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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 2088

March 24, 2009

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to early childhood education; school readiness program; school readiness
1.3 service agreements; prekindergarten exploratory projects; requiring reports;
1.4 appropriating money; amending Minnesota Statutes 2008, sections 119B.13,
1.5 subdivision 1; 119B.231, subdivisions 2, 3, 4; Laws 2007, chapter 147, article
1.6 2, section 62, subdivision 5.

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

1.8 Section 1. Minnesota Statutes 2008, section 119B.13, subdivision 1, is amended to read:

1.9 Subdivision 1. **Subsidy restrictions.** (a) Beginning July 1, ~~2006~~ 2009, the
1.10 maximum rate paid for child care assistance in any county or multicounty region under
1.11 the child care fund shall be the rate for like-care arrangements in the county effective
1.12 ~~January 1, 2006~~ July 1, 2008, increased by ~~six~~ two percent.

1.13 (b) Rate changes shall be implemented for services provided in September ~~2006~~
1.14 2009 unless a participant eligibility redetermination or a new provider agreement is
1.15 completed between July 1, ~~2006~~ 2009, and August 31, ~~2006~~ 2009.

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

1.18 New cases approved on or after July 1, ~~2006~~ 2009, shall have the maximum rates
1.19 under paragraph (a), implemented immediately.

1.20 (c) Every year, the commissioner shall survey rates charged by child care providers in
1.21 Minnesota to determine the 75th percentile for like-care arrangements in counties. When
1.22 the commissioner determines that, using the commissioner's established protocol, the
1.23 number of providers responding to the survey is too small to determine the 75th percentile
1.24 rate for like-care arrangements in a county or multicounty region, the commissioner may

2.1 establish the 75th percentile maximum rate based on like-care arrangements in a county,
 2.2 region, or category that the commissioner deems to be similar.

2.3 (d) A rate which includes a special needs rate paid under subdivision 3 or under a
 2.4 school readiness service agreement paid under section 119B.231, may be in excess of the
 2.5 maximum rate allowed under this subdivision.

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

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

2.13 (g) All maximum provider rates changes shall be implemented on the Monday
 2.14 following the effective date of the maximum provider rate.

2.15 Sec. 2. Minnesota Statutes 2008, section 119B.231, subdivision 2, is amended to read:

2.16 Subd. 2. **Provider eligibility.** (a) To be considered for an SRSA, a provider shall
 2.17 apply to the commissioner or have been chosen as an SRSA provider prior to June 30,
 2.18 2009, and have complied with all requirements of the SRSA agreement. Priority for funds
 2.19 is given to providers who had agreements prior to June 30, 2009. If sufficient funds are
 2.20 available, the commissioner shall make applications available to additional providers. To
 2.21 be eligible to apply for an SRSA, a provider shall:

2.22 (1) be eligible for child care assistance payments under chapter 119B;

2.23 (2) have at least 25 percent of the children enrolled with the provider subsidized
 2.24 through the child care assistance program;

2.25 (3) provide full-time, full-year child care services; and

2.26 (4) ~~serve at least one child who is subsidized through the child care assistance~~
 2.27 ~~program and who is expected to enter kindergarten within the following 30 months~~ have
 2.28 obtained a level 3 or 4 star rating under the Parent Aware quality rating system.

2.29 (b) The commissioner may waive the 25 percent requirement in paragraph (a),
 2.30 clause (2), if necessary to achieve geographic distribution of SRSA providers and diversity
 2.31 of types of care provided by SRSA providers.

