

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 3120

(SENATE AUTHORS: PUTNAM, Kupec and Coleman)

DATE	D-PG	OFFICIAL STATUS
04/01/2025	1245	Introduction and first reading Referred to Higher Education
03/26/2026	7009a	Comm report: To pass as amended and re-refer to Health and Human Services
04/15/2026	8080	Author added Coleman

1.1 A bill for an act

1.2 relating to higher education; establishing a children's savings account program for

1.3 higher education in certain counties; creating a pilot grant program; requiring a

1.4 report; appropriating money; amending Minnesota Statutes 2024, section 136G.03,

1.5 subdivision 1, by adding subdivisions; proposing coding for new law in Minnesota

1.6 Statutes, chapter 136G.

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

1.8 Section 1. Minnesota Statutes 2024, section 136G.03, subdivision 1, is amended to read:

1.9 Subdivision 1. **General.** For purposes of sections 136G.01 to ~~136G.14~~ 136G.16, the

1.10 following terms have the meanings given.

1.11 Sec. 2. Minnesota Statutes 2024, section 136G.03, is amended by adding a subdivision to

1.12 read:

1.13 Subd. 6a. **Children's higher education investment account.** "Children's higher education

1.14 investment account" means the account established in the special revenue fund under section

1.15 136G.15, subdivision 7.

1.16 Sec. 3. Minnesota Statutes 2024, section 136G.03, is amended by adding a subdivision to

1.17 read:

1.18 Subd. 12a. **Eligible child.** "Eligible child" means a current Minnesota resident under 18

1.19 years of age, born on or after July 1, 2026, in either:

1.20 (1) Stearns, Wright, Sherburne, Rice, or Benton counties; or

2.1 (2) Ramsey or Hennepin counties, if the child's biological mother is eligible for the
2.2 medical assistance program under chapter 256B.

2.3 Sec. 4. Minnesota Statutes 2024, section 136G.03, is amended by adding a subdivision to
2.4 read:

2.5 Subd. 17a. **Low-income households.** "Low-income households" means households
2.6 where children or households are identified by the commissioner or by other means as
2.7 low-income for purposes of the program.

2.8 Sec. 5. Minnesota Statutes 2024, section 136G.03, is amended by adding a subdivision to
2.9 read:

2.10 Subd. 21b. **MinneKIDS account.** "MinneKIDS account" means an account created by
2.11 the commissioner in which designated money for an eligible child is held.

2.12 Sec. 6. Minnesota Statutes 2024, section 136G.03, is amended by adding a subdivision to
2.13 read:

2.14 Subd. 21c. **MinneKIDS affiliate.** "MinneKIDS affiliate" means an entity designated
2.15 by the commissioner to contribute to MinneKIDS accounts under section 136G.15.

2.16 Sec. 7. **[136G.15] MINNESOTA KIDS INVESTMENT AND DEVELOPMENT**
2.17 **SCHOLARSHIP PROGRAM.**

2.18 Subdivision 1. **MinneKIDS accounts.** (a) The commissioner must create a MinneKIDS
2.19 account on behalf of an eligible child no more than 90 days after:

2.20 (1) receiving birth data for an eligible child from the Department of Health pursuant to
2.21 subdivision 4; or

2.22 (2) receiving a request from a parent or guardian of an eligible child that does not have
2.23 a MinneKIDS account.

2.24 (b) The commissioner must provide the parent or guardian a simple process for opting
2.25 the parent or guardian's eligible child out of the MinneKIDS account program. Within 30
2.26 days of receiving a request to opt an eligible child out of the MinneKIDS account program,
2.27 the commissioner must close the eligible child's MinneKIDS account and return any money
2.28 in the account to the children's higher education investment account.

3.1 (c) Only the commissioner, the plan administrator, a MinneKIDS affiliate, or other entity,
3.2 individual, or government approved by the commissioner may contribute money to an
3.3 eligible child's MinneKIDS account.

3.4 (d) Money deposited in a MinneKIDS account must be invested pursuant to section
3.5 136G.07.

3.6 (e) A MinneKIDS account established pursuant to this section, any additional deposits,
3.7 and any investment earnings will remain assets of and be owned by the state until used for
3.8 the payment of qualified higher education expenses at an eligible education institution.

3.9 (f) The commissioner may accept for deposit into the children's higher education
3.10 investment account gifts, grants, awards, matching contributions, interest income, and
3.11 appropriations from individuals, businesses, state and local governmental entities, and
3.12 nonstate and third-party sources for the program on terms the commissioner deems advisable.

