protection or services; or;~~

17.29 (3) have been referred as in need of child protection services;

17.30 (4) have an incarcerated parent;

17.31 (5) have a parent in a substance use treatment program;

18.1 (6) have a parent in a mental health treatment program;

18.2 (7) have experienced domestic violence;

18.3 (8) have family income less than or equal to 67 percent of state median income in the
 18.4 current calendar year; or

18.5 ~~(3)~~ (9) have experienced homelessness in the last 24 months, as defined under the federal
 18.6 McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a.

18.7 (b) The commissioner may prioritize applications on additional factors including family
 18.8 income, geographic location, and whether the child's family is on a waiting list for a publicly
 18.9 funded program providing early education or child care services. After reasonable efforts
 18.10 have been made to serve children with a priority status, the commissioner shall open
 18.11 eligibility, as resources allow, to additional families based on family income.

18.12 ~~(b)~~ (c) The commissioner shall establish a target for the average scholarship amount
 18.13 schedule of tiered per child scholarship amounts based on the results of the rate survey
 18.14 conducted under section 119B.02, subdivision 7, the cost of providing high-quality early
 18.15 care and learning to children in varying circumstances, a family's income, and geographic
 18.16 location. For programs that earn a four-star rating under section 124D.142, amounts should
 18.17 be no less than the cost to provide full-time care at the 75th percentile of the most recent
 18.18 market rate survey, including cost of living adjustments, under section 119B.02, subdivision
 18.19 7.

18.20 ~~(e)~~ (d) A two-, three-, or four-star rated program that has children eligible for a scholarship
 18.21 enrolled in or on a waiting list for a program beginning in July, August, or September may
 18.22 notify the commissioner, in the form and manner prescribed by the commissioner, each
 18.23 year of the program's desire to enhance program services or to serve more children than
 18.24 current funding provides. The commissioner may designate a predetermined number of
 18.25 scholarship slots for that program and notify the program of that number. In designating
 18.26 the slots, the commissioner must consider the need to preserve existing capacity in support
 18.27 of children from birth through four years old, the need to expand services in support of
 18.28 children under three years old, and the needs of children in priority categories under
 18.29 subdivision 3. For fiscal year 2018 and later, the statewide amount of funding directly
 18.30 designated by the commissioner must not exceed two times the funding directly designated
 18.31 for fiscal year 2017. Beginning July 1, 2016, A school district or Head Start program
 18.32 qualifying under this paragraph may use its established registration process to enroll
 18.33 scholarship recipients and may verify a scholarship recipient's family income in the same

19.1 manner as for other program participants. A child receiving a scholarship under this paragraph
 19.2 shall retain the balance of the scholarship if the child moves to a different eligible program.

19.3 ~~(d)~~ (e) A scholarship is awarded for a 12-month period. If the scholarship recipient has
 19.4 not been accepted and subsequently enrolled in a rated program within ten months of the
 19.5 awarding of the scholarship, the scholarship cancels and the recipient must reapply in order
 19.6 to be eligible for another scholarship. A child may not be awarded more than one scholarship
 19.7 in a 12-month period.

19.8 ~~(e)~~ (f) A child who receives a scholarship who has not completed development screening
 19.9 under sections 121A.16 to 121A.19 must complete that screening within 90 days of first
 19.10 attending an eligible program or within 90 days after the child's third birthday if awarded
 19.11 a scholarship under the age of three.

19.12 ~~(f) For fiscal year 2017 and later,~~ (g) A school district or Head Start program enrolling
 19.13 scholarship recipients under paragraph ~~(e)~~ (d) may apply to the commissioner, in the form
 19.14 and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt
 19.15 of the application, the commissioner must pay each program directly for each approved
 19.16 scholarship recipient enrolled under paragraph ~~(e)~~ (d) according to the metered payment
 19.17 system or another schedule established by the commissioner.

