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## State of Minnesota

## HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3059

04/02/2025

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

1.1 A bill for an act

1.2 relating to child care; modifying requirements for the child care assistance program;

1.3 requiring reports; amending Minnesota Statutes 2024, sections 142E.02, by adding

1.4 a subdivision; 142E.03, subdivision 3; 142E.15, subdivisions 1, 2, by adding a

1.5 subdivision; 142E.17, subdivisions 7, 9, by adding a subdivision; 245C.13,

1.6 subdivision 2; repealing Minnesota Statutes 2024, section 142E.17, subdivision

1.7 10.

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

1.9 Section 1. Minnesota Statutes 2024, section 142E.02, is amended by adding a subdivision

1.10 to read:

1.11 Subd. 10. **Child care grants and contracts.** The commissioner must provide some

1.12 direct child care services through grants or contracts for families with children in underserved

1.13 geographic areas, families with both infants and toddlers, and families with children with

1.14 disabilities.

1.15 Sec. 2. Minnesota Statutes 2024, section 142E.03, subdivision 3, is amended to read:

1.16 Subd. 3. **Redeterminations.** (a) Notwithstanding Minnesota Rules, part 3400.0180, item

1.17 A, the county shall conduct a redetermination according to paragraphs (b) and (c).

1.18 (b) The county shall use the redetermination form developed by the commissioner. The

1.19 county must verify the factors listed in subdivision 1, paragraph (a), as part of the

1.20 redetermination.

1.21 (c) An applicant's eligibility must be redetermined no more frequently than every 12

1.22 months. The following criteria apply:

(1) a family meets the eligibility redetermination requirements if a complete redetermination form and all required verifications are received within 30 days after the date the form was due;

(2) if the 30th day after the date the form was due falls on a Saturday, Sunday, or holiday, the 30-day time period is extended to include the next day that is not a Saturday, Sunday, or holiday. Assistance shall be payable retroactively from the redetermination due date;

(3) for a family where at least one parent is younger than 21 years of age, does not have a high school degree or commissioner of education-selected high school equivalency certification, and is a student in a school district or another similar program that provides or arranges for child care, parenting, social services, career and employment supports, and academic support to achieve high school graduation, the redetermination of eligibility may be deferred beyond 12 months, to the end of the student's school year; and

(4) a family and the family's providers must be notified that the family's redetermination is due at least 45 days before the end of the family's 12-month eligibility period.

(d) When multiple children within the same family have initial eligibility determined at different points in time, a county may align eligibility periods to the new child's eligibility period so that all the children's redeterminations within that family can occur at the same point in time. A county may extend the eligibility period for an existing child or children beyond 12 months under this paragraph.

Sec. 3. Minnesota Statutes 2024, section 142E.15, subdivision 1, is amended to read:

Subdivision 1. **Fee schedule.** All changes to parent fees must be implemented on the first Monday of the service period following the effective date of the change.

PARENT FEE SCHEDULE. The parent fee schedule is as follows, except as noted in subdivision 2:

