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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3071

02/11/2020 Authored by Pinto, Hortman, Winkler, Lislegard, Kotyza-Witthuhn and others
The bill was read for the first time and referred to the Early Childhood Finance and Policy Division

1.1 A bill for an act
1.2 relating to early childhood; creating additional funding and opportunities for
1.3 children ages birth to three; governing certain programs and funding for home
1.4 visiting, early childhood education, and child care assistance; appropriating money;
1.5 amending Minnesota Statutes 2018, sections 119B.13, subdivision 1; 124D.142;
1.6 124D.162; 124D.165, subdivisions 2, 4; Minnesota Statutes 2019 Supplement,
1.7 sections 124D.151, subdivision 6; 126C.05, subdivision 1; Laws 2019, First Special
1.8 Session chapter 11, article 8, section 13, subdivisions 3, 8, 9; proposing coding
1.9 for new law in Minnesota Statutes, chapters 119B; 145.

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

1.11 ARTICLE 1
1.12 HOME VISITING

1.13 Section 1. [145.87] HOME VISITING FOR PREGNANT WOMEN AND FAMILIES
1.14 WITH YOUNG CHILDREN.

1.15 Subdivision 1. Definitions. (a) The terms defined in this subdivision apply to this section
1.16 and have the meanings given them.

1.17 (b) "Evidence-based home visiting program" means a program that:

1.18 (1) is based on a clear, consistent program or model that is research-based and grounded
1.19 in relevant, empirically based knowledge;

1.20 (2) is linked to program-determined outcomes and is associated with a national
1.21 organization, institution of higher education, or national or state public health institute;

1.22 (3) has comprehensive home visitation standards that ensure high-quality service delivery
1.23 and continuous quality improvement;

1.24 (4) has demonstrated significant, sustained positive outcomes; and

2.1 (5) either:

2.2 (i) has been evaluated using rigorous, randomized controlled research designs with the
2.3 evaluations published in a peer-reviewed journal; or

2.4 (ii) is based on quasi-experimental research using two or more separate, comparable
2.5 client samples.

2.6 (c) "Evidence-informed home visiting program" means a program that:

2.7 (1) has data or evidence demonstrating the program's effectiveness at achieving positive
2.8 outcomes for pregnant women and young children; and

2.9 (2) either has:

2.10 (i) an active evaluation of the program; or

2.11 (ii) a plan and timeline for an active evaluation of the program to be conducted.

2.12 (d) "Health equity" means every individual has a fair opportunity to attain the individual's
2.13 full health potential and no individual is prevented from achieving this potential.

2.14 Subd. 2. **Grants for home visiting programs.** The commissioner shall award grants to
2.15 community health boards, nonprofit organizations, and tribal nations to start up or expand
2.16 voluntary home visiting programs serving pregnant women and families with young children.
2.17 Home visiting programs supported under this section shall provide voluntary home visits
2.18 by early childhood professionals or health professionals, including nurses, social workers,
2.19 early childhood educators, or trained paraprofessionals. Grant funds shall be used:

2.20 (1) to start up or expand evidence-based home visiting programs that address health
2.21 equity or evidence-informed home visiting programs that address health equity; and

2.22 (2) to serve families with young children or pregnant women who are high risk or have
2.23 high needs. For purposes of this clause, high risk includes but is not limited to a family with
2.24 low income or a parent or pregnant woman with mental illness or a substance use disorder
2.25 or experiencing domestic abuse.

2.26 Subd. 3. **Grant prioritization.** (a) In awarding grants, the commissioner shall give
2.27 priority to community health boards, nonprofit organizations, and tribal nations seeking to
2.28 expand home visiting services with community or regional partnerships.

2.29 (b) The commissioner shall allocate at least 75 percent of the grant funds awarded each
2.30 grant cycle to evidence-based home visiting programs that address health equity and up to
2.31 25 percent of the grant funds awarded each grant cycle to evidence-informed home visiting
2.32 programs that address health equity.