19.18 Sec. 3. Minnesota Statutes 2022, section 124D.165, subdivision 4, is amended to read:

19.19 Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an
 19.20 early learning scholarship, a program must:

19.21 ~~(1) participate in the quality rating and improvement system under section 124D.142;~~
 19.22 ~~and,~~

19.23 ~~(2) beginning July 1, 2024, have a three- or four-star rating in the quality rating and~~
 19.24 ~~improvement system.~~

19.25 (b) Any program accepting scholarships must use the revenue to supplement and not
 19.26 supplant federal funding.

19.27 ARTICLE 5

19.28 EARLY CARE AND LEARNING SUPPORTS

19.29 Section 1. **[119B.27] CHILD CARE RETENTION PROGRAM.**

19.30 Subdivision 1. **Establishment.** The commissioner of human services shall establish a
 19.31 child care retention program to provide eligible child care programs with payments to

20.1 improve access to child care in Minnesota and to strengthen the ability of child care programs
20.2 to recruit and retain qualified early educators to work in child care programs.

20.3 Subd. 2. **Eligible programs.** (a) The following programs are eligible to receive child
20.4 retention payments under this section:

20.5 (1) family and group family child care providers licensed under Minnesota Rules, chapter
20.6 9502, that do not opt out of the default one-star rating under Minnesota Statutes, section
20.7 124D.142, subdivision 1, paragraph (b);

20.8 (2) child care centers licensed under Minnesota Rules, chapter 9503, that do not opt out
20.9 of the default one-star rating under Minnesota Statutes, section 124D.142, subdivision 1,
20.10 paragraph (b);

20.11 (3) certified, license-exempt child care centers under chapter 245H;

20.12 (4) Tribally licensed child care programs; and

20.13 (5) other programs as determined by the commissioner.

20.14 (b) To be eligible, programs must not be:

20.15 (1) the subject of a finding of fraud for which the program or individual is currently
20.16 serving a penalty or exclusion;

20.17 (2) the subject of suspended, denied, or terminated payments to a provider under sections
20.18 256.98, subdivision 1; 119B.13, subdivision 6, paragraph (d), clauses (1) and (2); or 245E.02,
20.19 subdivision 4, paragraph (c), clause (4), regardless of whether the action is under appeal;

20.20 (3) prohibited from receiving public funds under section 245.095, regardless of whether
20.21 the action is under appeal; or

20.22 (4) under license revocation, suspension, temporary immediate suspension, or
20.23 decertification, regardless of whether the action is under appeal.

20.24 Subd. 3. **Requirements.** (a) As a condition of payment, all programs receiving retention
20.25 payments under this section must:

20.26 (1) complete an application developed by the commissioner for each payment period
20.27 for which the eligible program applies for funding; and

20.28 (2) attest and agree in writing that the program intends to remain operating and serving
20.29 a minimum number of children, as determined by the commissioner, for the duration of the
20.30 payment period, with the exceptions of:

21.1 (i) service disruptions that are necessary to protect the safety and health of children and
21.2 child care programs based on public health guidance issued by the Centers for Disease
21.3 Control and Prevention, the commissioner of health, the commissioner of human services,
21.4 or a local public health agency; and

21.5 (ii) planned temporary closures for provider vacation and holidays during each payment
21.6 period. The maximum allowed duration of vacations and holidays must be established by
21.7 the commissioner.

21.8 (b) Funds received under this section must be expended by a provider no later than six
21.9 months after the date the payment was received.

21.10 (c) Recipients must comply with all requirements listed in the application under this
21.11 section. The commissioner shall determine methods for demonstrating that requirements
21.12 have been met.

21.13 (d) Recipients must keep accurate and legible records at the site where services are
21.14 delivered of the following:

21.15 (1) an account of how the money is spent;

21.16 (2) staff employment, compensation, and benefits records, which must include time
21.17 sheets or other records of daily hours worked and documentation of compensation and
21.18 benefits; and

21.19 (3) daily attendance records, which must be completed every day and include the date,
21.20 the first and last name of each child in attendance, and the times when each child is dropped
21.21 off and picked up. To the extent possible, a child's drop-off and pickup times must be entered
21.22 by the person dropping off or picking up the child.