Income Range (as a percent of the state median income, except at the start of the first tier)	Co-payment (as a percentage of adjusted gross income)
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<del>0-74.99%</del> <u>0-150.99%</u> of federal poverty guidelines	\$0/biweekly
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<del>75.00-99.99%</del> of federal poverty guidelines	<del>\$2/biweekly</del>
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<del>100.00%</del> <u>151.00%</u> of federal poverty guidelines-27.72%	<del>2.61%</del> <u>1.31%</u>
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27.73-29.04%	<del>2.61%</del> <u>1.31%</u>
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29.05-30.36%	<del>2.61%</del> <u>1.31%</u>
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30.37-31.68%	<del>2.61%</del> <u>1.31%</u>
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3.1	31.69-33.00%	<del>2.91%</del> <u>1.46%</u>
3.2	33.01-34.32%	<del>2.91%</del> <u>1.46%</u>
3.3	34.33-35.65%	<del>2.91%</del> <u>1.46%</u>
3.4	35.66-36.96%	<del>2.91%</del> <u>1.46%</u>
3.5	36.97-38.29%	<del>3.21%</del> <u>1.61%</u>
3.6	38.30-39.61%	<del>3.21%</del> <u>1.61%</u>
3.7	39.62-40.93%	<del>3.21%</del> <u>1.61%</u>
3.8	40.94-42.25%	<del>3.84%</del> <u>1.92%</u>
3.9	42.26-43.57%	<del>3.84%</del> <u>1.92%</u>
3.10	43.58-44.89%	<del>4.46%</del> <u>2.23%</u>
3.11	44.90-46.21%	<del>4.76%</del> <u>2.38%</u>
3.12	46.22-47.53%	<del>5.05%</del> <u>2.53%</u>
3.13	47.54-48.85%	<del>5.65%</del> <u>2.83%</u>
3.14	48.86-50.17%	<del>5.95%</del> <u>2.98%</u>
3.15	50.18-51.49%	<del>6.24%</del> <u>3.12%</u>
3.16	51.50-52.81%	<del>6.84%</del> <u>3.42%</u>
3.17	52.82-54.13%	<del>7.58%</del> <u>3.79%</u>
3.18	54.14-55.45%	<del>8.33%</del> <u>4.17%</u>
3.19	55.46-56.77%	<del>9.20%</del> <u>4.60%</u>
3.20	56.78-58.09%	<del>10.07%</del> <u>5.04%</u>
3.21	58.10-59.41%	<del>10.94%</del> <u>5.47%</u>
3.22	59.42-60.73%	<del>11.55%</del> <u>5.78%</u>
3.23	60.74-62.06%	<del>12.16%</del> <u>6.08%</u>
3.24	62.07-63.38%	<del>12.77%</del> <u>6.39%</u>
3.25	63.39-64.70%	<del>13.38%</del> <u>6.69%</u>
3.26	64.71-67.00%	<del>14.00%</del> <u>7.00%</u>
3.27	Greater than 67.00%	ineligible

3.28       A family's biweekly co-payment fee is the fixed percentage established for the income  
3.29 range multiplied by the highest possible income within that income range.

3.30       Sec. 4. Minnesota Statutes 2024, section 142E.15, subdivision 2, is amended to read:

3.31       Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period. A  
3.32 family's parent fee must be a fixed percentage of its annual gross income. Parent fees must  
3.33 apply to families eligible for child care assistance under sections 142E.04 and 142E.08.  
3.34 Income must be as defined in section 142E.01, subdivision 18. The fixed percentage is  
3.35 based on the relationship of the family's annual gross income to 100 percent of the annual  
3.36 state median income. Parent fees must begin at ~~75~~ 151 percent of the poverty level. ~~The~~

4.1 ~~minimum parent fees for families between 75 percent and 100 percent of poverty level must~~  
4.2 ~~be \$2 per biweekly period.~~ Parent fees must provide for graduated movement to full payment.  
4.3 At initial application, the parent fee is established for the family's 12-month eligibility  
4.4 period. At redetermination, if the family remains eligible, the parent fee is recalculated and  
4.5 is established for the next 12-month eligibility period. A parent fee shall not increase during  
4.6 the 12-month eligibility period. Payment of part or all of a family's parent fee directly to  
4.7 the family's child care provider on behalf of the family by a source other than the family  
4.8 shall not affect the family's eligibility for child care assistance, and the amount paid shall  
4.9 be excluded from the family's income. Child care providers who accept third-party payments  
4.10 must maintain family specific documentation of payment source, amount, and time period  
4.11 covered by the payment.

4.12 Sec. 5. Minnesota Statutes 2024, section 142E.15, is amended by adding a subdivision to  
4.13 read:

4.14 Subd. 3. **Parent fees not applicable.** Families experiencing homelessness, families with  
4.15 children with disabilities, families enrolled in Head Start under section 142D.12, and children  
4.16 in foster care or kinship care must not be assessed parent fees under this section.

4.17 Sec. 6. Minnesota Statutes 2024, section 142E.17, subdivision 7, is amended to read:

4.18 Subd. 7. **Rates charged to publicly subsidized families.** Except as provided in  
4.19 subdivision 7a, child care providers receiving reimbursement under this chapter may not  
4.20 charge a rate to clients receiving assistance under this chapter that is higher than the private,  
4.21 full-paying client rate. This subdivision shall not prohibit a child care provider receiving  
4.22 reimbursement under this chapter from providing discounts, scholarships, or other financial  
4.23 assistance to any clients.