3.13 **Subd. 2. Parent or guardian notification.** (a) No more than 30 days after creating a
3.14 MinneKIDS account for an eligible child pursuant to subdivision 1, and then at least once
3.15 in each subsequent year until the MinneKIDS account is closed, the commissioner must
3.16 notify at least one parent or legal guardian of the eligible child about the program. The
3.17 notification must include information regarding all of the following:

3.18 (1) how the parent or legal guardian may opt the eligible child out of the program;

3.19 (2) the MinneKIDS account opened for the eligible child pursuant to paragraph (a), and
3.20 any deposit provided pursuant to subdivision 3;

3.21 (3) how the parent or legal guardian may view the balance of the eligible child's
3.22 MinneKIDS account;

3.23 (4) how the parent or legal guardian may establish and contribute to a separate Minnesota
3.24 college savings plan account;

3.25 (5) how the parent or legal guardian may link a MinneKIDS account to a separate
3.26 Minnesota college savings plan account;

3.27 (6) how the eligible child may qualify for additional deposits, as applicable;

3.28 (7) limitations on contributions to the MinneKIDS account pursuant to subdivision 1;
3.29 and

3.30 (8) ownership status of money held in a MinneKIDS account described in subdivision
3.31 1 and that the money in the account will be forfeited and returned to the program if the
3.32 eligible child does not use it before reaching 26 years of age.

4.1 (b) The commissioner must translate notifications and information regarding the program
4.2 established in this section into common languages spoken throughout Minnesota.

4.3 Subd. 3. **Provision of birth data.** (a) No later than 90 days after a birth is registered
4.4 under section 144.215 for an eligible child, and notwithstanding section 144.225, subdivision
4.5 2, the commissioner of health must, on a quarterly basis, provide the commissioner with
4.6 the following birth data for each eligible child in a file format as defined by the commissioner:

4.7 (1) the eligible child's name and birth date;

4.8 (2) the name and contact information of each parent of the eligible child, including the
4.9 parent's street address;

4.10 (3) if provided to the Department of Health, the parent's mobile telephone number and
4.11 email address;

4.12 (4) amended birth record information of an eligible child to assist the commissioner in
4.13 verifying a legal name change of an eligible child; and

4.14 (5) any other information the commissioner requests as necessary for administering this
4.15 section.

4.16 (b) Except data that is classified as confidential pursuant to section 144.225, subdivision
4.17 2, this subdivision does not apply to data that is classified as not public data as defined in
4.18 section 13.02, subdivision 8a, or that is sealed by court order.

4.19 (c) Any birth data provided to the commissioner under this section is private data on
4.20 individuals as defined in section 13.02, subdivision 12.

4.21 Subd. 4. **Disbursements.** (a) Money in a MinneKIDS account designated for an eligible
4.22 child, including any investment earnings, must be used for the purpose of providing awards
4.23 for qualified higher education expenses associated with the attendance of the eligible child
4.24 at an eligible educational institution.

4.25 (b) Notwithstanding anything to the contrary in this section, "qualified higher education
4.26 expenses" must not include any tuition or other expenses in connection with enrollment or
4.27 attendance at an elementary or secondary public, private, or religious school.

4.28 (c) The commissioner must make a distribution directly to an eligible educational
4.29 institution on behalf of the beneficiary when the beneficiary:

4.30 (1) requests a distribution from the MinneKIDS account;

4.31 (2) self-certifies that the beneficiary is enrolled at an eligible educational institution; and

5.1 (3) self-certifies that the beneficiary has resided in the state of Minnesota for at least
5.2 one year immediately preceding the payment of qualified higher education expenses on the
5.3 beneficiary's behalf.

5.4 (d) If the beneficiary requests a distribution pursuant to paragraph (c), but has no account
5.5 balance with the eligible educational institution, then the eligible educational institution
5.6 must distribute money received on the beneficiary's behalf pursuant to this subdivision
5.7 directly to the beneficiary for the purpose of paying the beneficiary's qualified higher
5.8 education expenses.

5.9 Subd. 5. **Account closures; forfeiture.** (a) The money in a MinneKIDS account must
5.10 remain invested pursuant to section 136G.07 until the earlier of the date:

5.11 (1) the beneficiary of a MinneKIDS account requests a distribution pursuant to
5.12 subdivision 5; or

5.13 (2) the account is closed pursuant to paragraph (b).

5.14 (b) If the beneficiary has not used all or any portion of the money in the beneficiary's
5.15 MinneKIDS account for a qualified higher education expense for any reason, including
5.16 death or disability of the beneficiary, by the time the beneficiary has achieved 26 years of
5.17 age, then:

5.18 (1) the beneficiary's MinneKIDS account must be closed; and

5.19 (2) the money in the beneficiary's MinneKIDS account must be forfeited and deposited
5.20 into the children's higher education investment account.