21.23 (e) Notwithstanding paragraph (d), clause (2), the requirement to document compensation
21.24 and benefits applies to family and group family child care providers licensed under Minnesota
21.25 Rules, chapter 9502, and Tribally licensed family child care providers only if retention
21.26 payment funds are used for compensation and benefits.

21.27 (f) All records must be retained at the site where services are delivered for six years after
21.28 the date of receipt of payment, and the records must be immediately available to the
21.29 commissioner upon request. Any records not provided to the commissioner at the date and
21.30 time of the request are deemed inadmissible if offered as evidence by a provider in any
21.31 proceeding to contest an overpayment or disqualification of the provider.

21.32 (g) Recipients that fail to meet the requirements under this section are subject to
21.33 discontinuation of future installment payments, recovery of overpayments, and actions under

22.1 chapter 245E. Except when based on a finding of fraud, actions to establish an overpayment
22.2 must be made within six years of receipt of the payments. Once an overpayment is
22.3 established, collection may continue until funds have been repaid in full. The appeal process
22.4 under section 119B.16 applies to actions taken for failure to meet the requirements of this
22.5 section.

22.6 Subd. 4. **Payments.** (a) The commissioner shall provide retention payments under this
22.7 section to all eligible programs on a noncompetitive basis. The payment amounts shall be
22.8 based on the number of full-time equivalent staff who regularly care for children in the
22.9 program, including any employees, sole proprietors, or independent contractors.

22.10 (b) For purposes of this section, "full-time equivalent staff" is defined as an individual
22.11 caring for children 32 hours per week. An individual can count as more or less than one
22.12 full-time equivalent staff but as no more than two full-time equivalent staff.

22.13 (c) The amount awarded per full-time equivalent staff caring for children for each
22.14 payment type must be established by the commissioner.

22.15 (d) Payments must be increased by 25 percent for providers receiving payments under
22.16 sections 119B.03, 119B.05, or 124D.165 or whose program is located in a child care access
22.17 equity area. For purposes of this section, "child care access equity areas" are areas with low
22.18 access to child care, high poverty rates, high unemployment rates, low home ownership
22.19 rates, and low median household incomes. The commissioner must develop a method for
22.20 establishing child care access equity areas.

22.21 (e) The commissioner shall make payments to eligible programs under this section in
22.22 the form, frequency, and manner established by the commissioner.

22.23 Subd. 5. **Eligible uses of money.** (a) Child care centers licensed under Minnesota Rules,
22.24 chapter 9503, certified license-exempt child care centers under chapter 245H, and Tribally
22.25 licensed child care centers that receive payments under this section must use the money to
22.26 pay for increases in compensation, benefits, premium pay, or additional federal taxes assessed
22.27 on the compensation of employees as a result of paying increased compensation or premium
22.28 pay to all paid employees or independent contractors regularly caring for children. The
22.29 increases in this paragraph must occur at least once per calendar year, and centers receiving
22.30 payments must obtain input from employees as to the preferred approach to the increases.

22.31 (b) Family and group family child care homes licensed under Minnesota Rules, chapter
22.32 9502, and Tribally licensed family child care homes that receive payments under this section
22.33 must use the money for one or more of the following uses:

23.1 (1) paying personnel costs, such as payroll, salaries, or similar compensation; employee
23.2 benefits; premium pay; or employee recruitment and retention for an employee, including
23.3 a sole proprietor or an independent contractor;

23.4 (2) paying rent, including rent under a lease agreement, or making payments on any
23.5 mortgage obligation, utilities, facility maintenance or improvements, or insurance;

23.6 (3) purchasing or updating equipment, supplies, goods, or services;

23.7 (4) providing mental health supports for children; or

23.8 (5) purchasing training or other professional development.

23.9 **Subd. 6. Legal nonlicensed child care provider payments.** (a) Legal nonlicensed child
23.10 care providers, as defined in section 119B.011, subdivision 16, are eligible to apply for a
23.11 payment of up to \$500 for costs incurred before the first month when payments from the
23.12 child care assistance program are issued.