2.32 (c) An eligible provider who would like to enter into an SRSA with the commissioner
 2.33 shall submit an SRSA application. To determine whether to enter into an SRSA with a
 2.34 provider, the commissioner shall evaluate the following factors:

- 3.1 (1) the ~~qualifications of the provider and the provider's staff~~ provider's Parent
 3.2 Aware rating score;
 3.3 ~~(2) the provider's staff-child ratios;~~
 3.4 ~~(3) the provider's curriculum;~~
 3.5 ~~(4) the provider's current or planned parent education activities;~~
 3.6 ~~(5)~~ (2) the provider's current or planned social service and employment linkages;
 3.7 ~~(6) the provider's child development assessment plan;~~
 3.8 ~~(7)~~ (3) the geographic distribution needed for SRSA providers;
 3.9 ~~(8)~~ (4) the inclusion of a variety of child care delivery models; and
 3.10 ~~(9)~~ (5) other related factors determined by the commissioner.

3.11 Sec. 3. Minnesota Statutes 2008, section 119B.231, subdivision 3, is amended to read:

3.12 Subd. 3. **Family and child eligibility.** (a) A family eligible to choose an SRSA
 3.13 provider for their children shall:

3.14 (1) be eligible to receive child care assistance under any provision in chapter 119B
 3.15 except section 119B.035;

3.16 (2) be in an authorized activity for an average of at least 35 hours per week when
 3.17 initial eligibility is determined; and

3.18 (3) include a child who has not yet entered kindergarten.

3.19 (b) A family who is determined to be eligible to choose an SRSA provider remains
 3.20 eligible to be paid at a higher rate through the SRSA provider when the following
 3.21 conditions exist:

3.22 (1) the child attends child care with the SRSA provider a minimum of 25 hours per
 3.23 week, on average;

3.24 (2) the family has a child who has not yet entered kindergarten; and

3.25 (3) the family maintains eligibility under chapter 119B except section 119B.035.

3.26 (c) ~~For the 12 months~~ After initial eligibility has been determined, a decrease in the
 3.27 family's authorized activities to an average of less than 35 hours per week does not result
 3.28 in ineligibility for the SRSA rate. A family must continue to maintain eligibility under this
 3.29 chapter and be in an authorized activity.

3.30 (d) A family that moves between counties but continues to use the same SRSA
 3.31 provider shall continue to receive SRSA funding for the increased payments.

3.32 Sec. 4. Minnesota Statutes 2008, section 119B.231, subdivision 4, is amended to read:

3.33 Subd. 4. **Requirements of providers.** An SRSA must include assessment,
 3.34 evaluation, and reporting requirements that promote the goals of improved school

4.1 readiness and movement toward appropriate child development milestones. A provider
 4.2 who enters into an SRSA shall comply with all SRSA requirements, including the
 4.3 assessment, evaluation, and reporting requirements in the SRSA. Providers who have been
 4.4 selected previously for SRSAs must begin the process to obtain a rating using Parent
 4.5 Aware according to timelines established by the commissioner. If the initial Parent Aware
 4.6 rating is less than three stars, the provider must submit a plan to improve the rating. If
 4.7 a 3 or 4 star rating is not obtained within established timelines, the commissioner may
 4.8 consider continuation of the agreement, depending upon the progress made and other
 4.9 factors. Providers who apply and are selected for a new SRSA agreement on or after July
 4.10 1, 2009, must have a level 3 or 4 star rating under the Parent Aware quality rating system
 4.11 at the time the SRSA agreement is signed.

4.12 Sec. 5. Laws 2007, chapter 147, article 2, section 62, subdivision 5, is amended to read:

4.13 Subd. 5. **Expenditures.** This program shall operate during fiscal years 2008 ~~and~~
 4.14 ~~2009~~ through 2011.

4.15 Sec. 6. **APPROPRIATIONS.**

4.16 Subdivision 1. **School readiness.** \$..... in fiscal year 2010 and \$..... in fiscal
 4.17 year 2011 are appropriated from the federal child care development fund from American
 4.18 Recovery and Reinvestment Act of 2009, Public Law 111-5, funds to the commissioner of
 4.19 education consistent with federal regulations for the purpose of school readiness programs
 4.20 under Minnesota Statutes, sections 124D.15 and 124D.16. These funds must be allocated
 4.21 to programs participating in the Parent Aware quality star rating system.

