

S.F. No. 2229 – Great Start for All Minnesota Children Act of 2023 (as proposed to be amended by the A-2 amendment)

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S.F. 2229, as proposed to be amended by the A-1 amendment, establishes new early care and learning programs, and modifies existing child care programs and the early learning scholarship program.

Article 1 – Great Start for All Minnesota Children Act of 2023

Section 1 [Title] designates the title of the act is known as the Great Start for All Minnesota Children Act of 2023.

Article 2 – Great Start Scholarships

Section 1 [119C.01; Great Start Scholarships Program] creates the Great Start Scholarships Program.

Subdivision 1 [Establishment; Purpose] directs the executive director of the Children’s Cabinet, in collaboration with the commissioners of education and human services, to establish and develop a great start scholarships program.

Subdivision 2 [Development] requires the executive director, when developing the program, to (1) identify ways to integrate existing early care and learning programs with the program; (2) consider the recommendations made by the Great Start for All Minnesota Children Task Force; (3) make a plan to transition families from the early learning scholarships program and the child care assistance program (CCAP); (4) create ways for community members to have input in decisions regarding needs and preferences for early care and learning options; (5) develop a funding method through contract with eligible providers; and (6) maximize available federal resources while minimizing the extent to which state policy is limited by federal regulations.

Subdivision 3 [Program Requirements] requires the program to include (1) family-directed scholarships to families voluntarily participating in the program; (2) eligibility for families with at least one child who is not yet in kindergarten; (3) provider eligibility for licensed child care programs participating in Parent Aware, and school-based programs and Head Start programs that have a rating under Parent Aware; (4) a unified, integrated, and simple online application process; (5) an integrated electronic attendance tracking system and payments system; and (6) a schedule for scholarship amounts that ensures no participating family pays more than seven percent of annual income for early care and learning services for children from birth to kindergarten entry.

Subdivision 4 [Administration] requires the executive director, in consultation with the commissioners of education and human services, to have the administrative structures and systems needed for the great start scholarships program by May 1, 2025.

Article 3 – Child Care Assistance Program

Section 1 (119B.011, subd. 2; Applicant) modifies the definition of “child fund applicants” to include relative custodians, successor custodians or guardians receiving Northstar kinship assistance, and foster care families. Has an effective date of August 25, 2024.

Section 2 (119B.011, subd. 5; Child care) modifies the definition of “child care” to include relative custodians, successor custodians or guardians receiving Northstar kinship assistance, and foster care families. Has an effective date of August 25, 2024.

Section 3 (119B.011, subd. 13; Family) modifies the definition of “family” to include relative custodians, successor custodians or guardians receiving Northstar kinship assistance, and foster care families. Has an effective date of August 25, 2024.

Section 4 (119B.011, subd. 19b; Student parent) modifies the definition of “student parent” by making technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 5 (119B.02, subd. 1; Child care services) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 6 (119B.02, subd. 2; Contractual agreements with Tribes) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 7 (119B.02, subd. 7; Child care market rate survey) requires the commissioner to make a cost of living adjustment to prices under the child care market rate survey in each nonsurvey year based on the Chained Consumer Price Index for All Urban Consumers (CPI-U).

Section 8 (119B.03, subd. 3; Eligible participants) makes technical changes related to forecasting the basic sliding fee child care program and removes the exclusion of Minnesota Family Investment Program (MFIP) participants, diversionary work program, and transition year families. Has an effective date of July 1, 2025.

Section 9 (119B.03, subd. 9; Family move; continued participation) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 10 (119B.03, subd. 10; Application; entry points) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 11 (119B.035, subd. 1; Establishment) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 12 (119B.035, subd. 2; Eligible families) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 13 (119B.035, subd. 4; Assistance) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 14 (119B.035, subd. 5; Implementation) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 15 (119B.08, subd. 3; Child care fund plan) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 16 (119B.09, subd. 1; General eligibility requirements) increases financial eligibility for child care assistance to 85 percent of the state median income.