23.13 (b) Payments must be used on one or more of the following activities:

23.14 (1) purchasing or updating equipment, supplies, goods, or services; or

23.15 (2) purchasing training or other professional development.

23.16 (c) The commissioner shall determine the form and manner of the application for a
23.17 payment under this subdivision.

23.18 **Subd. 7. Report.** By January 1 of each year, the commissioner must report to the
23.19 legislative committees with jurisdiction over child care the number of payments provided
23.20 to recipients and outcomes of the retention payment program.

23.21 Sec. 2. Minnesota Statutes 2022, section 124D.142, subdivision 2, is amended to read:

23.22 Subd. 2. **System components.** (a) The standards-based voluntary quality rating and
23.23 improvement system includes:

23.24 (1) at least a one-star rating for all programs licensed under Minnesota Rules, parts 9502
23.25 or 9503, that do not opt out of the system under paragraph (b) and that are not:

23.26 (i) the subject of a finding of fraud;

23.27 (ii) prohibited from receiving public funds under section 245.095;

23.28 (iii) under revocation, suspension, temporary immediate suspension, or decertification,
23.29 regardless of whether the action is under appeal; or

24.1 (iv) operating under a conditional license, regardless of whether the license holder has
 24.2 requested reconsideration;

24.3 ~~(1)~~ (2) quality opportunities in order to improve the educational outcomes of children
 24.4 so that they are ready for school;

24.5 ~~(2)~~ (3) a framework based on the Minnesota quality rating system rating tool and a
 24.6 common set of child outcome and program standards informed by evaluation results;

24.7 ~~(3)~~ (4) a tool to increase the number of publicly funded and regulated early learning and
 24.8 care services in both public and private market programs that are high quality;

24.9 ~~(4)~~ (5) voluntary participation ensuring that if a program or provider chooses to
 24.10 participate, the program or provider will be rated and may receive public funding associated
 24.11 with the rating; and

24.12 ~~(5)~~ (6) tracking progress toward statewide access to high-quality early learning and care
 24.13 programs, progress toward the number of low-income children whose parents can access
 24.14 quality programs, and progress toward increasing the number of children who are fully
 24.15 prepared to enter kindergarten.

24.16 (b) The commissioner of human services shall establish a process by which a program
 24.17 may opt out of the rating under paragraph (a), clause (1). The process must include
 24.18 notification that opting out of a rating makes a program ineligible for a retention payment
 24.19 under section 119B.27.

24.20 **Sec. 3. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES;**
 24.21 **CENTRALIZING CHILD CARE PROVIDER FUNCTIONS.**

24.22 The commissioner of human services shall establish a centralized system for child care
 24.23 provider registration functions for the child care assistance program under Minnesota
 24.24 Statutes, chapter 119B, within the Department of Human Services. Under the system, all
 24.25 provider registration, renewal, and registration closure processes for the child care assistance
 24.26 program shall be administered by the department.

24.27 **Sec. 4. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; CHILD**
 24.28 **CARE AND EARLY EDUCATION PROFESSIONAL WAGE SCALE.**

24.29 (a) The commissioner of human services shall develop, in consultation with the
 24.30 commissioner of employment and economic development, the commissioner of education,
 24.31 the Children's Cabinet, and relevant stakeholders, a child care and early education
 24.32 professional wage scale that:

- 25.1 (1) provides recommended wages that are equivalent to elementary school educators
25.2 with similar credentials and experience;
- 25.3 (2) provides recommended levels of compensation and benefits, such as professional
25.4 development stipends, health care benefits, and retirement benefits, that vary based on child
25.5 care and early education professional roles and qualifications, and other criteria established
25.6 by the commissioner; and
- 25.7 (3) is applicable to the following types of child care and early education programs:
- 25.8 (i) licensed family and group family child care under Minnesota Rules, chapter 9502;
25.9 (ii) licensed child care centers under Minnesota Rules, chapter 9503;
25.10 (iii) certified, license-exempt child care centers under Minnesota Statutes, chapter 245H;
25.11 (iv) voluntary prekindergarten and school readiness plus programs;
25.12 (v) school readiness programs;
25.13 (vi) early childhood family education programs;
25.14 (vii) programs for children who are eligible for Part B or Part C of the Individuals with
25.15 Disabilities Education Act (Public Law 108-446); and
25.16 (viii) Head Start programs.
- 25.17 (b) By January 30, 2025, the commissioner shall report to the legislative committees
25.18 with jurisdiction over early childhood programs on the development of the wage scale and
25.19 make recommendations for how the wage scale could be used to inform payment rates for
25.20 child care assistance under Minnesota Statutes, chapter 119B, and great start scholarships
25.21 under Minnesota Statutes, section 119C.01.

25.22 **Sec. 5. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; COST**
25.23 **ESTIMATION MODEL FOR EARLY CARE AND LEARNING PROGRAMS.**

- 25.24 (a) The commissioner of human services shall develop a cost estimation model for
25.25 providing early care and learning in the state. In developing the model, the commissioner
25.26 shall consult with relevant entities and stakeholders, including but not limited to the State
25.27 Advisory Council on Early Childhood Education and Care under Minnesota Statutes, section
25.28 124D.141; county administrators; child care resource and referral organizations under
25.29 Minnesota Statutes, section 119B.19, subdivision 1; and organizations representing
25.30 caregivers, teachers, and directors.

26.1 (b) The commissioner shall contract with an organization with experience and expertise
 26.2 in early care and learning cost estimation modeling to conduct the work outlined in this
 26.3 section. If practicable, the commissioner shall contract with First Children's Finance.

26.4 (c) The commissioner shall ensure that the model can estimate variation in the cost of
 26.5 early care and learning by:

26.6 (1) quality of care;

26.7 (2) geographic area;

26.8 (3) type of child care provider and associated licensing standards;

26.9 (4) age of child;

26.10 (5) whether the early care and learning is inclusive, caring for children with disabilities
 26.11 alongside children without disabilities;

26.12 (6) provider and staff compensation, including benefits such as professional development
 26.13 stipends, health care benefits, and retirement benefits;

26.14 (7) a provider's fixed costs, including rent and mortgage payments, property taxes, and
 26.15 business-related insurance payments;

26.16 (8) a provider's operating expenses, including expenses for training and substitutes; and

26.17 (9) a provider's hours of operation.

26.18 (d) By January 30, 2025, the commissioner shall report to the legislative committees
 26.19 with jurisdiction over early childhood programs on the development of the cost estimation
 26.20 model. The report shall include:

26.21 (1) recommendations for how the model could be used in conjunction with a child care
 26.22 and early education professional wage scale to set provider payment rates for child care
 26.23 assistance under Minnesota Statutes, chapter 119B, and great start scholarships under
 26.24 Minnesota Statutes, section 119C.01; and

26.25 (2) a plan to seek federal approval to use the model for provider payment rates for child
 26.26 care assistance.

26.27 **Sec. 6. MODERNIZING INFORMATION TECHNOLOGY FOR PROGRAMS**
 26.28 **IMPACTING YOUNG CHILDREN.**

26.29 (a) The commissioner of information technology services shall develop and implement,
 26.30 to the extent that there is funding available in the early childhood information technology
 26.31 account in the special revenue fund, a plan to transform and modernize the information

27.1 technology systems that support the programs impacting early childhood, including child
 27.2 care and early learning programs and those serving young children administered by the
 27.3 Departments of Education and Human Services and other departments with programs
 27.4 impacting early childhood as identified by the Children's Cabinet. The commissioner may
 27.5 contract for the services contained in this section.

27.6 (b) The plan must support the goal of creating information technology systems for early
 27.7 childhood programs that collect, analyze, share, and report data on program participation,
 27.8 school readiness, early screening, and other childhood indicators. The plan must include
 27.9 strategies to:

27.10 (1) increase the efficiency and effectiveness with which early childhood programs serve
 27.11 children and families;

27.12 (2) improve coordination among early childhood programs for families;

27.13 (3) assess the impact of early childhood programs on children's outcomes, including
 27.14 school readiness; and

27.15 (4) monitor and collect nonbiometric attendance data at child care centers licensed under
 27.16 Minnesota Rules, part 9503, through a combination of state-provided technology and
 27.17 integration with private child care management systems.