3.1 Subd. 4. **No supplanting of existing funds.** Funding awarded under this section shall
 3.2 only be used to supplement, and not to replace, funds being used for evidence-based home
 3.3 visiting programs or evidence-informed home visiting programs.

3.4 Subd. 5. **Administrative costs.** The commissioner may use up to ten percent of the
 3.5 annual appropriation under this section to provide training and technical assistance and to
 3.6 administer and evaluate the program. The commissioner may contract for training,
 3.7 capacity-building support for grantees or potential grantees, technical assistance, and
 3.8 evaluation support.

3.9 Sec. 2. **APPROPRIATION; HOME VISITING GRANTS.**

3.10 \$30,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
 3.11 of health for grants for home visiting programs under Minnesota Statutes, section 145.87.
 3.12 This appropriation is available until June 30, 2022. This is a onetime appropriation.

3.13 **ARTICLE 2**

3.14 **EARLY LEARNING AND CARE**

3.15 Section 1. Minnesota Statutes 2018, section 124D.142, is amended to read:

3.16 **124D.142 QUALITY RATING AND IMPROVEMENT SYSTEM.**

3.17 Subdivision 1. **System established.** ~~(a)~~ There is established a quality rating and
 3.18 improvement system (QRIS) ~~framework~~, known as Parent Aware, to ensure that Minnesota's
 3.19 children have access to high-quality early learning and care programs in a range of settings
 3.20 so that they are fully ready for kindergarten ~~by 2020.~~ ~~Creation of a.~~

3.21 Subd. 2. **System components.** The standards-based voluntary quality rating and
 3.22 improvement system includes:

3.23 (1) quality opportunities in order to improve the educational outcomes of children so
 3.24 that they are ready for school. ~~The;~~

3.25 (2) a framework ~~shall be~~ based on the Minnesota quality rating system rating tool and
 3.26 a common set of child outcome and program standards and informed by evaluation results;

3.27 ~~(2)~~ (3) a tool to increase the number of publicly funded and regulated early learning and
 3.28 care services in both public and private market programs that are high quality.;

3.29 (4) voluntary participation so that if a program or provider chooses to participate, the
 3.30 program or provider will be rated and may receive public funding associated with the rating.

4.1 ~~The state shall develop a plan to link future early learning and care state funding to the~~
 4.2 ~~framework in a manner that complies with federal requirements; and~~

4.3 ~~(3) (5) tracking progress toward statewide access to high-quality early learning and care~~
 4.4 ~~programs, progress toward the number of low-income children whose parents can access~~
 4.5 ~~quality programs, and progress toward increasing the number of children who are fully~~
 4.6 ~~prepared to enter kindergarten.~~

4.7 ~~(b) In planning a statewide quality rating and improvement system framework in~~
 4.8 ~~paragraph (a), the state shall use evaluation results of the Minnesota quality rating system~~
 4.9 ~~rating tool in use in fiscal year 2008 to recommend:~~

4.10 ~~(1) a framework of a common set of child outcome and program standards for a voluntary~~
 4.11 ~~statewide quality rating and improvement system;~~

4.12 ~~(2) a plan to link future funding to the framework described in paragraph (a), clause (2);~~
 4.13 ~~and~~

4.14 ~~(3) a plan for how the state will realign existing state and federal administrative resources~~
 4.15 ~~to implement the voluntary quality rating and improvement system framework. The state~~
 4.16 ~~shall provide the recommendation in this paragraph to the early childhood education finance~~
 4.17 ~~committees of the legislature by March 15, 2011.~~

4.18 ~~(c) Prior to the creation of a statewide quality rating and improvement system in paragraph~~
 4.19 ~~(a), the state shall employ the Minnesota quality rating system rating tool in use in fiscal~~
 4.20 ~~year 2008 in the original Minnesota Early Learning Foundation pilot areas and additional~~
 4.21 ~~pilot areas supported by private or public funds with its modification as a result of the~~
 4.22 ~~evaluation results of the pilot project.~~

4.23 Subd. 3. System revision and improvement. Following completion of the evaluation
 4.24 under subdivision 4, the commissioner of human services must revise the quality rating and
 4.25 improvement system if indicated by the evaluation. Any revision following an evaluation
 4.26 must address the evaluation results.