Section 17 (119B.095, subd. 1; General authorization requirements) modifies the requirements for authorizing the amount of child care by requiring full time child care to be authorized when certain family conditions are met.

Section 18 (119B.12, subd. 1; Fee schedule) modifies the family co-payment schedule for the child care assistance program (CCAP) so the maximum co-payment is seven percent of a family's adjusted gross income rather than 14 percent.

Section 19 (119B.13, subd. 1; Subsidy restrictions) updates the maximum child care assistance program rates paid to providers and the maximum registration fee paid to be the greater of the 75th percentile of the most recent child care provider rate survey, or the rates in effect at the time of the update. The increase includes cost of living adjustments and begins on August 7, 2023. Provides that the section is effective the day following final enactment.

Section 20 (119B.13, subd. 4; Rates charged to publicly subsidized families) clarifies that a child care provider receiving reimbursement under CCAP are not prohibited from providing discounts, scholarships, or other finance assistance to any clients. Provides that the section is effective the day following final enactment.

Section 21 (119B.15; Administrative Expenses) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 22 (119B.24; Duties of Commissioner) makes technical changes related to forecasting the basic sliding fee child care program. Has an effective date of July 1, 2025.

Section 23 [REPEALER] repeals certain basic sliding fee provisions that are made obsolete by forecasting the basic sliding fee program and the requirement that counties contribute to the basic sliding fee program.

Article 4 – Early Learning Scholarships

Section 1 (124D.165, subd. 2; Family eligibility) modifies family eligibility for early learning scholarships.

Paragraph (a) increases eligibility for early learning scholarships to include families with income equal to or less than 85 percent of state median income, as adjusted by family size.

Paragraph (b) changes the definition of an eligible child to include all children not yet enrolled in kindergarten and is not yet five years of age of September 1 of the current school year.

Section 2 (124D.165, subd. 3; Administration) modifies the administration of the early learning scholarships program.

Paragraph (a) adds additional high priority groups for the commissioner of education to consider when awarding scholarships.

Paragraph (b) removes family income from the list of additional factors the commissioner may use to prioritize applications and requires the commissioner to open eligibility to additional families based on family income as resources allow after reasonable efforts have been made to serve children with a priority status.

Paragraph (c) requires the commissioner to establish a schedule of tiered per child scholarship amounts based on the results of a rate survey and the cost of providing early care and learning. Requires that amounts for programs with a four-star Parent Aware rating cannot be less than the cost of providing care at the 75th percentile of the most recent market rate survey.

Paragraph (d) allows two- and three-star Parent Aware programs to be eligible for Pathway II scholarships. Requires the commissioner to consider the need to preserve existing capacity for children under five years of age, the need to expand capacity for children under three years of age, and the needs of children in priority categories when designating Pathway II slots. Increases the amount designated for Pathway II scholarships to two times the amount designated in fiscal year 2017. Also allows a child receiving a Pathway II scholarship to retain the balance of the scholarship if the child moves to a different eligible program.

Paragraph (g) deletes obsolete language.

Section 3 (124D.165, subd. 4; Early childhood program eligibility) removes the requirement that, starting on July 1, 2024, a program must have a three- or four-star Parent Aware rating in order to accept early learning scholarships.

Article 5 – Early Care and Learning Supports

Section 1 [119B.27; Child Care Retention Program] creates a child care retention program.

Subdivision 1 [Establishment] establishes a child care retention program to provide payments to eligible programs.

Subdivision 2 [Eligible programs] specifies which programs are eligible to receive child care retention payments. States that programs are not eligible if they are (1) the subject of a finding of fraud; (2) the subject of suspended, denied, or terminated payments; (3) prohibited from receiving public funds; or (4) under license revocation, suspension, temporary immediate suspension, or decertification.

Subdivision 3 [Requirements] lists the requirements all programs must comply with.

Paragraph (a) requires all programs receiving retention payments to complete an application for each payment period and attest and agree in writing that the program intends to remain operating and serve a minimum number of children.

Paragraph (b) requires a provider to expend funds received under this section within six months after payment was received.