4.24 Sec. 7. Minnesota Statutes 2024, section 142E.17, is amended by adding a subdivision to  
4.25 read:

4.26 Subd. 7a. **Paying established subsidy rate.** A county may pay a child care provider the  
4.27 maximum rate paid for child care assistance under subdivision 1, even if that amount is  
4.28 greater than the price the provider charges parents who do not participate in the child care  
4.29 assistance program.

5.1 Sec. 8. Minnesota Statutes 2024, section 142E.17, subdivision 9, is amended to read:

5.2 Subd. 9. **Provider payments.** (a) ~~A provider shall bill only for services documented~~  
5.3 ~~according to section 142E.16, subdivision 7. The provider shall bill for services provided~~  
5.4 ~~within ten days of the end of the service period.~~ Payments under the child care fund shall  
5.5 be made ~~within 21 days of receiving a complete bill from the provider~~ in advance of or at  
5.6 the beginning of the delivery of services. Counties or the state may establish policies that  
5.7 make payments on a more frequent basis.

5.8 (b) If a provider has received an authorization of care and been issued a billing form for  
5.9 an eligible family, the bill must be submitted within 60 days of the last date of service on  
5.10 the bill. A bill submitted more than 60 days after the last date of service must be paid if the  
5.11 county determines that the provider has shown good cause why the bill was not submitted  
5.12 within 60 days. Good cause must be defined in the county's child care fund plan under  
5.13 section 142E.09, subdivision 3, and the definition of good cause must include county error.  
5.14 Any bill submitted more than a year after the last date of service on the bill must not be  
5.15 paid.

5.16 (c) If a provider provided care for a time period without receiving an authorization of  
5.17 care and a billing form for an eligible family, payment of child care assistance may only be  
5.18 made retroactively for a maximum of three months from the date the provider is issued an  
5.19 authorization of care and a billing form. For a family at application, if a provider provided  
5.20 child care during a time period without receiving an authorization of care and a billing form,  
5.21 a county may only make child care assistance payments to the provider retroactively from  
5.22 the date that child care began, or from the date that the family's eligibility began under  
5.23 section 142E.10, subdivision 7, or from the date that the family meets authorization  
5.24 requirements, not to exceed six months from the date that the provider is issued an  
5.25 authorization of care and a billing form, whichever is later.

5.26 (d) The commissioner may refuse to issue a child care authorization to a certified,  
5.27 licensed, or legal nonlicensed provider; revoke an existing child care authorization to a  
5.28 certified, licensed, or legal nonlicensed provider; stop payment issued to a certified, licensed,  
5.29 or legal nonlicensed provider; or refuse to pay a bill submitted by a certified, licensed, or  
5.30 legal nonlicensed provider if:

5.31 (1) the provider admits to intentionally giving the county materially false information  
5.32 on the provider's billing forms;

(2) the commissioner finds by a preponderance of the evidence that the provider intentionally gave the county materially false information on the provider's billing forms, or provided false attendance records to a county or the commissioner;

(3) the provider is in violation of child care assistance program rules, until the agency determines those violations have been corrected;

(4) the provider is operating after:

(i) an order of suspension of the provider's license issued by the commissioner;

(ii) an order of revocation of the provider's license issued by the commissioner; or

(iii) an order of decertification issued to the provider;

(5) the provider submits false attendance reports or refuses to provide documentation of the child's attendance upon request;

(6) the provider gives false child care price information; or

(7) the provider fails to report decreases in a child's attendance as required under section 142E.16, subdivision 9.

(e) For purposes of paragraph (d), clauses (3), (5), (6), and (7), the commissioner may withhold the provider's authorization or payment for a period of time not to exceed three months beyond the time the condition has been corrected.