4.22 Subd. 2. **Basic sliding fee.** \$..... in fiscal year 2010 and \$..... in fiscal year 2011
 4.23 are appropriated from the federal child care development fund from American Recovery
 4.24 and Reinvestment Act of 2009, Public Law 111-5, funds to the commissioner of human
 4.25 services consistent with federal regulations for the purpose of basic sliding fee child care
 4.26 assistance under Minnesota Statutes, section 119B.03.

4.27 Subd. 3. **School readiness service agreements.** \$..... in fiscal year 2010 and
 4.28 \$..... in fiscal year 2011 are appropriated from the federal child care development fund
 4.29 from American Recovery and Reinvestment Act of 2009, Public Law 111-5, funds to the
 4.30 commissioner of human services consistent with federal regulations for the purpose of
 4.31 school readiness service agreements under Minnesota Statutes, section 119B.231.

5.1 Subd. 4. **Prekindergarten exploratory projects.** \$..... in fiscal year 2010 and
5.2 \$..... in fiscal year 2011 are appropriated from the federal child care development fund
5.3 from American Recovery and Reinvestment Act of 2009, Public Law 111-5, funds to the
5.4 commissioner of human services consistent with federal regulations for the purpose of
5.5 prekindergarten exploratory projects under Laws 2007, chapter 147, article 2, section 62.

5.6 Subd. 5. **Quality rating system training.** \$..... in fiscal year 2010 and \$..... in
5.7 fiscal year 2011 are appropriated from the federal child care development fund required
5.8 quality set-aside from American Recovery and Reinvestment Act of 2009, Public Law
5.9 111-5, funds to the commissioner of human services consistent with federal regulations
5.10 for the purpose of providing a grant to the Minnesota child care resource and referral
5.11 network to provide statewide provider training to prepare for the Parent Aware quality
5.12 star rating system.

5.13 Subd. 6. **Quality rating system strategic plan.** \$..... in fiscal year 2011 is
5.14 appropriated from the federal child care development fund required quality set-aside
5.15 from American Recovery and Reinvestment Act of 2009, Public Law 111-5, funds to
5.16 the commissioner of human services consistent with federal regulations for the purpose
5.17 of providing a grant to the University of Minnesota, Center for Early Education and
5.18 Development to prepare a strategic plan to identify the administrative structures and
5.19 staffing needed to expand the Parent Aware quality star rating system statewide. The
5.20 strategic plan must include recommendations regarding implementation, staffing,
5.21 information technology, and training needs. The plan must be submitted to the legislative
5.22 committees with jurisdiction over the early childhood education and child care assistance
5.23 programs by January 15, 2011.

5.24 Subd. 7. **Quality rating system.** \$..... in fiscal year 2010 and \$..... in fiscal year
5.25 2011 are appropriated from the federal child care development fund required quality
5.26 set-aside from American Recovery and Reinvestment Act of 2009, Public Law 111-5,
5.27 funds to the commissioner of human services consistent with federal regulations for the
5.28 purpose of the Parent Aware quality star rating system. These funds may be directed by or
5.29 granted to an organization that recommends cost-effective strategies that can be brought to
5.30 scale for preparing children to succeed in school. These funds must be spent on ratings
5.31 and evaluations of the Parent Aware quality star rating system. These funds may not be
5.32 used for salaries, marketing, or scholarships.

5.33 Subd. 8. **Child care assistance provider rates.** \$..... in fiscal year 2010 and
5.34 \$..... in fiscal year 2011 are appropriated from the federal child care development fund

6.1 from American Recovery and Reinvestment Act of 2009, Public Law 111-5, funds to the
6.2 commissioner of human services consistent with federal regulations for the purpose of
6.3 child care assistance provider rate increases under Minnesota Statutes, section 119B.13,
6.4 subdivision 1.