4.27 Subd. 4. Evaluation. (a) By February 1, 2021, the commissioner of human services
 4.28 must arrange an independent evaluation of the quality rating and improvement system's
 4.29 effectiveness and impact on:

4.30 (1) children's progress toward school readiness;

4.31 (2) quality of the early care and education system supply and workforce; and

5.1 (3) parents' ability to access and use meaningful information about early care and
5.2 education program quality.

5.3 (b) The evaluation must be performed by a consultant or staff member from another
5.4 agency. An evaluator must have experience in program evaluation and must not be regularly
5.5 involved in implementation of the quality rating and improvement system.

5.6 (c) The evaluation findings, along with the commissioner's recommendations for potential
5.7 future evaluations or plan for continuous improvement, must be reported to the chairs and
5.8 ranking members of the legislative committees with jurisdiction over early learning and
5.9 child care.

5.10 (d) At a minimum, each evaluation must:

5.11 (1) analyze effectiveness of the quality rating and improvement system, including but
5.12 not limited to review of:

5.13 (i) whether quality indicators and measures used in the quality rating and improvement
5.14 system are consistent with evidence and research findings on early care and education
5.15 program quality; and

5.16 (ii) patterns or differences in observed quality of participating early care and education
5.17 programs in comparison to programs at other quality rating and improvement system star
5.18 rating levels and accounting for other factors;

5.19 (2) perform evidence-based assessment of children's developmental gains in ways that
5.20 are appropriate for children's linguistic and cultural backgrounds;

5.21 (3) analyze the extent to which differences in developmental gains among children
5.22 correspond to the star ratings of the early care and education programs, providing
5.23 disaggregated findings by:

5.24 (i) children's demographic factors, including geographic area, family income level, and
5.25 racial and ethnic groups;

5.26 (ii) type of provider, including family child care provider, child care center, Head Start,
5.27 and school-based early childhood provider; and

5.28 (iii) any other categories identified by the commissioner, in consultation with the
5.29 commissioners of health and education or entity performing the evaluation;

5.30 (4) analyze accessibility for providers to participate in the quality rating and improvement
5.31 system, including ease of application and supports for a provider to receive or improve a
5.32 rating, and provide disaggregated findings by geographic area and type of provider, including

6.1 family child care provider, child care center, Head Start, and school-based early childhood
 6.2 provider; and

6.3 (5) analyze the availability of providers participating in the quality rating and
 6.4 improvement system to families, and provide disaggregated findings by geographic area
 6.5 and type of provider, including family child care provider, child care center, Head Start and
 6.6 Early Head Start, and school-based early childhood provider.

6.7 Sec. 2. Minnesota Statutes 2019 Supplement, section 124D.151, subdivision 6, is amended
 6.8 to read:

6.9 Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1,
 6.10 paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school
 6.11 district or charter school must not exceed 60 percent of the kindergarten pupil units for that
 6.12 school district or charter school under section 126C.05, subdivision 1, paragraph (e).

6.13 (b) In reviewing applications under subdivision 5, the commissioner must limit the total
 6.14 number of participants in the voluntary prekindergarten and school readiness plus programs
 6.15 under Laws 2017, First Special Session chapter 5, article 8, section 9, to not more than 7,160
 6.16 participants ~~for per fiscal years 2019, 2020, and 2021, and 3,160 participants for fiscal years~~
 6.17 ~~2022 and later year.~~

6.18 Sec. 3. Minnesota Statutes 2018, section 124D.162, is amended to read:

6.19 **124D.162 KINDERGARTEN READINESS ASSESSMENT.**

6.20 Subdivision 1. **Implementation.** (a) The commissioner of education ~~may~~ must implement
 6.21 a kindergarten readiness assessment representative of incoming kindergartners: to:

6.22 (1) identify preparedness of a child for success in school;

6.23 (2) inform instructional decision-making;

6.24 (3) improve understanding of connections between kindergarten readiness and later
 6.25 academic achievement; and

6.26 (4) produce data that can assist in evaluation of the effectiveness of early childhood
 6.27 programs.