(f) A county's payment policies must be included in the county's child care plan under section 142E.09, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

(g) If the commissioner suspends or refuses payment to a provider under paragraph (d), clause (1) or (2), or sections 142E.50 to 142E.58 and the provider has:

(1) a disqualification for wrongfully obtaining assistance under section 256.98, subdivision 8, paragraph (c);

(2) an administrative disqualification under section 142E.51, subdivision 5; or

(3) a termination under section 142E.51, subdivision 4, paragraph (c), clause (4), or 142E.55;

then the provider forfeits the payment to the commissioner or the responsible county agency, regardless of the amount assessed in an overpayment, charged in a criminal complaint, or ordered as criminal restitution.

7.1 Sec. 9. Minnesota Statutes 2024, section 245C.13, subdivision 2, is amended to read:

7.2 Subd. 2. **Activities pending completion of background study.** The subject of a  
7.3 background study may not perform any activity requiring a background study under  
7.4 paragraph (c) until the commissioner has issued one of the notices under paragraph (a).

7.5 (a) Notices from the commissioner required prior to activity under paragraph (c) include:

7.6 (1) a notice of the study results under section 245C.17 stating that:

7.7 (i) the individual is not disqualified; or

7.8 (ii) more time is needed to complete the study but the individual is not required to be  
7.9 removed from direct contact or access to people receiving services prior to completion of  
7.10 the study as provided under section 245C.17, subdivision 1, paragraph (b) or (c). The notice  
7.11 that more time is needed to complete the study must also indicate whether the individual is  
7.12 required to be under continuous direct supervision prior to completion of the background  
7.13 study. When more time is necessary to complete a background study of an individual  
7.14 affiliated with a Title IV-E eligible children's residential facility or foster residence setting,  
7.15 the individual may not work in the facility or setting regardless of whether or not the  
7.16 individual is supervised;

7.17 (2) a notice that a disqualification has been set aside under section 245C.23; or

7.18 (3) a notice that a variance has been granted related to the individual under section  
7.19 245C.30.

7.20 (b) For a background study affiliated with a licensed child care center or certified  
7.21 license-exempt child care center, the notice sent under paragraph (a), clause (1), item (ii),  
7.22 must require the individual to be under continuous direct supervision prior to completion  
7.23 of the background study except as permitted in subdivision 3. An individual must not perform  
7.24 any activity requiring a background study under paragraph (c), including under continuous  
7.25 direct supervision, until the provider receives notice that the commissioner received a  
7.26 qualifying result from the submission of the individual's fingerprints for a state or national  
7.27 criminal history check.

7.28 (c) Activities prohibited prior to receipt of notice under paragraph (a) include:

7.29 (1) being issued a license;

7.30 (2) living in the household where the licensed program will be provided;

7.31 (3) providing direct contact services to persons served by a program unless the subject  
7.32 is under continuous direct supervision, except as provided under paragraph (b);

(4) having access to persons receiving services if the background study was completed under section 144.057, subdivision 1, or 245C.03, subdivision 1, paragraph (a), clause (2), (5), or (6), unless the subject is under continuous direct supervision;

(5) for licensed child care centers and certified license-exempt child care centers, providing direct contact services to persons served by the program;

(6) for children's residential facilities or foster residence settings, working in the facility or setting; or

(7) for background studies affiliated with a personal care provider organization, except as provided in section 245C.03, subdivision 3b, before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study of the personal care assistant under this chapter and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22.

**Sec. 10. DIRECTION TO COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES; CHILD CARE ASSISTANCE PROGRAM APPLICATION PROCESS SIMPLIFICATION.**

The commissioner of children, youth, and families must implement eligibility policies and procedures for the child care assistance program that minimize disruptions to parent employment, education, or training opportunities. These policies and procedures may include but are not limited to providing advance notice to parents and providers of pending redeterminations, providing a prepopulated redetermination form, providing online documentation submission, allowing for cross-program redeterminations, allowing for consultations over the telephone, and leveraging eligibility from other public assistance programs. By December 31, 2025, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over the child care assistance program on the progress of implementing the new policies and procedures under this section.



