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State of Minnesota
HOUSE OF REPRESENTATIVES
Second Division Engrossment

NINETY-FIRST SESSION

H. F. No. 1

01/10/2019 Authored by Kotyza-Witthuhn, Pinto, Liebling, Davnie, Youakim and others
The bill was read for the first time and referred to the Committee on Ways and Means

Division Action

Referred by Chair to the Health and Human Services Finance Division

01/23/2019 *Referred by Chair to the Early Childhood Finance and Policy Division*

02/20/2020 *Division action, to adopt as amended and return to Health and Human Services Finance Division*

03/03/2020 *Division action, to adopt as amended and return to the Committee on Ways and Means*

1.1 A bill for an act

1.2 relating to early childhood; creating additional funding and opportunities for

1.3 children ages birth to three; governing certain programs and funding for prenatal

1.4 care services, home visiting, early childhood education, and child care assistance;

1.5 appropriating money; amending Minnesota Statutes 2018, sections 119B.13,

1.6 subdivision 1; 124D.142; 124D.162; 124D.165, subdivisions 2, 4; 136A.128,

1.7 subdivisions 2, 4; Minnesota Statutes 2019 Supplement, sections 124D.151,

1.8 subdivision 6; 126C.05, subdivision 1; Laws 2019, First Special Session chapter

1.9 11, article 8, section 13, subdivisions 3, 8, 9; proposing coding for new law in

1.10 Minnesota Statutes, chapters 119B; 145.

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

ARTICLE 1

HOME VISITING

1.14 Section 1. **[145.87] HOME VISITING FOR PREGNANT WOMEN AND FAMILIES**

1.15 **WITH YOUNG CHILDREN.**

1.16 Subdivision 1. **Definitions.** (a) The terms defined in this subdivision apply to this section

1.17 and have the meanings given them.

1.18 (b) "Evidence-based home visiting program" means a program that:

1.19 (1) is based on a clear, consistent program or model that is research-based and grounded

1.20 in relevant, empirically based knowledge;

1.21 (2) is linked to program-determined outcomes and is associated with a national

1.22 organization, institution of higher education, or national or state public health institute;

1.23 (3) has comprehensive home visitation standards that ensure high-quality service delivery

1.24 and continuous quality improvement;

2.1 (4) has demonstrated significant, sustained positive outcomes; and

2.2 (5) either:

2.3 (i) has been evaluated using rigorous, randomized controlled research designs with the
2.4 evaluations published in a peer-reviewed journal; or

2.5 (ii) is based on quasi-experimental research using two or more separate, comparable
2.6 client samples.

2.7 (c) "Evidence-informed home visiting program" means a program that:

2.8 (1) has data or evidence demonstrating the program's effectiveness at achieving positive
2.9 outcomes for pregnant women and young children; and

2.10 (2) either:

2.11 (i) has an active evaluation of the program; or

2.12 (ii) has a plan and timeline for an active evaluation of the program to be conducted.

2.13 (d) "Health equity" means every individual has a fair opportunity to attain the individual's
2.14 full health potential and no individual is prevented from achieving this potential.

2.15 Subd. 2. **Grants for home visiting programs.** The commissioner shall award grants to
2.16 community health boards, nonprofit organizations, and tribal nations to start up or expand
2.17 voluntary home visiting programs serving pregnant women and families with young children.
2.18 Home visiting programs supported under this section shall provide voluntary home visits
2.19 by early childhood professionals or health professionals, including nurses, social workers,
2.20 early childhood educators, or trained paraprofessionals. Grant funds shall be used to:

2.21 (1) start up or expand evidence-based home visiting programs that address health equity
2.22 or evidence-informed home visiting programs that address health equity; and

2.23 (2) serve families with young children or pregnant women who are high risk or have
2.24 high needs. For purposes of this clause, high risk includes but is not limited to a family with
2.25 low income or a parent or pregnant woman with mental illness or a substance use disorder
2.26 or experiencing domestic abuse.

2.27 Subd. 3. **Grant prioritization.** (a) In awarding grants, the commissioner shall give
2.28 priority to community health boards, nonprofit organizations, and tribal nations seeking to
2.29 expand home visiting services with community or regional partnerships.

2.30 (b) The commissioner shall allocate at least 75 percent of the grant funds awarded each
2.31 grant cycle to evidence-based home visiting programs that address health equity and up to

3.1 25 percent of the grant funds awarded each grant cycle to evidence-informed home visiting
3.2 programs that address health equity.

3.3 Subd. 4. **No supplanting of existing funds.** Funding awarded under this section shall
3.4 only be used to supplement, and not to replace, funds being used for evidence-based home
3.5 visiting programs or evidence-informed home visiting programs.

3.6 Subd. 5. **Administrative costs.** The commissioner may use up to ten percent of the
3.7 annual appropriation under this section to provide training and technical assistance and to
3.8 administer and evaluate the program. The commissioner may contract for training,
3.9 capacity-building support for grantees or potential grantees, technical assistance, and
3.10 evaluation support.

3.11 Subd. 6. **Use of state general fund appropriations.** Appropriations dedicated to starting
3.12 up or expanding evidence-based home visiting programs shall, for grants awarded on or
3.13 after July 1, 2020, be awarded according to this section. This section shall not govern grant
3.14 awards of federal funds for home visiting programs and shall not govern grant awards using
3.15 state general fund appropriations dedicated to starting up or expanding nurse-family
3.16 partnership home visiting programs.