6.28 (b) The commissioner must provide districts with a process for measuring the kindergarten
 6.29 readiness of incoming kindergartners on a comparable basis. The commissioner must approve
 6.30 one or more measurement tools for district use that must be research based, developmentally

7.1 appropriate, valid and reliable, and aligned to the state early childhood indicators of progress
 7.2 and kindergarten academic standards.

7.3 Subd. 2. **Assessment development.** The measurement tools used for assessment must
 7.4 be research based, developmentally appropriate, valid and reliable, aligned to the state early
 7.5 childhood indicators of progress and kindergarten academic standards, and based on the
 7.6 Department of Education Kindergarten Readiness Assessment at kindergarten entrance
 7.7 study.

7.8 Subd. 3. **Reporting.** Beginning in the 2020-2021 school year, a district that uses the
 7.9 commissioner-provided process must annually report kindergarten readiness results under
 7.10 this section to the department in the form and manner determined by the commissioner
 7.11 concurrent with the district's world's best workforce report under section 120B.11. The
 7.12 commissioner must publicly report kindergarten readiness results as part of the performance
 7.13 reports required under section 120B.36 and consistent with section 120B.35, subdivision
 7.14 3, paragraph (a), clause (2).

7.15 Subd. 4. **Longitudinal data system.** Beginning for data reported on incoming
 7.16 kindergartners in the 2020-2021 school year, the commissioner must integrate kindergarten
 7.17 readiness data under this section into statewide longitudinal educational data systems.

7.18 Sec. 4. Minnesota Statutes 2018, section 124D.165, subdivision 2, is amended to read:

7.19 Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship,
 7.20 parents or guardians must meet the following eligibility requirements:

7.21 (1) have an eligible child; and

7.22 (2) have income equal to or less than 185 percent of federal poverty level income in the
 7.23 current calendar year, or be able to document their child's current participation in the free
 7.24 and reduced-price lunch program or Child and Adult Care Food Program, National School
 7.25 Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution
 7.26 Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections
 7.27 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act
 7.28 of 2007; Minnesota family investment program under chapter 256J; child care assistance
 7.29 programs under chapter 119B; the supplemental nutrition assistance program; or placement
 7.30 in foster care under section 260C.212.

7.31 (b) An "eligible child" means a child who has not yet enrolled in kindergarten and is:

7.32 (1) ~~at least~~ from birth to three ~~but not yet five~~ years of age on September 1 of the current
 7.33 school year;

8.1 (2) a sibling from birth to age ~~five~~ four of a child who has been awarded a scholarship
 8.2 under this section provided the sibling attends the same program as long as funds are
 8.3 available;

8.4 (3) the child of a parent under age 21 who is pursuing a high school degree or a course
 8.5 of study for a high school equivalency test; or

8.6 (4) homeless, in foster care, or in need of child protective services.

8.7 (c) Notwithstanding the age requirements under paragraph (b), a child who has received
 8.8 a scholarship under this section must continue to receive a scholarship each year until that
 8.9 child is eligible for kindergarten under section 120A.20 and as long as funds are available.

8.10 (d) Early learning scholarships may not be counted as earned income for the purposes
 8.11 of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota
 8.12 family investment program under chapter 256J, child care assistance programs under chapter
 8.13 119B, or Head Start under the federal Improving Head Start for School Readiness Act of
 8.14 2007.

8.15 (e) A child from an adjoining state whose family resides at a Minnesota address as
 8.16 assigned by the United States Postal Service, who has received developmental screening
 8.17 under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district,
 8.18 and whose family meets the criteria of paragraph (a) is eligible for an early learning
 8.19 scholarship under this section.