5.21 (c) The commissioner must contact the beneficiary of a MinneKIDS account 60 days
5.22 prior to closing the beneficiary's MinneKIDS account pursuant to paragraph (b) and provide
5.23 an opportunity for the beneficiary to appeal the closing of the MinneKIDS account.

5.24 (d) If the beneficiary does not appeal the closing of a MinneKIDS account within 45
5.25 days of receiving notice under paragraph (c), then the commissioner may close the
5.26 beneficiary's MinneKIDS account and return the money to the children's higher education
5.27 investment account.

5.28 (e) Money, less applicable penalties, collected pursuant to section 529 of the Internal
5.29 Revenue Code not used within the time period described in paragraph (b) must revert to the
5.30 children's higher education investment account after the payment of any amount determined
5.31 to be due to the federal government as a result of the reversion.

6.1 (f) If an eligible child is opted out of the program, all money in the eligible child's
6.2 MinneKIDS account, including any investment earnings, is forfeited and must be deposited
6.3 into the children's higher education investment account in a timely manner and the eligible
6.4 child's MinneKIDS account must be closed.

6.5 Subd. 6. **Account established; appropriation.** A children's higher education investment
6.6 account is created in the special revenue fund in the state treasury. Money in the account,
6.7 including appropriations and transfers made to the account and forfeited MinneKIDS account
6.8 balances returned to the account, is appropriated to the commissioner for the purposes
6.9 specified in this section. Money remaining in the account at the end of a fiscal year is not
6.10 canceled to the general fund but remains available until expended.

6.11 **EFFECTIVE DATE.** This section is effective on August 1, 2028, except as provided
6.12 in section 8.

6.13 **Sec. 8. MINNEKIDS PILOT PROGRAM.**

6.14 Subdivision 1. **Pilot grants.** By June 30, 2027, the commissioner of the Office of Higher
6.15 Education must solicit applications and make grants of \$100,000 each to three separate
6.16 eligible entities under this section. Of the three awards: one must go to an entity serving an
6.17 urban community; one must go to an entity serving a rural community; and one must go to
6.18 an entity serving a Minnesota Tribal Nation or an American Indian community in Minnesota.

6.19 Subd. 2. **Eligible entities.** Entities eligible to receive a grant under this section must be
6.20 based in and serving Minnesota communities and include: local units of government; Tribal
6.21 governments; nonprofit organizations; school districts; and community partnerships with
6.22 demonstrated capacity to serve children and families.

6.23 Subd. 3. **Allowable uses.** An entity that receives a grant under this section must use the
6.24 grant money for:

6.25 (1) outreach and marketing to promote MinneKIDS accounts established under Minnesota
6.26 Statutes, section 136G.15;

6.27 (2) providing culturally responsive family financial education; and

6.28 (3) administrative costs directly related to clauses (1) and (2).

6.29 **Sec. 9. MINNEKIDS PROGRAM REPORT REQUIRED.**

6.30 (a) By February 15, 2028, the commissioner of the Office of Higher Education must
6.31 report information regarding the implementation of the program established in Minnesota

7.1 Statutes, section 136G.15, to the chairs and ranking minority members of the legislative
 7.2 committees having jurisdiction over higher education. The report must include but not be
 7.3 limited to:

7.4 (1) detailed program expenditure information;

7.5 (2) the number of accounts opened;

7.6 (3) the number of contributions made to accounts;

7.7 (4) information about how parents were notified about the program;

7.8 (5) a description of the commissioner's marketing of the program;

7.9 (6) a description of the commissioner's efforts and success in aligning or integrating
 7.10 with the Minnesota 529 college savings plan established by Minnesota Statutes, section
 7.11 136G.01; and

7.12 (7) recommendations for improving the MinneKIDS program.

7.13 (b) By February 15, 2028, the commissioner of the Office of Higher Education must
 7.14 report information regarding the implementation of the MinneKIDS pilot program established
 7.15 in section 8 of this act to the chairs and ranking minority members of the legislative
 7.16 committees having jurisdiction over higher education. The report must include but not be
 7.17 limited to:

7.18 (1) a list of eligible entities provided grants under that section, and information regarding
 7.19 the entities' progress and successes;

7.20 (2) detailed grant expenditures for each grantee; and

7.21 (3) recommendations for expanding the pilot program to additional local partners.

7.22 **Sec. 10. APPROPRIATIONS.**

7.23 \$300,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
 7.24 of the Office of Higher Education for MinneKIDS pilot program grants under section 8 of
 7.25 this act. This is a onetime appropriation and is available until June 30, 2027.