27.18 (c) In developing and implementing the plan required under this section, the contractor
 27.19 must consult with the commissioners of education and human services and other departments
 27.20 with programs impacting early childhood as identified by the Children's Cabinet and other
 27.21 stakeholders.

27.22 (d) By February 1 of each year, the commissioner must provide a report on the status
 27.23 of the plan's development and implementation to the committees of the legislature with
 27.24 jurisdiction over early childhood programs.

27.25 **Sec. 7. RECOGNIZING COMPARABLE COMPETENCIES TO ACHIEVE**
 27.26 **COMPARABLE COMPENSATION TASK FORCE.**

27.27 Subdivision 1. **Establishment.** The Recognizing Comparable Competencies to Achieve
 27.28 Comparable Compensation Task Force is established to develop methods for incorporating
 27.29 competencies and experiences, as well as educational attainment, into a compensation model
 27.30 for the early childhood workforce.

27.31 Subd. 2. **Membership.** (a) The task force shall consist of the following members,
 27.32 appointed by the governor:

28.1 (1) two individuals who are directors of a licensed child care center, one from greater
28.2 Minnesota and one from the seven-county metropolitan area;

28.3 (2) two individuals who are license holders of family child care programs, one from
28.4 greater Minnesota and one from the seven-county metropolitan area;

28.5 (3) three individuals who are early childhood educators, one who works in a licensed
28.6 child care center, one who works in a public-school-based early childhood program, and
28.7 one who works in a Head Start program or a community education program;

28.8 (4) one representative of a federally recognized Tribe who has expertise in the early care
28.9 and education system;

28.10 (5) one representative from the Children's Cabinet;

28.11 (6) two parents of children under five years of age, one parent whose child attends a
28.12 private early care and education program and one parent whose child attends a public
28.13 program. One parent under this clause must be from greater Minnesota, and the other parent
28.14 must be from the seven-county metropolitan area; and

28.15 (7) four individuals who have expertise in early childhood workforce issues.

28.16 (b) The governor must select a chair or cochairs for the task force from among the
28.17 members. The first task force meeting must be convened by the chair or cochairs and held
28.18 no later than September 1, 2023. Thereafter, the chair or cochairs shall convene the task
28.19 force at least monthly and may convene other meetings as necessary. The chair or cochairs
28.20 shall convene meetings in a manner to allow for access from diverse geographic locations
28.21 in Minnesota.

28.22 (c) Compensation of task force members, filling of task force vacancies, and removal
28.23 of task force members are governed by Minnesota Statutes, section 15.059.

28.24 Subd. 3. **Duties.** (a) The task force must develop a compensation framework for the
28.25 early childhood workforce that incorporates competencies and experiences, as well as
28.26 educational attainment.

28.27 (b) In developing the compensation framework required under this subdivision, the task
28.28 force must:

28.29 (1) identify competencies and experiences to incorporate into the framework, including
28.30 but not limited to multilingualism and previous work experience in a direct care setting;
28.31 and