8.20 Sec. 5. Minnesota Statutes 2018, section 124D.165, subdivision 4, is amended to read:

8.21 Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an
 8.22 early learning scholarship, a program must:

8.23 (1) participate in the quality rating and improvement system under section 124D.142;
 8.24 and

8.25 (2) beginning July 1, ~~2020~~ 2022, have a three- or four-star rating in the quality rating
 8.26 and improvement system.

8.27 (b) Any program accepting scholarships must use the revenue to supplement and not
 8.28 supplant federal funding.

8.29 (c) Notwithstanding paragraph (a), all Minnesota early learning foundation scholarship
 8.30 program pilot sites are eligible to accept an early learning scholarship under this section.

9.1 Sec. 6. Minnesota Statutes 2019 Supplement, section 126C.05, subdivision 1, is amended
9.2 to read:

9.3 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age
9.4 of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in
9.5 average daily membership enrolled in the district of residence, in another district under
9.6 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under
9.7 chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22,
9.8 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03
9.9 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

9.10 (a) A prekindergarten pupil with a disability who is enrolled in a program approved by
9.11 the commissioner and has an individualized education program is counted as the ratio of
9.12 the number of hours of assessment and education service to 825 times 1.0 with a minimum
9.13 average daily membership of 0.28, but not more than 1.0 pupil unit.

9.14 (b) A prekindergarten pupil who is assessed but determined not to be disabled is counted
9.15 as the ratio of the number of hours of assessment service to 825 times 1.0.

9.16 (c) A kindergarten pupil with a disability who is enrolled in a program approved by the
9.17 commissioner is counted as the ratio of the number of hours of assessment and education
9.18 services required in the fiscal year by the pupil's individualized education program to 875,
9.19 but not more than one.

9.20 (d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled
9.21 in an approved voluntary prekindergarten program under section 124D.151 is counted as
9.22 the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil
9.23 units.

9.24 (e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil
9.25 unit if the pupil is enrolled in a free all-day, every day kindergarten program available to
9.26 all kindergarten pupils at the pupil's school that meets the minimum hours requirement in
9.27 section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day,
9.28 every day kindergarten program available to all kindergarten pupils at the pupil's school.

9.29 (f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

9.30 (g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

9.31 (h) A pupil who is in the postsecondary enrollment options program is counted as 1.2
9.32 pupil units.

10.1 (i) ~~For Beginning in fiscal years 2018 through 2021 year 2018~~, a prekindergarten pupil
10.2 who:

10.3 (1) is not included in paragraph (a), (b), or (d);

10.4 (2) is enrolled in a school readiness plus program under Laws 2017, First Special Session
10.5 chapter 5, article 8, section 9; and

10.6 (3) has one or more of the risk factors specified by the eligibility requirements for a
10.7 school readiness plus program,

10.8 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more
10.9 than 0.6 pupil units. A pupil qualifying under this paragraph must be counted in the same
10.10 manner as a voluntary prekindergarten student for all general education and other school
10.11 funding formulas.

10.12 Sec. 7. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 3,
10.13 is amended to read:

10.14 Subd. 3. **Early learning scholarships.** (a) For the early learning scholarship program
10.15 under Minnesota Statutes, section 124D.165:

10.16 \$ 75,209,000 2020

10.17 ~~70,709,000~~

10.18 \$ 260,709,000 2021

10.19 (b) This appropriation is subject to the requirements under Minnesota Statutes, section
10.20 124D.165, subdivision 6.

10.21 (c) The base appropriation is \$70,709,000 for fiscal years 2022 and 2023.

10.22 Sec. 8. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 8,
10.23 is amended to read:

10.24 Subd. 8. **Kindergarten entrance assessment initiative and intervention program.** For
10.25 the kindergarten entrance assessment initiative and intervention program under Minnesota
10.26 Statutes, section 124D.162:

10.27 \$ 281,000 2020

10.28 ~~281,000~~

10.29 \$ 2,693,000 2021

10.30 The base appropriation is \$2,000,000 for fiscal years 2022 and 2023.

11.1 Sec. 9. Laws 2019, First Special Session chapter 11, article 8, section 13, subdivision 9,
11.2 is amended to read:

11.3 Subd. 9. **Quality rating and improvement system.** (a) For transfer to the commissioner
11.4 of human services for the purposes of expanding the quality rating and improvement system
11.5 under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports
11.6 for providers participating in the quality rating and improvement system:

11.7 \$ 1,750,000 2020

11.8 ~~1,750,000~~

11.9 \$ 3,400,000 2021

11.10 (b) The amounts in paragraph (a) must be in addition to any federal funding under the
11.11 child care and development block grant authorized under Public Law 101-508 in that year
11.12 for the system under Minnesota Statutes, section 124D.142.