3.17 Sec. 2. **APPROPRIATION; HOME VISITING GRANTS.**

3.18 \$30,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
3.19 of health for grants for home visiting programs under Minnesota Statutes, section 145.87.
3.20 This appropriation is available until June 30, 2022. This is a onetime appropriation.

3.21 **ARTICLE 2**
3.22 **EARLY LEARNING AND CARE**

3.23 Section 1. Minnesota Statutes 2018, section 124D.142, is amended to read:

3.24 **124D.142 QUALITY RATING AND IMPROVEMENT SYSTEM.**

3.25 Subdivision 1. **System established.** ~~(a)~~ There is established a quality rating and
3.26 improvement system (QRIS) ~~framework~~, known as Parent Aware, to ensure that Minnesota's
3.27 children have access to high-quality early learning and care programs in a range of settings
3.28 so that they are fully ready for kindergarten ~~by 2020.~~ ~~Creation of a.~~

3.29 Subd. 2. **System components.** The standards-based voluntary quality rating and
3.30 improvement system includes:

4.1 (1) quality opportunities in order to improve the educational outcomes of children so
4.2 that they are ready for school. ~~The;~~

4.3 ~~(2) a framework shall be based on the Minnesota quality rating system rating tool and~~
4.4 ~~a common set of child outcome and program standards and informed by evaluation results;~~

4.5 ~~(2) (3) a tool to increase the number of publicly funded and regulated early learning and~~
4.6 ~~care services in both public and private market programs that are high quality;~~

4.7 ~~(4) voluntary participation so that if a program or provider chooses to participate, the~~
4.8 ~~program or provider will be rated and may receive public funding associated with the rating.~~
4.9 ~~The state shall develop a plan to link future early learning and care state funding to the~~
4.10 ~~framework in a manner that complies with federal requirements; and~~

4.11 ~~(3) (5) tracking progress toward statewide access to high-quality early learning and care~~
4.12 ~~programs, progress toward the number of low-income children whose parents can access~~
4.13 ~~quality programs, and progress toward increasing the number of children who are fully~~
4.14 ~~prepared to enter kindergarten.~~

4.15 ~~(b) In planning a statewide quality rating and improvement system framework in~~
4.16 ~~paragraph (a), the state shall use evaluation results of the Minnesota quality rating system~~
4.17 ~~rating tool in use in fiscal year 2008 to recommend:~~

4.18 ~~(1) a framework of a common set of child outcome and program standards for a voluntary~~
4.19 ~~statewide quality rating and improvement system;~~

4.20 ~~(2) a plan to link future funding to the framework described in paragraph (a), clause (2);~~
4.21 ~~and~~

4.22 ~~(3) a plan for how the state will realign existing state and federal administrative resources~~
4.23 ~~to implement the voluntary quality rating and improvement system framework. The state~~
4.24 ~~shall provide the recommendation in this paragraph to the early childhood education finance~~
4.25 ~~committees of the legislature by March 15, 2011.~~

4.26 ~~(c) Prior to the creation of a statewide quality rating and improvement system in paragraph~~
4.27 ~~(a), the state shall employ the Minnesota quality rating system rating tool in use in fiscal~~
4.28 ~~year 2008 in the original Minnesota Early Learning Foundation pilot areas and additional~~
4.29 ~~pilot areas supported by private or public funds with its modification as a result of the~~
4.30 ~~evaluation results of the pilot project.~~

4.31 Subd. 3. Evaluation. (a) By February 1, 2021, the commissioner of human services
4.32 must arrange an independent evaluation of the quality rating and improvement system's
4.33 effectiveness and impact on:

- 5.1 (1) children's progress toward school readiness;
- 5.2 (2) quality of the early care and education system supply and workforce; and
- 5.3 (3) parents' ability to access and use meaningful information about early care and
- 5.4 education program quality.
- 5.5 (b) The evaluation must be performed by a staff member from another agency or
- 5.6 consultant. An evaluator must have experience in program evaluation and must not be
- 5.7 regularly involved in implementation of the quality rating and improvement system.
- 5.8 (c) The evaluation findings, along with the commissioner's recommendations for
- 5.9 revisions, potential future evaluations, and plans for continuous improvement, must be
- 5.10 reported to the chairs and ranking members of the legislative committees with jurisdiction
- 5.11 over early learning and child care by December 31, 2023.
- 5.12 (d) At a minimum, the evaluation must:
- 5.13 (1) analyze effectiveness of the quality rating and improvement system, including but
- 5.14 not limited to review of:
- 5.15 (i) whether quality indicators and measures used in the quality rating and improvement
- 5.16 system are consistent with evidence and research findings on early care and education
- 5.17 program quality; and
- 5.18 (ii) patterns or differences in observed quality of participating early care and education
- 5.19 programs in comparison to programs at other quality rating and improvement system star
- 5.20 rating levels and accounting for other factors;
- 5.21 (2) perform evidence-based assessments of children's developmental gains in ways that
- 5.22 are appropriate for children's linguistic and cultural backgrounds and are aligned to the state
- 5.23 early childhood indicators of progress;
- 5.24 (3) analyze the extent to which differences in developmental gains among children
- 5.25 correspond to the star ratings of the early care and education programs, providing
- 5.26 disaggregated findings by:
- 5.27 (i) children's demographic factors, including geographic area, family income level, and
- 5.28 racial and ethnic groups;
- 5.29 (ii) type of provider, including family child care provider, child care center, Head Start,
- 5.30 and school-based early childhood provider; and
- 5.31 (iii) any other categories identified by the commissioner, in consultation with the
- 5.32 commissioners of health and education or entity performing the evaluation;

