

**CHAPTER 9--H.F.No. 41**

*An act relating to human services; modifying the child care assistance provider reimbursement rates; amending Minnesota Statutes 2018, section 119B.13, subdivision 1.*

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

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

Subdivision 1. **Subsidy restrictions.** (a) ~~Beginning February 3, 2014,~~ The maximum rate paid for child care assistance in any county or county price cluster under the child care fund shall be the greater of the 25th percentile of the ~~2011~~ 2018 child care provider rate survey or the ~~maximum rate effective November 28, 2011~~ rates in effect at the time of the update. For a child care provider located within the boundaries of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid for child care assistance shall be equal to the maximum rate paid in the county with the highest maximum reimbursement rates or the provider's charge, whichever is less. The commissioner may: (1) assign a county with no reported provider prices to a similar price cluster; and (2) consider county level access when determining final price clusters.

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

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

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

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

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

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

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

(f) 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.

(g) If 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.

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

(i) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration fees in effect on January 1, 2013, shall remain in effect. Beginning September 21, 2020, the maximum registration fee paid for child care assistance in any county or county price cluster under the child care fund shall be the greater of the 25th percentile of the 2018 child care provider rate survey or the registration fee in effect at the time of the update. Maximum registration fees must be set for licensed family child care and for child care centers. For a child care provider located in the boundaries of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the maximum registration fee paid for child care assistance shall be equal to the maximum registration fee paid in the county with the highest maximum registration fee or the provider's charge, whichever is less.

**EFFECTIVE DATE.** This section is effective September 18, 2020.

**Sec. 2. DIRECTION TO COMMISSIONER; ALLOCATING BASIC SLIDING FEE FUNDS.**

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

- (1) number of children;
- (2) provider type;
- (3) age of children; and
- (4) amount of the increase in maximum rates.

**Sec. 3. DIRECTION TO THE COMMISSIONER; CHILD CARE AND DEVELOPMENT BLOCK GRANT ALLOCATION.**

(a) The commissioner shall allocate \$20,439,000 in fiscal year 2021, \$32,710,000 in fiscal year 2022, and \$32,648,000 in fiscal year 2023, from the child care development block grant amount in the federal fund for the rate increase under Minnesota Statutes, section 119B.13, subdivision 1, paragraph (a).

(b) When increased federal discretionary child care development block grant funding is used to pay for the rate increase under paragraph (a) of this section, the commissioner, in consultation with the commissioner of management and budget, may adjust the amount of working family credit expenditures as needed to meet the state's maintenance of effort requirements for the TANF block grant.

Presented to the governor June 22, 2020

Signed by the governor June 23, 2020, 3:22 p.m.