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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4374

- 03/11/2020 Authored by Pinto
The bill was read for the first time and referred to the Early Childhood Finance and Policy Division
- 04/28/2020 Adoption of Report: Amended and re-referred to the Health and Human Services Finance Division Pursuant to Joint Rule 2.03, re-referred to the Committee on Rules and Legislative Administration
- 04/30/2020 Adoption of Report: Re-referred to the Health and Human Services Finance Division Joint Rule 2.03 has been waived for any subsequent committee action on this bill
- 05/09/2020 Adoption of Report: Re-referred to the Committee on Ways and Means
- 05/11/2020 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 05/14/2020 Calendar for the Day
Bill was laid on the Table

1.1 A bill for an act

1.2 relating to human services; amending the definition of provider; modifying the

1.3 child care assistance provider reimbursement rates; amending Minnesota Statutes

1.4 2018, section 119B.13, subdivision 1; Minnesota Statutes 2019 Supplement, section

1.5 119B.011, subdivision 19.

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

1.7 Section 1. Minnesota Statutes 2019 Supplement, section 119B.011, subdivision 19, is

1.8 amended to read:

1.9 Subd. 19. **Provider.** "Provider" means:

1.10 (1) an individual or child care center or facility licensed to provide child care under

1.11 chapter 245A when operating within the terms of the license;

1.12 (2) a license-exempt center required to be certified under chapter 245H;

1.13 (3) an individual or child care center or facility that: (i) holds a valid child care license

1.14 issued by another state or a tribe; (ii) provides child care services in the licensing state or

1.15 in the area under the licensing tribe's jurisdiction; and (iii) is in compliance with federal

1.16 health and safety requirements as certified by the licensing state or tribe, or as determined

1.17 by receipt of child care development block grant funds in the licensing state; ~~or~~

1.18 (4) a legal nonlicensed child care provider as defined under section 119B.011, subdivision

1.19 16, providing legal child care services. A legal nonlicensed child care provider must be at

1.20 least 18 years of age, and not a member of the MFIP assistance unit or a member of the

1.21 family receiving child care assistance to be authorized under this chapter; or

2.1 (5) an individual or child care center or facility that is operated under the jurisdiction of
2.2 the federal government.

2.3 **EFFECTIVE DATE.** This section is effective July 1, 2020.

2.4 Sec. 2. Minnesota Statutes 2018, section 119B.13, subdivision 1, is amended to read:

2.5 Subdivision 1. **Subsidy restrictions.** (a) ~~Beginning February 3, 2014,~~ The maximum
2.6 rate paid for child care assistance in any county or county price cluster under the child care
2.7 fund shall be the greater of the 25th percentile of the 2011 most recent child care provider
2.8 rate survey under section 119B.02, subdivision 7, or the ~~maximum rate effective November~~
2.9 ~~28, 2011~~ rates in effect at the time of the update. The first maximum rate update must be
2.10 based on the 2018 child care provider rate survey and take effect September 21, 2020.
2.11 Thereafter, maximum rate updates are effective the first biweekly period following January
2.12 1 after the most recent rate survey. For a child care provider located within the boundaries
2.13 of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the
2.14 maximum rate paid for child care assistance shall be equal to the maximum rate paid in the
2.15 county with the highest maximum reimbursement rates or the provider's charge, whichever
2.16 is less. The commissioner may: (1) assign a county with no reported provider prices to a
2.17 similar price cluster; and (2) consider county level access when determining final price
2.18 clusters.

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

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

2.25 (d) If a child uses one provider, the maximum payment for one day of care must not
2.26 exceed the daily rate. The maximum payment for one week of care must not exceed the
2.27 weekly rate.

2.28 (e) If a child uses two providers under section 119B.097, the maximum payment must
2.29 not exceed:

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

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

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

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

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

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

3.9 (i) ~~Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration~~
3.10 ~~fees in effect on January 1, 2013, shall remain in effect.~~ The maximum registration fee paid
3.11 for child care assistance in any county or county price cluster under the child care fund shall
3.12 be the greater of the 25th percentile of the most recent child care provider rate survey under
3.13 section 119B.02, subdivision 7, or the registration fee in effect at the time of the update.
3.14 The first maximum registration fee update must be based on the 2018 rate survey and is
3.15 effective September 21, 2020. Thereafter, maximum registration fee updates are effective
3.16 the first biweekly period following January 1 after the most recent rate survey. Maximum
3.17 registration fees must be set for licensed family child care and for child care centers. For a
3.18 child care provider located in the boundaries of a city located in two or more of the counties
3.19 of Benton, Sherburne, and Stearns, the maximum registration fee paid for child care assistance
3.20 shall be equal to the maximum registration fee paid in the county with the highest maximum
3.21 registration fee or the provider's charge, whichever is less.

3.22 **EFFECTIVE DATE.** This section is effective September 21, 2020.

3.23 **Sec. 3. DIRECTION TO COMMISSIONER; ALLOCATING BASIC SLIDING FEE**
3.24 **FUNDS.**

3.25 Notwithstanding Minnesota Statutes, section 119B.03, subdivisions 6, 6a, and 6b, the
3.26 commissioner of human services must allocate the additional basic sliding fee child care
3.27 funds for calendar year 2021 to counties for updated maximum rates based on relative need
3.28 to cover maximum rate increases. In distributing the additional funds, the commissioner
3.29 shall consider the following factors by county:

3.30 (1) number of children;

3.31 (2) provider type;

3.32 (3) age of children; and

4.1 (4) amount of the increase in maximum rates.