- 30.1 **Subd. 2. Central Office; Operations**
- 30.2 **Base Level Adjustment.** The general fund
- 30.3 base for this appropriation is \$..... in fiscal
- 30.4 year 2026 and \$..... in fiscal year 2027.
- 30.5 **Subd. 3. Central Office; Children and Families**
- 30.6 **(a) Great Start Scholarships Program.** \$.....
- 30.7 in fiscal year 2024 and \$..... in fiscal year
- 30.8 2025 are for costs associated with establishing
- 30.9 and developing the great start scholarships
- 30.10 program under Minnesota Statutes, section
- 30.11 119C.01. This is a onetime appropriation.
- 30.12 **(b) Centralized Provider Registration**
- 30.13 **System.** \$..... in fiscal year 2024 and \$.....
- 30.14 in fiscal year 2025 are for establishing a
- 30.15 centralized system for child care provider
- 30.16 registration functions for the child care
- 30.17 assistance program. The general fund base for
- 30.18 this appropriation is \$..... in fiscal year 2026
- 30.19 and \$..... in fiscal year 2027.
- 30.20 **(c) Base Level Adjustment.** The general fund
- 30.21 base is \$..... in fiscal year 2026 and \$..... in
- 30.22 fiscal year 2027.
- 30.23 **Subd. 4. MFIP Child Care Assistance**
- 30.24 **Subd. 5. Grant Programs; BSF Child Care**
- 30.25 **Grants**
- 30.26 **Base Level Adjustment.** The general fund
- 30.27 base is \$..... in fiscal year 2026 and \$..... in
- 30.28 fiscal year 2027. The TANF base is \$..... in
- 30.29 fiscal year 2026 and \$..... in fiscal year 2027.
- 30.30 **Subd. 6. Grant Programs; Child Care**
- 30.31 **Development Grants**
- 30.32 **(a) Quality Rating and Improvement**
- 30.33 **System.** \$25,000,000 in fiscal year 2024 and
- 30.34 \$25,000,000 in fiscal year 2025 are for

31.1 expanding the quality rating and improvement
31.2 system under Minnesota Statutes, section
31.3 124D.142, in greater Minnesota and increasing
31.4 supports for programs participating in the
31.5 system. Of the amounts, \$..... in each year is
31.6 for implementing the recommendations of the
31.7 Parent Aware Equity Report and the Parent
31.8 Aware racial equity action plan. The general
31.9 fund base for this appropriation is \$..... in
31.10 fiscal year 2026 and \$..... in fiscal year 2027.

31.11 **(b) Child Care Retention Program. \$.....**
31.12 **in fiscal year 2024 and \$..... in fiscal year**
31.13 **2025 are for the child care retention program**
31.14 **under Minnesota Statutes, section 119B.27.**
31.15 **The general fund base for this appropriation**
31.16 **is \$..... in fiscal year 2026 and \$..... in fiscal**
31.17 **year 2027.**

31.18 **(c) Child Care and Early Education**
31.19 **Professional Wage Scale. \$..... in fiscal year**
31.20 **2024 and \$..... in fiscal year 2025 are for**
31.21 **developing a wage scale for child care and**
31.22 **early education professionals. This is a**
31.23 **onetime appropriation.**

31.24 **(d) Cost Estimation Model for Early Care**
31.25 **and Learning Programs. \$..... in fiscal year**
31.26 **2024 and \$..... in fiscal year 2025 are for**
31.27 **developing a cost estimation model for**
31.28 **providing early care and learning. This is a**
31.29 **onetime appropriation.**

31.30 **(e) REETAIN Grant Program. \$5,000,000**
31.31 **in fiscal year 2024 and \$5,000,000 in fiscal**
31.32 **year 2025 are for the REETAIN grant program**
31.33 **under Minnesota Statutes, section 119B.195.**
31.34 **The general fund base for this appropriation**

32.1 is \$5,000,000 in fiscal year 2026 and
 32.2 \$5,000,000 in fiscal year 2027.

32.3 **Sec. 3. APPROPRIATION; DATA SHARING AMONG PROGRAMS IMPACTING**
 32.4 **YOUNG CHILDREN.**

32.5 \$..... in fiscal year 2024 is appropriated from the general fund to the commissioner of
 32.6 management and budget to: (1) identify any administrative rules and practices that prevent
 32.7 or complicate data sharing among child care and early learning programs administered by
 32.8 the Departments of Education and Human Services and other departments with programs
 32.9 impacting early childhood as identified by the Children's Cabinet; and (2) support ongoing
 32.10 efforts to address any barriers to data sharing. The commissioner must consult with the
 32.11 commissioners of education, human services, and information technology services; the
 32.12 Children's Cabinet; and other stakeholders. The commissioner of management and budget
 32.13 must report preliminary findings to the committees of the legislature with jurisdiction over
 32.14 early childhood programs by February 1, 2024, and make a final report by February 1, 2025.
 32.15 This is a onetime appropriation and is available until June 30, 2025.