Paragraph (c) requires recipients to comply with all requirements and allows the commissioner of human services to determine methods for demonstrating requirements have been met.

Paragraph (d) requires recipients to keep accurate and legible records of how the money is spent, staff employment, compensation, and benefits, and daily attendance records.

Paragraph (e) clarifies that the requirement to document compensation and benefits applies to family and group family child care providers or Tribally licensed family child care providers only if the funds are used for compensation and benefits.

Paragraph (f) requires all records to be retained at the site where services are delivered for six years after the date of receipt of payment and must be made immediately available to the commissioner upon request.

Paragraph (g) states that recipients who fail to meet the requirements under this section are subject to discontinuation of future payments, recovery of overpayments, and actions under the child care assistance program fraud investigations. Requires actions to establish overpayment be made within six years of receipt of payments.

Subdivision 4 [Payments] requires the commissioner of human services to provide retention payments to all eligible programs on a noncompetitive basis and provides that the payment amounts are based on the number of full-time equivalent staff. Defines a full-time equivalent staff as an individual caring for children 32 hours per week. Requires payments to be increased by 25 percent for providers who accept child care assistance or early learning scholarships or who are located in “child care access equity areas.” Defines “child care access equity areas” and directs the commissioner to develop a method for establishing such areas.

Subdivision 5 [Eligible uses of money] sets forth how eligible programs may use the retention payments based on the type of provider.

Subdivision 6 [Legal nonlicensed child care provider payments] allows legal nonlicensed child care providers to apply for a payment of up to \$500 for costs incurred before the first month the provider receives a CCAP payment.

Subdivision 7 [Report] requires the commissioner of human services to report to the legislature the number of payments provided and the outcomes of the retention payment program by January 1 of each year.

Section 2 (124D.142, subd. 2; System components) states that all licensed child care centers and licensed family child care providers have at least a one-star Parent Aware rating, provided they do not opt out of the rating system and are in good standing. Requires the commissioner of human services to establish a process that allows a program to opt out of the rating and requires a notification that opting out makes a program ineligible for a retention payment.

Section 3 [Direction to Commissioner of Human Services; Centralizing Child Care Provider Functions] directs the commissioner of human services to establish a centralized system for child care provider registration functions for CCAP with the department.

Section 4 [Direction to Commissioner of Human Services; Child Care and Early Education Professional Wage Scale] directs the commissioner of human services to develop a child care and early education professional wage scale that meets certain requirements, in consultation with the commissioner of employment and economic development, the commissioner of education, the Children’s Cabinet, and relevant stakeholders. Requires the commissioner of human services to report to the legislature, by January 30, 2025, on the development of the wage scale and how the scale could be used to inform payment rates for CCAP and great start scholarships.

Section 5 [Direction to Commissioner of Human Services; Cost Estimation Model for Early Care and Learning Programs]

Paragraph (a) directs the commissioner of human services to develop a cost estimation model for providing early care and learning in the state and consult with relevant stakeholders.

Paragraph (b) requires the commissioner to contract with an organization with experience and expertise in early care and learning cost estimation modeling to develop the model. Allows the commissioner to contract with First Children’s Finance, if practicable.

Paragraph (c) requires the commissioner to ensure the model can estimate variation in the cost of early care and learning by specified variables.

Paragraph (d) requires the commissioner to report to the legislature, by January 30, 2025, on the development of the model and provides certain requirements on what must be included in the report.

Section 6 [Modernizing Information Technology for Programs Impacting Young Children]

Paragraph (a) directs the commissioner of information technology services to develop and implement a plan to transform and modernize the information technology systems that support programs impacting early childhood to the extent that funding is available in the

early childhood information technology account. Allows the commissioner to contract for the services.

Paragraph (b) requires the plan to include specific strategies to increase the efficiency and effectiveness of early childhood programs, improve coordination among programs, assess the impact of the programs on children’s outcomes, and monitor and collect nonbiometric attendance data at licensed child care centers.

Paragraph (c) requires the contractor to consult with the commissioners of education and human services.

