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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1861

03/16/2015 Authored by Winkler; Murphy, E.; Moran; Kresha; Hortman and others

The bill was read for the first time and referred to the Committee on Health and Human Services Reform

1.1 A bill for an act
1.2 relating to human services; increasing funding for early education programs;
1.3 creating transferability for early learning scholarships; enhancing participation in
1.4 the Parent Aware program; modifying child care assistance program maximum
1.5 reimbursement rates; appropriating money; amending Minnesota Statutes 2014,
1.6 sections 119B.13, subdivisions 1, 3b; 124D.16, subdivision 2; 124D.165,
1.7 subdivision 3, by adding a subdivision.

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

1.9 Section 1. Minnesota Statutes 2014, section 119B.13, subdivision 1, is amended to read:

1.10 Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~February 3, 2014~~ July 1, 2015,
1.11 the maximum rate paid for child care assistance in any county or county price cluster under
1.12 the child care fund shall be the greater of the ~~25th~~ 30th percentile of the ~~2014~~ most recent
1.13 biennial child care provider rate survey or the maximum rate effective November 28, 2011.

1.14 The commissioner may: (1) assign a county with no reported provider prices to a similar
1.15 price cluster; and (2) consider county level access when determining final price clusters.

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

1.18 (c) The department shall monitor the effect of this paragraph on provider rates. The
1.19 county shall pay the provider's full charges for every child in care up to the maximum
1.20 established. The commissioner shall determine the maximum rate for each type of care
1.21 on an hourly, full-day, and weekly basis, including special needs and disability care. The
1.22 maximum payment to a provider for one day of care must not exceed the daily rate. The
1.23 maximum payment to a provider for one week of care must not exceed the weekly rate.

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

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

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

(g) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration fees in effect on January 1, 2013, shall remain in effect.

Sec. 2. Minnesota Statutes 2014, section 119B.13, subdivision 3b, is amended to read:

Subd. 3b. **Provider rate differential for Parent Aware.** A family child care provider or child care center shall be paid a five percent differential if they hold a one-star Parent Aware rating, a ten percent differential if they hold a two-star Parent Aware rating, a 15 percent differential if they hold a three-star Parent Aware rating, or a 20 percent differential if they hold a four-star Parent Aware rating. A five percent, ten percent, 15 percent, or 20 percent rate differential must be paid above the maximum rate established in subdivision 1, up to the actual provider rate.

Sec. 3. Minnesota Statutes 2014, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) A district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.

(c) ~~For fiscal year 2015 and later,~~ The total school readiness aid entitlement equals \$12,170,000 for fiscal year 2015, \$47,170,000 for fiscal year 2016, and \$52,170,000 for fiscal year 2017 and later.

Sec. 4. Minnesota Statutes 2014, section 124D.165, is amended by adding a subdivision to read:

Subd. 2a. **Transferability of scholarships.** If accepted into a program operated by another qualifying provider, a child who receives a scholarship under this section may transfer from one program to another program, and the prorated remaining portion of the scholarship for that year is transferred to the new serving program. For purposes of this section, the commissioner shall prorate scholarship payments based on the portion of the state fiscal year, as measured by hours of service, that the child attends each of the qualifying programs.

Sec. 5. Minnesota Statutes 2014, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner may prioritize applications on factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) ~~For fiscal years 2014 and 2015 only, scholarships may not exceed \$5,000 per year for each eligible child.~~ For fiscal year 2016 and later, the commissioner shall not establish a target for the average cap for the scholarship amount per child based on the results of the rate survey conducted under section 119B.02, but rather, determine scholarship amounts based on actual program costs.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. Beginning July 1, 2016, a school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants. If a child with a scholarship withdraws from a predetermined slot approved

under this paragraph and transfers to another qualifying program, the program shall enroll the next child on the waiting list to fill this vacant slot.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period, however a child may transfer the remaining portion of a scholarship to a qualifying provider under subdivision 2a.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program.

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

Sec. 6. **APPROPRIATIONS.**

Subdivision 1. **As designated.** The sums indicated in this section are appropriated from the general fund to the commissioner of education, unless otherwise specified, for the fiscal years designated.

Subd. 2. **School readiness aid.** For school readiness aid, under Minnesota Statutes, section 124D.16:

\$ 43,630,000 2016

\$ 51,670,000 2017

The 2016 appropriation includes \$1,217,000 for fiscal year 2015 and \$42,453,000 for fiscal year 2016.

The 2017 appropriation includes \$4,717,000 for fiscal year 2016 and \$46,953,000 for fiscal year 2017.

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. **Early learning scholarships.** For transfer to the Office of Early Learning for early learning scholarships, under Minnesota Statutes, section 124D.165:

\$ 62,884,000 2016

\$ 67,884,000 2017

5.1 Any balance in the first year does not cancel but is available in the second year.

5.2 Subd. 4. **Child care assistance.** (a) To the commissioner of human services for
5.3 child care assistance programs, for the purposes of the reimbursement rate increase under
5.4 Minnesota Statutes, section 119B.13, subdivision 1, and to serve families on the basic
5.5 sliding fee waiting list under Minnesota Statutes, section 119B.03, subdivision 2:

5.6 \$ 30,000,000 2016

5.7 \$ 45,000,000 2017

5.8 (b) The appropriations in paragraph (a) are in addition to the base budget amounts
5.9 and any other money approved for this program.

5.10 Any balance in the first year does not cancel but is available in the second year.

5.11 Subd. 5. **Parent Aware.** (a) To the commissioner of human services for the
5.12 purposes of expanding the Parent Aware Quality Rating and Improvement System under
5.13 Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports
5.14 for provider participation in Parent Aware:

5.15 \$ 9,000,000 2016

5.16 \$ 9,000,000 2017

5.17 Any balance in the first year does not cancel but is available in the second year.

5.18 Subd. 6. **Parent Aware differential increases.** To the commissioner of human
5.19 services for provider rate differentials for providers with a one-star or two-star Parent
5.20 Aware rating under Minnesota Statutes, section 119B.13, subdivision 3b:

5.21 \$ 6,250,000 2016

5.22 \$ 6,250,000 2017

5.23 Any balance in the first year does not cancel but is available in the second year.

5.24 Subd. 7. **Quality rating training grants.** To the commissioner of human services
5.25 for grants to expand training for family child care providers and child care centers to
5.26 increase the number of providers and centers receiving quality ratings in the quality rating
5.27 and improvement system under Minnesota Statutes, section 124D.142:

5.28 \$ 6,250,000 2016

5.29 \$ 6,250,000 2017

5.30 Any balance in the first year does not cancel but is available in the second year.