6.1 (4) analyze accessibility for providers to participate in the quality rating and improvement
6.2 system, including ease of application and supports for a provider to receive or improve a
6.3 rating, and provide disaggregated findings by geographic area and type of provider, including
6.4 family child care provider, child care center, Head Start, and school-based early childhood
6.5 provider; and

6.6 (5) analyze the availability of providers participating in the quality rating and
6.7 improvement system to families, and provide disaggregated findings by geographic area
6.8 and type of provider, including family child care provider, child care center, Head Start and
6.9 Early Head Start, and school-based early childhood provider.

6.10 Sec. 2. Minnesota Statutes 2019 Supplement, section 124D.151, subdivision 6, is amended
6.11 to read:

6.12 Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1,
6.13 paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school
6.14 district or charter school must not exceed 60 percent of the kindergarten pupil units for that
6.15 school district or charter school under section 126C.05, subdivision 1, paragraph (e).

6.16 (b) In reviewing applications under subdivision 5, the commissioner must limit the total
6.17 number of participants in the voluntary prekindergarten and school readiness plus programs
6.18 under Laws 2017, First Special Session chapter 5, article 8, section 9, to not more than 7,160
6.19 participants ~~for per fiscal years 2019, 2020, and 2021, and 3,160 participants for fiscal years~~
6.20 ~~2022 and later year.~~

6.21 Sec. 3. Minnesota Statutes 2018, section 124D.162, is amended to read:

6.22 **124D.162 KINDERGARTEN READINESS ASSESSMENT.**

6.23 Subdivision 1. **Implementation.** (a) The commissioner of education ~~may~~ must implement
6.24 a kindergarten readiness assessment ~~representative~~ of incoming kindergartners: to:

6.25 (1) identify preparedness of a child for success in school;

6.26 (2) inform instructional decision-making;

6.27 (3) improve understanding of connections between kindergarten readiness and later
6.28 academic achievement; and

6.29 (4) produce data that can assist in evaluation of the effectiveness of early childhood
6.30 programs.

7.1 (b) The commissioner must provide districts and charter schools with a process for
7.2 measuring the kindergarten readiness of incoming kindergartners on a comparable basis.
7.3 The commissioner must approve one or more measurement tools for district and charter
7.4 school use.

7.5 Subd. 2. **Assessment development.** The measurement tools used for assessment must
7.6 be based on the Department of Education Kindergarten Readiness Assessment at kindergarten
7.7 entrance study research based, developmentally appropriate, valid and reliable, and aligned
7.8 to the state early childhood indicators of progress and kindergarten academic standards.

7.9 Subd. 3. **Reporting.** Beginning in the 2021-2022 school year, every district and charter
7.10 school must use the commissioner-provided process. Every district and charter school must
7.11 annually report kindergarten readiness results under this section to the department in the
7.12 form and manner determined by the commissioner concurrent with the district's and charter
7.13 school's world's best workforce report under section 120B.11. The commissioner must
7.14 publicly report kindergarten readiness results as part of the performance reports required
7.15 under section 120B.36 and consistent with section 120B.35, subdivision 3, paragraph (a),
7.16 clause (2).

7.17 Subd. 4. **Longitudinal data system.** Beginning with data reported on incoming
7.18 kindergartners in the 2021-2022 school year, the commissioner must integrate kindergarten
7.19 readiness data under this section into statewide longitudinal educational data systems.

7.20 Sec. 4. Minnesota Statutes 2018, section 124D.165, subdivision 2, is amended to read:

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

7.23 (1) have an eligible child; and

7.24 (2) have income equal to or less than 185 percent of federal poverty level income in the
7.25 current calendar year, or be able to document their child's current participation in the free
7.26 and reduced-price lunch program or Child and Adult Care Food Program, National School
7.27 Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution
7.28 Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections
7.29 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act
7.30 of 2007; Minnesota family investment program under chapter 256J; child care assistance
7.31 programs under chapter 119B; the supplemental nutrition assistance program; or placement
7.32 in foster care under section 260C.212.

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

8.1 (1) ~~at least from birth through three but not yet five~~ years of age on September 1 of the
8.2 current school year;

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

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

8.8 (4) homeless, in foster care, or in need of child protective services; or

8.9 (5) a child not yet five years of age on September 1 of the current school year participating
8.10 in a program with a designated number of scholarship seats under subdivision 3, paragraph
8.11 (c).

8.12 (c) Notwithstanding the age requirements under paragraph (b), a child who has received
8.13 a scholarship under this section must continue to receive a scholarship each year until that
8.14 child is eligible for kindergarten under section 120A.20 and as long as funds are available.

8.15 (d) Early learning scholarships may not be counted as earned income for the purposes
8.16 of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota
8.17 family investment program under chapter 256J, child care assistance programs under chapter
8.18 119B, or Head Start under the federal Improving Head Start for School Readiness Act of
8.19 2007.