Paragraph (d) requires the commissioner to report to the legislature, by February 1 of each year, on the plan’s development and implementation.

Section 7 [Recognizing Comparable Competencies to Achieve Comparable Compensation Task Force]

Subdivision 1 [Establishment] establishes a task force to develop methods for incorporating competencies and experiences and educational attainment, into a compensation model for the early childhood workforce.

Subdivision 2 [Membership] specifies the members of the task force.

Subdivision 3 [Duties] requires the task force to develop a compensation framework for the early childhood workforce and provides certain requirements the task force must do.

Subdivision 4 [Administration] requires the commissioner of management and budget to provide staff and administrative services for the task force and provides that the task force expires upon submission of the final report under subdivision 5.

Subdivision 5 [Required reports] requires the task force to submit preliminary findings to the governor and legislature by December 1, 2024 and a final report by January 15, 2025. Requires the final report to include the compensation framework and proposed mechanisms for incorporating the framework.

Article 6 – Health and Human Services Appropriations

Section 1 [Health and Human Services Appropriations] states the sums indicated are appropriated from the general fund, or other named fund, to the designated agencies and are available for the fiscal years indicated for each purpose.

Section 2 [Commissioner of Human Services] provides blank appropriations to the commissioner of human services for the various proposals in the bill.

Section 3 [Appropriation; Data Sharing Among Programs Impacting Young Children] provides a blank appropriation in fiscal year 2024 from the general fund to the commissioner of management and budget to (1) identify any administrative rules and practices that prevent or complicate data sharing among child care and early learning programs and (2) support ongoing efforts to address any barriers to data sharing. Requires the commissioner to report preliminary

findings to the legislature by February 1, 2024, and make a final report by February 1, 2025. States this is a onetime appropriation and available until June 30, 2025.

Section 4 [Appropriation; Commissioner of Management and Budget] provides blank appropriations in fiscal years 2024 and 2025 from the general fund to the commissioner of management and budget for costs associated with establishing and developing the great start scholarships program. States this is a onetime appropriation.

Section 5 [Appropriation; Early Childhood Information Technology Account] appropriates \$30,000,000 in fiscal year 2024 from the general fund for the transfer to the early childhood information technology account. States this is a onetime appropriation.

Section 6 [Appropriation; Recognizing Comparable Competencies to Achieve Comparable Compensation Task Force] provides blank appropriations in fiscal years 2024 and 2025 from the general fund to the commissioner of human services for the Recognizing Comparable Competencies to Achieve Comparable Compensation Task Force. States this is a onetime appropriation.

Section 7 [Early Childhood Information Technology Account] establishes the early childhood information technology account in the special revenue fund. Appropriates money in the account to the commissioner of information technology services to develop and implement a plan in support of transforming and modernizing the information technology systems that support programs impacting early childhood.

Section 8 [Direction to Commissioner of Management and Budget; Great Start Scholarships Program] directs the commissioner of management and budget to include the great start scholarships program in the forecast, starting with the November 2024 forecast.

Section 9 [Direction to Commissioner of Management and Budget; Basic Sliding Fee Program] directs the commissioner of management and budget to include the basic sliding fee program in the forecast, starting with the February 2025 forecast.

Article 7 – Department of Education Appropriations

Section 1 [Appropriations; Department of Education]

Subdivision 1 [Department of Education] states the sums indicated are appropriated from the general fund to the Department of Education in the designated fiscal years.

Subdivision 2 [Early learning scholarships] appropriates \$670,709,000 in fiscal year 2024 and \$670,709,000 in fiscal year 2025 for early learning scholarships. States the base is \$0 in fiscal year 2026.

Subdivision 3 [Commissioner of education] provides blank appropriations in fiscal years 2024 and 2025 to the commissioner of education for costs associated with establishing and developing the great start scholarships program.

Subdivision 4 [Cancellation of early learning scholarships account] provides that any amounts remaining in the special revenue account for early learning scholarships on July 1, 2025, are cancelled to the general fund.