32.16 **Sec. 4. APPROPRIATION; COMMISSIONER OF MANAGEMENT AND BUDGET.**

32.17 \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the general
 32.18 fund to the commissioner of management and budget for costs associated with establishing
 32.19 and developing the great start scholarships program under Minnesota Statutes, section
 32.20 119C.01. This is a onetime appropriation.

32.21 **Sec. 5. APPROPRIATION; EARLY CHILDHOOD INFORMATION**
 32.22 **TECHNOLOGY ACCOUNT.**

32.23 \$30,000,000 in fiscal year 2024 is appropriated from the general fund for transfer to the
 32.24 early childhood information technology account established under section 6. This is a
 32.25 onetime appropriation.

32.26 **Sec. 6. APPROPRIATION; RECOGNIZING COMPARABLE COMPETENCIES**
 32.27 **TO ACHIEVE COMPARABLE COMPENSATION TASK FORCE.**

32.28 \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the general
 32.29 fund to the commissioner of human services for the Recognizing Comparable Competencies
 32.30 to Achieve Comparable Compensation Task Force. This is a onetime appropriation.

33.1 **Sec. 7. EARLY CHILDHOOD INFORMATION TECHNOLOGY ACCOUNT.**

33.2 The early childhood information technology account is created in the special revenue
33.3 fund. Money in the account is appropriated to the commissioner of information technology
33.4 services for developing and implementing a plan in support of transforming and modernizing
33.5 the information technology systems that support programs impacting early childhood,
33.6 including child care and early learning programs and those serving young children.

33.7 **Sec. 8. DIRECTION TO THE COMMISSIONER OF MANAGEMENT AND**
33.8 **BUDGET; GREAT START SCHOLARSHIPS PROGRAM.**

33.9 The state obligation for the great start scholarships program under Minnesota Statutes,
33.10 section 119C.01, must be included in the Department of Management and Budget February
33.11 and November forecasts of state revenues and expenditures under Minnesota Statutes,
33.12 section 16A.103, beginning with the November 2024 forecast.

33.13 **Sec. 9. DIRECTION TO COMMISSIONER OF MANAGEMENT AND BUDGET;**
33.14 **BASIC SLIDING FEE PROGRAM.**

33.15 The state obligation for the child care assistance program under Minnesota Statutes,
33.16 chapter 119B, must be included in the Department of Management and Budget February
33.17 and November forecasts of state revenues and expenditures under Minnesota Statutes,
33.18 section 16A.103, beginning with the February 2025 forecast.

33.19 **ARTICLE 7**

33.20 **DEPARTMENT OF EDUCATION APPROPRIATIONS**

33.21 **Section 1. APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

33.22 Subdivision 1. **Department of Education.** The sums indicated in this section are
33.23 appropriated from the general fund to the Department of Education in the fiscal years
33.24 designated.

33.25 Subd. 2. **Early learning scholarships.** (a) For the early learning scholarships program
33.26 under Minnesota Statutes, section 124D.165:

33.27 \$ 670,709,000 2024

33.28 \$ 670,709,000 2025

33.29 (b) This appropriation is subject to the requirements under Minnesota Statutes, section
33.30 124D.165, subdivision 6.

33.31 (c) The base is \$0 in fiscal year 2026.

34.1 Subd. 3. Commissioner of education. (a) For costs associated with establishing and
 34.2 developing the great start scholarships program under Minnesota Statutes, section 119C.01:

34.3 \$ 2024

34.4 \$ 2025

34.5 (b) This is a onetime appropriation.

34.6 Subd. 4. Cancellation of early learning scholarships account. Any amounts remaining
 34.7 in the special revenue fund known as the early learning scholarship account on July 1, 2025,
 34.8 are canceled to the general fund."

34.9 Amend the title accordingly