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

8.25 Sec. 5. Minnesota Statutes 2018, section 124D.165, subdivision 4, is amended to read:

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

8.28 (1) participate in the quality rating and improvement system under section 124D.142;
8.29 and

8.30 (2) beginning July 1, 2020 when 40 percent of programs eligible for rating under section
8.31 124D.142 have received ratings, have a three- or four-star rating in the quality rating and
8.32 improvement system.

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

9.3 (c) Notwithstanding paragraph (a), all Minnesota early learning foundation scholarship
9.4 program pilot sites are eligible to accept an early learning scholarship under this section.

9.5 Sec. 6. Minnesota Statutes 2019 Supplement, section 126C.05, subdivision 1, is amended
9.6 to read:

9.7 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age
9.8 of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in
9.9 average daily membership enrolled in the district of residence, in another district under
9.10 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under
9.11 chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22,
9.12 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03
9.13 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

9.14 (a) A prekindergarten pupil with a disability who is enrolled in a program approved by
9.15 the commissioner and has an individualized education program is counted as the ratio of
9.16 the number of hours of assessment and education service to 825 times 1.0 with a minimum
9.17 average daily membership of 0.28, but not more than 1.0 pupil unit.

9.18 (b) A prekindergarten pupil who is assessed but determined not to be disabled is counted
9.19 as the ratio of the number of hours of assessment service to 825 times 1.0.

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

9.24 (d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled
9.25 in an approved voluntary prekindergarten program under section 124D.151 is counted as
9.26 the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil
9.27 units.

9.28 (e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil
9.29 unit if the pupil is enrolled in a free all-day, every day kindergarten program available to
9.30 all kindergarten pupils at the pupil's school that meets the minimum hours requirement in
9.31 section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day,
9.32 every day kindergarten program available to all kindergarten pupils at the pupil's school.

9.33 (f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

10.1 (g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

10.2 (h) A pupil who is in the postsecondary enrollment options program is counted as 1.2
 10.3 pupil units.

10.4 (i) ~~For fiscal years 2018 through 2021,~~ A prekindergarten pupil who:

10.5 (1) is not included in paragraph (a), (b), or (d);

10.6 (2) is enrolled in a school readiness plus program under Laws 2017, First Special Session
 10.7 chapter 5, article 8, section 9; and

10.8 (3) has one or more of the risk factors specified by the eligibility requirements for a
 10.9 school readiness plus program,

10.10 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more
 10.11 than 0.6 pupil units. A pupil qualifying under this paragraph must be counted in the same
 10.12 manner as a voluntary prekindergarten student for all general education and other school
 10.13 funding formulas.

10.14 Sec. 7. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 3,
 10.15 is amended to read:

10.16 Subd. 3. **Early learning scholarships.** (a) For the early learning scholarship program
 10.17 under Minnesota Statutes, section 124D.165:

10.18 \$ 75,209,000 2020

10.19 ~~70,709,000~~

10.20 \$ 260,709,000 2021

10.21 (b) This appropriation is subject to the requirements under Minnesota Statutes, section
 10.22 124D.165, subdivision 6.

10.23 (c) The base for each of fiscal years 2022 and 2023 is \$70,709,000.

10.24 Sec. 8. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 8,
 10.25 is amended to read:

10.26 Subd. 8. **Kindergarten entrance readiness assessment initiative and intervention**
 10.27 **program.** For the kindergarten entrance readiness assessment initiative and intervention
 10.28 ~~program~~ under Minnesota Statutes, section 124D.162:

10.29 \$ 281,000 2020

10.30 ~~281,000~~

10.31 \$ 2,693,000 2021

11.1 The base for each of fiscal years 2022 and 2023 is \$2,000,000.

11.2 Sec. 9. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 9,
11.3 is amended to read:

11.4 Subd. 9. **Quality rating and improvement system.** (a) For transfer to the commissioner
11.5 of human services for the purposes of expanding the quality rating and improvement system
11.6 under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports
11.7 for providers participating in the quality rating and improvement system:

11.8 \$ 1,750,000 2020

11.9 ~~1,750,000~~

11.10 \$ 3,400,000 2021

11.11 (b) The amounts in paragraph (a) must be in addition to any federal funding under the
11.12 child care and development block grant authorized under Public Law 101-508 in that year
11.13 for the system under Minnesota Statutes, section 124D.142.

11.14 (c) Any balance in the first year does not cancel but is available in the second year.

11.15 (d) The base for each of fiscal years 2022 and 2023 is \$1,750,000.

11.16 (e) The onetime, supplemental funds appropriated in fiscal year 2021 are for the purposes
11.17 of the quality rating and improvement system's evaluation, and remain available until June
11.18 30, 2023.

11.19 Sec. 10. **FAMILY CHILD CARE REGULATION MODERNIZATION.**

11.20 (a) The commissioner of human services shall contract with an experienced and
11.21 independent organization or individual consultant to conduct the work outlined in this
11.22 section. If practicable, the commissioner must contract with the National Association for
11.23 Regulatory Administration.

11.24 (b) The consultant must develop a proposal for a risk-based model for monitoring
11.25 compliance with family child care licensing standards, grounded in national regulatory best
11.26 practices. Violations in the new model must be weighted to reflect the potential risk they
11.27 pose to children's health and safety, and licensing sanctions must be tied to the potential
11.28 risk. The proposed new model must protect the health and safety of children in family child
11.29 care programs and be child centered, family friendly, and fair to providers.