11.13 (c) Any balance in the first year does not cancel but is available in the second year.

11.14 (d) The base appropriation is \$1,750,000 for fiscal years 2022 and 2023.

11.15 ARTICLE 3

11.16 CHILD CARE AVAILABILITY

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

11.18 Subdivision 1. **Subsidy restrictions.** (a) ~~Beginning February 3, 2014,~~ The maximum
11.19 rate paid for child care assistance ~~in any county or county price cluster~~ under the child care
11.20 fund shall be the ~~greater of the~~ 25th percentile of the ~~2011~~ market rate in the county or
11.21 county price cluster with the highest cost 25th percentile in the most recent child care
11.22 provider rate survey ~~or the maximum rate effective November 28, 2011.~~ For a child care
11.23 provider located within the boundaries of a city located in two or more of the counties of
11.24 ~~Benton, Sherburne, and Stearns,~~ the maximum rate paid for child care assistance shall be
11.25 equal to the maximum rate paid in the county with the highest maximum reimbursement
11.26 rates or the provider's charge, whichever is less. The commissioner may: (1) assign a county
11.27 with no reported provider prices to a similar price cluster; and (2) consider county level
11.28 access when determining final price clusters under section 119B.02, subdivision 7.

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

11.31 (c) The department shall monitor the effect of this paragraph on provider rates. The
11.32 county shall pay the provider's full charges for every child in care up to the maximum

12.1 established. The commissioner shall determine the maximum rate for each type of care on
 12.2 an hourly, full-day, and weekly basis, including special needs and disability care.

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

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

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

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

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

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

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

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

12.19 (i) ~~Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration~~
 12.20 ~~fees in effect on January 1, 2013, shall remain in effect.~~ The maximum registration fee paid
 12.21 for child care assistance in any county or county price cluster under the child care fund must
 12.22 be the greater of (1) the 25th percentile of the market rate in the county or county price
 12.23 cluster with the highest cost 25th percentile in the most recent child care provider rate survey
 12.24 under section 119B.02, subdivision 7, or (2) the registration fee in effect at the time of the
 12.25 update. Maximum registration fees must be set for licensed family child care and for child
 12.26 care centers.

12.27 **EFFECTIVE DATE.** This section is effective July 1, 2021.

12.28 **Sec. 2. [119B.195] RETAINING EARLY EDUCATORS THROUGH ATTAINING**
 12.29 **INCENTIVES NOW (REETAIN) GRANT PROGRAM.**

12.30 **Subdivision 1. Establishment; purpose.** The retaining early educators through attaining
 12.31 incentives now (REETAIN) grant program is established to provide competitive grants to

13.1 incentivize well-trained child care professionals to stay in the workforce to create more
13.2 consistent care for children over time.

13.3 Subd. 2. **Administration.** The commissioner shall allocate grant funds to child care
13.4 resource and referral agencies to administer the REETAIN grant program. Up to ten percent
13.5 of grant funds may be used for administration of the grant program.

13.6 Subd. 3. **Application.** An applicant must apply for the grant program using the forms
13.7 and according to the timelines established by the commissioner.

13.8 Subd. 4. **Eligibility.** (a) To be eligible for a grant, an applicant must:

13.9 (1) be licensed to provide child care or work for a licensed child care program;

13.10 (2) work directly with children at least 30 hours per week;

13.11 (3) work in their current position for at least 12 months;

13.12 (4) agree to stay in their current position for at least 12 months upon receiving a grant
13.13 under this section;

13.14 (5) have a career lattice step of five or higher;

13.15 (6) have a current membership with the Minnesota quality improvement and registry
13.16 tool; and

13.17 (7) not be a current recipient of a teacher education and compensation helps scholarship.