9.1       Sec. 11. **DIRECTION TO COMMISSIONER OF CHILDREN, YOUTH, AND**  
9.2 **FAMILIES; PAYMENT PRACTICES GENERALLY ACCEPTED.**

9.3       The commissioner of children, youth, and families must ensure that child care assistance  
9.4 program provider payment practices meet generally accepted payment practices for families  
9.5 not participating in the child care assistance program. By December 31, 2025, the  
9.6 commissioner must report to the chairs and ranking minority members of the legislative  
9.7 committees with jurisdiction over the child care assistance program on the progress of  
9.8 ensuring that the provider payment practices meet the generally accepted payment practices.

9.9       Sec. 12. **DIRECTION TO COMMISSIONER OF CHILDREN, YOUTH, AND**  
9.10 **FAMILIES; DEVELOPING GRANT PROGRAM TO PROVIDE DIRECT CHILD**  
9.11 **CARE SERVICES.**

9.12       The commissioner of children, youth, and families must develop a grant program to  
9.13 provide direct child care services for families participating in the child care assistance  
9.14 program under Minnesota Statutes, section 142E.02, subdivision 10. The grant program  
9.15 must provide grants to families with children in underserved geographic areas, families with  
9.16 both infants and toddlers, and families with children with disabilities. By February 1, 2026,  
9.17 the commissioner must submit proposed legislative changes to the chairs and ranking  
9.18 minority members of the legislative committees with jurisdiction over the child care  
9.19 assistance program.

9.20       Sec. 13. **DIRECTION TO COMMISSIONER OF CHILDREN, YOUTH, AND**  
9.21 **FAMILIES; PROGRAM ELIGIBILITY.**

9.22       The commissioner of children, youth, and families must evaluate the eligibility criteria  
9.23 of economic assistance programs administered by the Department of Children, Youth, and  
9.24 Families and the Department of Human Services to determine which programs have eligibility  
9.25 criteria that are similar to or the same as the eligibility criteria for the child care assistance  
9.26 program. By February 1, 2026, the commissioner must provide to the chairs and ranking  
9.27 minority members of the legislative committees with jurisdiction over the child care  
9.28 assistance program proposed legislative changes that would allow the use of a family's  
9.29 eligibility in another economic assistance program to determine eligibility for the child care  
9.30 assistance program.

9.31       Sec. 14. **REPEALER.**

9.32       Minnesota Statutes 2024, section 142E.17, subdivision 10, is repealed.

**142E.17 CHILD CARE RATES.**

Subd. 10. **Absent days.** (a) Licensed child care providers and license-exempt centers must not be reimbursed for more than 25 full-day absent days per child, excluding holidays, in a calendar year, or for more than ten consecutive full-day absent days. "Absent day" means any day that the child is authorized and scheduled to be in care with a licensed provider or license-exempt center, and the child is absent from the care for the entire day. Legal nonlicensed family child care providers must not be reimbursed for absent days. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time must be reimbursed but the time must not count toward the absent days limit. Child care providers must only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

(b) Notwithstanding paragraph (a), children with documented medical conditions that cause more frequent absences may exceed the 25 absent days limit, or ten consecutive full-day absent days limit. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the absent days limit in a calendar year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason, including, but not limited to, fever or contagious illness, the child care center director or lead teacher may verify the illness in lieu of a medical practitioner.

(c) Notwithstanding paragraph (a), children in families may exceed the absent days limit if at least one parent: (1) is under the age of 21; (2) does not have a high school diploma or commissioner of education-selected high school equivalency certification; and (3) is a student in a school district or another similar program that provides or arranges for child care, parenting support, social services, career and employment supports, and academic support to achieve high school graduation, upon request of the program and approval of the county. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day.

(d) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the absent days limit.

(e) A family must not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, or (2) all of the allowed full-day absent payments for the child have been paid.

(f) The provider and family shall receive notification of the number of absent days used upon initial provider authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.

(g) For purposes of this subdivision, "absent days limit" means 25 full-day absent days per child, excluding holidays, in a calendar year; and ten consecutive full-day absent days.

(h) For purposes of this subdivision, "holidays limit" means ten full-day holidays per child, excluding absent days, in a calendar year.

(i) If a day meets the criteria of an absent day or a holiday under this subdivision, the provider must bill that day as an absent day or holiday. A provider's failure to properly bill an absent day or a holiday results in an overpayment, regardless of whether the child reached, or is exempt from, the absent days limit or holidays limit for the calendar year.