11.30 (c) The consultant shall develop and implement a stakeholder engagement process that
11.31 solicits input from parents, licensed family child care providers, county licensors, staff of
11.32 the Department of Human Services, and experts in child development about appropriate

12.1 licensing standards, appropriate tiers for violations of the standards, based on the potential
12.2 risk of harm that each violation poses, and appropriate licensing sanctions for each tier.

12.3 (d) The consultant shall solicit input from parents, licensed family child care providers,
12.4 county licensors, and staff of the Department of Human Services about which family child
12.5 care providers should be eligible for abbreviated inspections that predict compliance with
12.6 other licensing standards for licensed family child care providers using key indicators
12.7 previously identified using an empirically based statistical methodology developed by the
12.8 National Association for Regulatory Administration and the Research Institute for Key
12.9 Indicators.

12.10 (e) No later than February 1, 2023, the commissioner shall submit a report and proposed
12.11 legislation required to implement the new licensing model to the chairs and ranking minority
12.12 members of the legislative committees with jurisdiction over child care regulation.

12.13 **Sec. 11. APPROPRIATION; FAMILY CHILD CARE REGULATION**
12.14 **MODERNIZATION.**

12.15 \$1,500,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
12.16 of human services for the family child care regulation modernization project under section
12.17 10. This is a onetime appropriation and remains available until June 30, 2023.

12.18 **ARTICLE 3**
12.19 **CHILD CARE AVAILABILITY**

12.20 Section 1. Minnesota Statutes 2018, section 119B.13, subdivision 1, is amended to read:

12.21 Subdivision 1. **Subsidy restrictions.** ~~(a) Beginning February 3, 2014, The maximum~~
12.22 ~~rate paid for child care assistance in any county or county price cluster under the child care~~
12.23 ~~fund shall be the greater of the 25th percentile of the 2011 child care provider rate survey~~
12.24 ~~or the maximum rate effective November 28, 2011.:~~

12.25 (1) for family child care, the 25th percentile of the market rate in the county or county
12.26 price cluster with the highest cost 25th percentile for family child care in the most recent
12.27 child care provider rate survey under section 119B.02, subdivision 7; and

12.28 (2) for child care centers, the 25th percentile of the market rate in the most recent child
12.29 care provider rate survey under section 119B.02, subdivision 7. For a child care provider
12.30 center located within the boundaries of a city located in two or more of the counties of
12.31 Benton, Sherburne, and Stearns, the maximum rate paid for child care assistance shall be

13.1 equal to the maximum rate paid in the county with the highest maximum reimbursement
13.2 rates or the provider's charge, whichever is less.

13.3 (b) The commissioner may: (1) assign a county with no reported provider prices to a
13.4 similar price cluster; and (2) consider county level access when determining final price
13.5 clusters under section 119B.02, subdivision 7.

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

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

13.12 ~~(d)~~ (e) If a child uses one provider, the maximum payment for one day of care must not
13.13 exceed the daily rate. The maximum payment for one week of care must not exceed the
13.14 weekly rate.

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

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

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

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

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

13.23 ~~(g)~~ (h) If the provider charge is greater than the maximum provider rate allowed, the
13.24 parent is responsible for payment of the difference in the rates in addition to any family
13.25 co-payment fee.

13.26 ~~(h)~~ (i) All maximum provider rates changes shall be implemented on the Monday
13.27 following the effective date of the maximum provider rate.

13.28 ~~(i) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration~~
13.29 ~~fees in effect on January 1, 2013, shall remain in effect.~~ (j) The maximum registration fee
13.30 paid for child care assistance in any county or county price cluster under the child care fund
13.31 must be the greater of:

14.1 (1) the 25th percentile of the market rate in the county or county price cluster with the
14.2 highest cost 25th percentile in the most recent child care provider rate survey under section
14.3 119B.02, subdivision 7; or

14.4 (2) the registration fee in effect at the time of the update.

14.5 (k) A maximum registration fee must be set for licensed family child care and for child
14.6 care centers.

14.7 **Sec. 2. [119B.195] RETAINING EARLY EDUCATORS THROUGH ATTAINING**
14.8 **INCENTIVES NOW (REETAIN) GRANT PROGRAM.**

14.9 Subdivision 1. **Establishment; purpose.** The retaining early educators through attaining
14.10 incentives now (REETAIN) grant program is established to provide competitive grants to
14.11 incentivize well-trained child care professionals to stay in the workforce to create more
14.12 consistent care for children over time.

14.13 Subd. 2. **Administration.** The commissioner shall administer the REETAIN grant
14.14 program through a grant to a nonprofit organization with demonstrated ability to manage
14.15 benefit programs for child care professionals. Up to ten percent of grant funds may be used
14.16 for administration of the grant program.

14.17 Subd. 3. **Application.** An applicant must apply for the grant program using the forms
14.18 and according to the timelines established by the commissioner.

14.19 Subd. 4. **Eligibility.** (a) To be eligible for a grant, an applicant must:

14.20 (1) be licensed to provide child care or work for a licensed child care program;

14.21 (2) work directly with children at least 30 hours per week;

14.22 (3) work in their current position for at least 12 months;

14.23 (4) agree to stay in their current position for at least 12 months upon receiving a grant
14.24 under this section;

14.25 (5) have a career lattice step of six or higher;

14.26 (6) have a current membership with the Minnesota quality improvement and registry
14.27 tool; and

14.28 (7) meet any other requirements determined by the commissioner.