13.18 (b) Grant recipients must sign a contract agreeing to remain in their current position for
13.19 at least 12 months.

13.20 Subd. 5. **Grant awards.** Grant awards must be made annually and each recipient may
13.21 be awarded up to \$3,500. Grant funds may be used for program supplies, training, or personal
13.22 expenses.

13.23 Subd. 6. **Report.** Beginning January 1, 2022, and each year thereafter, the commissioner
13.24 must report annually to the legislative committees with jurisdiction over child care on the
13.25 number of grants awarded and outcomes of the grant program.

13.26 Sec. 3. **FIRST CHILDREN'S FINANCE CHILD CARE SITE ASSISTANCE.**

13.27 Subdivision 1. **Purpose.** (a) \$5,000,000 in fiscal year 2021 is appropriated from the
13.28 general fund to the commissioner of human services for a grant to First Children's Finance.
13.29 This is a onetime appropriation.

14.1 (b) Grant funds to First Children's Finance are for loans to improve child care or early
 14.2 childhood education sites or loans to plan, design, and construct or expand licensed and
 14.3 legal nonlicensed sites to increase the availability of child care or early childhood education.

14.4 Subd. 2. **Financing program.** (a) First Children's Finance must use grant funds to:

14.5 (1) establish a revolving loan fund to make loans to existing, expanding, and newly
 14.6 licensed and legally unlicensed child care and early childhood education sites;

14.7 (2) establish a fund to guarantee private loans to improve or construct a child care or
 14.8 early childhood education site;

14.9 (3) establish a fund to provide forgivable loans or grants to match all or part of a loan
 14.10 made under this section;

14.11 (4) establish a fund as a reserve against bad debt; and

14.12 (5) establish a fund to provide business planning assistance for child care providers.

14.13 (b) First Children's Finance must establish the terms and conditions for loans and loan
 14.14 guarantees including interest rates, repayment agreements, private match requirements, and
 14.15 conditions for loan forgiveness. A minimum interest rate for loans must be established to
 14.16 ensure that necessary loan administration costs are covered. Interest earnings may be used
 14.17 for administrative expenses.

14.18 Subd. 3. **Reports.** First Children's Finance must:

14.19 (1) by September 30, 2021, and by September 30, 2022, report to the commissioner of
 14.20 human services the purposes for which the money was used during the past fiscal year,
 14.21 including a description of projects supported by the financing, an account of loans made
 14.22 during the calendar year, the financing program's assets and liabilities, and an explanation
 14.23 of administrative expenses; and

14.24 (2) for each fiscal year in which grants are received, submit to the commissioner of
 14.25 human services a copy of the report of an independent audit performed in accordance with
 14.26 generally accepted accounting practices and auditing standards.

14.27 Sec. 4. **APPROPRIATION; CHILD CARE PROGRAMS.**

14.28 Subdivision 1. **Basic sliding fee waiting list allocation.** Notwithstanding Minnesota
 14.29 Statutes, section 119B.03, \$95,000,000 in fiscal year 2021 is appropriated from the general
 14.30 fund to the commissioner of human services to reduce the basic sliding fee program waiting
 14.31 list as follows:

15.1 (1) the calendar year 2020 allocation must be increased to serve families on the waiting
 15.2 list. To receive funds appropriated for this purpose, a county must have a waiting list in the
 15.3 most recent published waiting list month;

15.4 (2) funds must be distributed proportionately based on the average of the most recent
 15.5 six months of published waiting lists to counties that meet the criteria in clause (1);

15.6 (3) allocations in calendar years 2021 and beyond must be calculated using the allocation
 15.7 formula in Minnesota Statutes, section 119B.03; and

15.8 (4) the guaranteed floor for calendar year 2021 must be based on the revised calendar
 15.9 year 2020 allocation.