14.29 (b) Grant recipients must sign a contract agreeing to remain in their current position for
14.30 at least 12 months.

15.1 Subd. 5. Grant awards. To the extent funding is available, a child care professional's
15.2 annual amount for the REETAIN grant must not exceed an amount determined by the
15.3 commissioner. A child care professional must apply each year to compete for an award and
15.4 may receive up to one award per year. Grant funds may be used for program supplies,
15.5 training, or personal expenses.

15.6 Subd. 6. Report. Beginning January 1, 2022, and each year thereafter, the commissioner
15.7 must report annually to the legislative committees with jurisdiction over child care on the
15.8 number of grants awarded and outcomes of the grant program.

15.9 Sec. 3. Minnesota Statutes 2018, section 136A.128, subdivision 2, is amended to read:

15.10 Subd. 2. **Program components.** (a) The nonprofit organization must use the grant for:

15.11 (1) tuition scholarships up to ~~\$5,000~~ \$10,000 per year for courses leading to the nationally
15.12 recognized child development associate credential or college-level courses leading to an
15.13 associate's degree or bachelor's degree in early childhood development and school-age care;
15.14 and

15.15 (2) education incentives of a minimum of ~~\$100~~ \$250 to participants in the tuition
15.16 scholarship program if they complete a year of working in the early care and education
15.17 field.

15.18 (b) Applicants for the scholarship must be employed by a licensed early childhood or
15.19 child care program and working directly with children, a licensed family child care provider,
15.20 employed by a public prekindergarten program, or an employee in a school-age program
15.21 exempt from licensing under section 245A.03, subdivision 2, paragraph (a), clause (12).
15.22 Lower wage earners must be given priority in awarding the tuition scholarships. Scholarship
15.23 recipients must contribute at least ten percent of the total scholarship and must be sponsored
15.24 by their employers, who must also contribute ~~ten~~ at least five percent of the total scholarship.
15.25 Scholarship recipients who are self-employed must contribute 20 percent of the total
15.26 scholarship.

15.27 Sec. 4. Minnesota Statutes 2018, section 136A.128, subdivision 4, is amended to read:

15.28 Subd. 4. **Administration.** A nonprofit organization that receives a grant under this
15.29 section may use ~~five~~ ten percent of the grant amount to administer the program.

16.1 **Sec. 5. FAMILY, FRIEND, AND NEIGHBOR GRANT PROGRAM.**

16.2 Subdivision 1. **Establishment.** A family, friend, and neighbor (FFN) grant program is
16.3 established to promote children's social emotional learning and healthy development, early
16.4 literacy, and school readiness, and to foster community partnerships to promote children's
16.5 school readiness. The commissioner of health must make grants available to fund:

16.6 (1) community health boards, local or regional libraries, community-based organizations,
16.7 nonprofit organizations, and Indian tribes working with FFN caregivers under subdivision
16.8 2; and

16.9 (2) community-based partnerships to implement early literacy programs under subdivision
16.10 3.

16.11 The commissioner must attempt to ensure that grants under subdivisions 2 and 3 are made
16.12 in all areas of the state.

16.13 Subd. 2. **Grants to work with FFN caregivers.** (a) Grants awarded by the commissioner
16.14 under this paragraph may be used by community health boards, local or regional libraries,
16.15 community-based organizations, nonprofit organizations, and Indian tribes working with
16.16 FFN caregivers in local communities, cultural communities, and Indian tribes to:

16.17 (1) provide training, support, and resources to FFN caregivers in order to improve and
16.18 promote children's health, safety, nutrition, and school readiness;

16.19 (2) connect FFN caregivers and children's families with appropriate community resources
16.20 that support the families' physical and mental health, and economic and developmental
16.21 needs;

16.22 (3) connect FFN caregivers and children's families to early childhood screening programs
16.23 and facilitate referrals where appropriate;

16.24 (4) provide FFN caregivers and children's families with information about early learning
16.25 guidelines from the Departments of Human Services and Education;

16.26 (5) provide FFN caregivers and children's families with information about becoming a
16.27 licensed family child care provider; and

16.28 (6) provide FFN caregivers and children's families with information about early learning
16.29 allowances and enrollment opportunities in high-quality, community-based child care and
16.30 preschool programs.

16.31 (b) Grants that the commissioner awards under paragraph (a) also may be used for:

16.32 (1) social emotional learning, health and safety, and early learning kits for FFN caregivers;

- 17.1 (2) play and learn groups with FFN caregivers;
- 17.2 (3) culturally appropriate early childhood training for FFN caregivers;
- 17.3 (4) transportation for FFN caregivers and children's families to school readiness and
- 17.4 other early childhood training activities;
- 17.5 (5) other activities that promote school readiness;
- 17.6 (6) data collection and evaluation;
- 17.7 (7) staff outreach and outreach activities;
- 17.8 (8) translation needs; and
- 17.9 (9) administrative costs that equal up to five percent of the recipient's grant award.

17.10 Subd. 3. **Grants for early literacy programs.** Grants awarded by the commissioner

17.11 under this subdivision must be used to fund existing or new partnerships between community

17.12 health boards, local or regional library systems, community-based organizations, nonprofit

17.13 organizations, or Indian tribes to implement early literacy programs in low-income

17.14 communities, including tribal communities, to:

- 17.15 (1) purchase and equip early childhood reading mobiles and math mobiles that provide
- 17.16 FFN caregivers and children's families with books, training, and early literacy activities;
- 17.17 (2) provide FFN caregivers and children's families with translations of early childhood
- 17.18 books, training, and early literacy activities in native languages; or
- 17.19 (3) provide FFN caregivers and children's families with early literacy activities in local
- 17.20 libraries.

17.21 Subd. 4. **Grant awards.** Interested entities eligible to receive a grant under this section

17.22 may apply to the commissioner in a form and manner prescribed by the commissioner. The

17.23 commissioner shall award grants to eligible entities consistent with the requirements of this

17.24 section.

17.25 Subd. 5. **Evaluation.** The commissioner must evaluate the impact of the grants under

17.26 subdivisions 2 and 3 on children's school readiness, including but not limited to social

17.27 emotional learning indicators, and submit a written report to the legislative committees with

17.28 jurisdiction over health and human services and education finance and policy by February

17.29 1, 2022.

18.1 **Sec. 6. FIRST CHILDREN'S FINANCE CHILD CARE SITE ASSISTANCE.**

18.2 Subdivision 1. Purpose. The commissioner of human services must provide grants to
18.3 First Children's Finance for loans to improve child care or early childhood education sites
18.4 or loans to plan, design, and construct or expand licensed and legal nonlicensed sites to
18.5 increase the availability of child care or early childhood education.

18.6 Subd. 2. Financing program. (a) First Children's Finance must use grant funds to:

18.7 (1) establish a revolving loan fund to make loans to existing, expanding, and newly
18.8 licensed and legal nonlicensed child care and early childhood education sites;

18.9 (2) establish a fund to guarantee private loans to improve or construct a child care or
18.10 early childhood education site;

18.11 (3) establish a fund to provide forgivable loans or grants to match all or part of a loan
18.12 made under this section;

18.13 (4) establish a fund as a reserve against bad debt; and

18.14 (5) establish a fund to provide business planning assistance for child care providers.

18.15 (b) First Children's Finance must establish the terms and conditions for loans and loan
18.16 guarantees including interest rates, repayment agreements, private match requirements, and
18.17 conditions for loan forgiveness. A minimum interest rate for loans must be established to
18.18 ensure that necessary loan administration costs are covered. Interest earnings may be used
18.19 for administrative expenses.

18.20 Subd. 3. Reports. First Children's Finance must:

18.21 (1) by September 30, 2021, and by September 30, 2022, report to the commissioner of
18.22 human services the purposes for which the money was used during the past fiscal year,
18.23 including a description of projects supported by the financing, an account of loans made
18.24 during the calendar year, the financing program's assets and liabilities, and an explanation
18.25 of administrative expenses; and

18.26 (2) for each fiscal year in which grants are received, submit to the commissioner of
18.27 human services a copy of the report of an independent audit performed in accordance with
18.28 generally accepted accounting practices and auditing standards.

18.29 **Sec. 7. APPROPRIATION; FIRST CHILDREN'S FINANCE.**

18.30 \$3,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
18.31 of human services for a grant to First Children's Finance. This is a onetime appropriation.

19.1 Sec. 8. **APPROPRIATION; FAMILY, FRIEND, AND NEIGHBOR GRANT.**

19.2 \$1,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
19.3 of health for purposes of awarding grants under section 5. This is a onetime appropriation
19.4 and is available until June 30, 2022.

19.5 Sec. 9. **APPROPRIATION; CHILD CARE PROGRAMS.**

19.6 Subdivision 1. **Basic sliding fee waiting list allocation.** (a) Notwithstanding Minnesota
19.7 Statutes, section 119B.03, \$20,000,000 in fiscal year 2021 is appropriated from the general
19.8 fund to the commissioner of human services to reduce the basic sliding fee program waiting
19.9 list as follows:

19.10 (1) the allocations for calendar years 2020 and 2021 must be increased to serve families
19.11 on the waiting list. To receive funds appropriated for this purpose, a county must have a
19.12 waiting list in at least one of the most recent three months based on published waiting lists;

19.13 (2) funds must be distributed proportionately based on the average of the most recent
19.14 six months of published waiting lists to counties that meet the criteria in clause (1);

19.15 (3) allocations in calendar years 2022 and beyond must be calculated using the allocation
19.16 formula in Minnesota Statutes, section 119B.03; and

19.17 (4) the guaranteed floor for calendar year 2021 must be based on the revised calendar
19.18 year 2020 allocation.

19.19 (b) This is a onetime appropriation available through fiscal year 2021.

19.20 Subd. 2. **Child care rates.** (a) \$170,000,000 in fiscal year 2021 is appropriated from
19.21 the general fund to the commissioner of human services to increase child care rates under
19.22 Minnesota Statutes, section 119B.13. The commissioner may not increase the rate differential
19.23 percentage established under Minnesota Statutes, section 119B.13, subdivision 3a or 3b.
19.24 To determine the increased rates, the commissioner of human services must:

19.25 (1) for family child care, set one rate for the entire state that is based on the county or
19.26 county price cluster with the highest costs in the most recent child care market rate survey
19.27 under Minnesota Statutes, section 119B.02, subdivision 7; and

19.28 (2) set the percentile for family child care and child care centers no higher than the 75th
19.29 percentile of the most recent market rate survey under Minnesota Statutes, section 119B.02,
19.30 subdivision 7.