15.10 Subd. 2. **Child care rates.** \$95,000,000 in fiscal year 2021 is appropriated from the
 15.11 general fund to the commissioner of human services to increase child care rates under
 15.12 Minnesota Statutes, section 119B.13. The commissioner may not increase the rate differential
 15.13 under Minnesota Statutes, section 119B.13, subdivision 3a or 3b. To determine the increased
 15.14 rates, the commissioner of human services must:

15.15 (1) utilize the most recent child care market rate survey under Minnesota Statutes, section
 15.16 119B.02, subdivision 7; and

15.17 (2) set the percentile such that the additional expenditure equals the amount appropriated.

15.18 Sec. 5. **APPROPRIATIONS; DEPARTMENT OF EMPLOYMENT AND**
 15.19 **ECONOMIC DEVELOPMENT.**

15.20 Subdivision 1. **Grants for child care.** \$10,000,000 in fiscal year 2021 is appropriated
 15.21 from the general fund to the commissioner of employment and economic development for
 15.22 grants to local communities to increase the supply of quality child care providers to support
 15.23 economic development. Fifty percent of grant funds must go to communities located outside
 15.24 of the seven-county metropolitan area as defined under Minnesota Statutes, section 473.121,
 15.25 subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in
 15.26 either cash or in-kind contribution. Grant funds available under this section must be used
 15.27 to implement projects to reduce the child care shortage in the state, including but not limited
 15.28 to funding for child care business start-ups or expansion, training, facility modifications or
 15.29 improvements required for licensing, and assistance with licensing and other regulatory
 15.30 requirements. In awarding grants, the commissioner must give priority to communities that
 15.31 have demonstrated a shortage of child care providers in the area. This is a onetime
 15.32 appropriation. Within one year of receiving grant funds, grant recipients must report to the
 15.33 commissioner on the outcomes of the grant program, including but not limited to the number

16.1 of new providers, the number of additional child care provider jobs created, the number of
 16.2 additional child care slots, and the amount of cash and in-kind local funds invested.

16.3 Subd. 2. **Minnesota Initiatives Foundations.** (a) \$5,000,000 in fiscal year 2021 is
 16.4 appropriated from the general fund to the commissioner of employment and economic
 16.5 development for a grant to the Minnesota Initiative Foundations. This is a onetime
 16.6 appropriation and available until expended.

16.7 (b) The Minnesota Initiative Foundations must use grant funds under this section to:

16.8 (1) facilitate planning processes for rural communities resulting in a community solution
 16.9 action plan that guides decision making to sustain and increase the supply of quality child
 16.10 care in the region to support economic development;

16.11 (2) engage the private sector to invest local resources to support the community solution
 16.12 action plan and ensure child care is a vital component of additional regional economic
 16.13 development planning processes;

16.14 (3) provide high quality locally based training and technical assistance to rural child
 16.15 care business owners through a learning cohort. Access to financial and business development
 16.16 assistance must endeavor to prepare child care businesses for quality engagement and
 16.17 improvement by stabilizing operations, leveraging funding from other sources, and fostering
 16.18 business acumen; and

16.19 (4) recruit child care programs to participate in Parent Aware under Minnesota Statutes,
 16.20 section 124D.142, by providing targeted resources designed to encourage high levels of
 16.21 participation. The Minnesota Initiative Foundations must work with local partners to provide
 16.22 low-cost training, professional development opportunities, and curriculum. The Minnesota
 16.23 Initiative Foundations must fund, through local partners, an enhanced level of coaching to
 16.24 rural child care providers to obtain a quality rating through Parent Aware.

16.25 Sec. 6. **APPROPRIATION; RETAINING EARLY EDUCATORS THROUGH**
 16.26 **ATTAINING INCENTIVES NOW (REETAIN) GRANT PROGRAM.**

16.27 \$2,500,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
 16.28 of human services for purposes of REETAIN grants under Minnesota Statutes, section
 16.29 119B.195. This is a onetime appropriation.