19.31 (b) This is a onetime appropriation that must be used until expended to increase the child
19.32 care rates as directed in this subdivision, but at no time may the child care rates exceed the

20.1 75th percentile of the most recent market rate survey under Minnesota Statutes, section
20.2 119B.02, subdivision 7.

20.3 (c) The child care rates shall return to the rates determined under Minnesota Statutes,
20.4 section 119B.13, when the appropriation under this subdivision is expended.

20.5 **Sec. 10. APPROPRIATIONS; DEPARTMENT OF EMPLOYMENT AND**
20.6 **ECONOMIC DEVELOPMENT.**

20.7 Subdivision 1. **Grants for child care.** (a) \$10,000,000 in fiscal year 2021 is appropriated
20.8 from the general fund to the commissioner of employment and economic development for
20.9 grants to local communities to increase the supply of quality child care providers to support
20.10 economic development. This is a onetime appropriation. Fifty percent of grant funds must
20.11 go to communities located outside of the seven-county metropolitan area as defined under
20.12 Minnesota Statutes, section 473.121, subdivision 2.

20.13 (b) Grant recipients must obtain a 50 percent nonstate match to grant funds in either
20.14 cash or in-kind contribution. Grant funds available under this subdivision must be used to
20.15 implement projects to reduce the child care shortage in the state, including but not limited
20.16 to funding for child care business start-ups or expansion, training, facility modifications,
20.17 direct subsidies or incentives to retain employees, or improvements required for licensing,
20.18 and assistance with licensing and other regulatory requirements. In awarding grants, the
20.19 commissioner must give priority to communities that have demonstrated a shortage of child
20.20 care providers in the area.

20.21 (c) Within one year of receiving grant funds, grant recipients must report to the
20.22 commissioner on the outcomes of the grant program, including but not limited to the number
20.23 of new providers, the number of additional child care provider jobs created, the number of
20.24 additional child care slots, and the amount of cash and in-kind local funds invested.

20.25 Subd. 2. **Minnesota Initiative Foundations.** (a) \$3,850,000 in fiscal year 2021 is
20.26 appropriated from the general fund to the commissioner of employment and economic
20.27 development for a grant to the Minnesota Initiative Foundations. This is a onetime
20.28 appropriation and is available until June 30, 2022.

20.29 (b) The Minnesota Initiative Foundations must use grant funds under this section to:

20.30 (1) facilitate planning processes for rural communities resulting in a community solution
20.31 action plan that guides decision making to sustain and increase the supply of quality child
20.32 care in the region to support economic development;

21.1 (2) engage the private sector to invest local resources to support the community solution
21.2 action plan and ensure child care is a vital component of additional regional economic
21.3 development planning processes;

21.4 (3) provide high-quality, locally based training and technical assistance to rural child
21.5 care business owners. Access to financial and business development assistance must endeavor
21.6 to prepare child care businesses for quality engagement and improvement by stabilizing
21.7 operations, leveraging funding from other sources, and fostering business acumen; and

21.8 (4) recruit child care programs to participate in Parent Aware under Minnesota Statutes,
21.9 section 124D.142, by providing targeted resources designed to encourage high levels of
21.10 participation. The Minnesota Initiative Foundations must work with local partners to provide
21.11 low-cost training, professional development opportunities, and curriculum. The Minnesota
21.12 Initiative Foundations must fund, through local partners, an enhanced level of coaching to
21.13 rural child care providers to obtain a quality rating through Parent Aware.

21.14 Subd. 3. **WomenVenture child care business training.** \$150,000 in fiscal year 2021
21.15 is appropriated from the general fund to the commissioner of employment and economic
21.16 development for a grant to WomenVenture to operate a business training program for child
21.17 care providers and to create materials that could be used, free of charge, for start-up,
21.18 expansion, and operation of child care businesses statewide, with the goal of helping new
21.19 and existing child care businesses in underserved areas of the state become profitable and
21.20 sustainable. The commissioner shall report data on outcomes and recommendations for
21.21 replication of this training program throughout Minnesota to the governor and the legislative
21.22 committees with jurisdiction over child care by December 15, 2022. This is a onetime
21.23 appropriation and is available until June 30, 2022.

21.24 Sec. 11. **APPROPRIATION; RETAINING EARLY EDUCATORS THROUGH**
21.25 **ATTAINING INCENTIVES NOW (REETAIN) GRANT PROGRAM.**

21.26 \$2,500,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
21.27 of human services for purposes of REETAIN grants under section 2. This is a onetime
21.28 appropriation.

21.29 Sec. 12. **APPROPRIATION; TEACH GRANT PROGRAM.**

21.30 \$500,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
21.31 of human services for teacher education and compensation helps (TEACH) program grants
21.32 under Minnesota Statutes, section 136A.128. This is a onetime appropriation.

22.1 Sec. 13. **REVISOR INSTRUCTION.**

22.2 The revisor of statutes shall renumber Minnesota Statutes, section 136A.128, as a section
22.3 in Minnesota Statutes, chapter 119B. The revisor shall also make necessary cross-reference
22.4 changes consistent with the renumbering.