

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 3678

(SENATE AUTHORS: DORNINK and Abeler)

DATE
03/02/2022

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OFFICIAL STATUS
Introduction and first reading
Referred to Human Services Reform Finance and Policy

- 1.1 A bill for an act
- 1.2 relating to child care; requiring the commissioner of human services to award a
- 1.3 minimum base grant amount to eligible family and group family child care homes
- 1.4 and legal nonlicensed child care providers; amending Laws 2021, First Special
- 1.5 Session chapter 7, article 14, section 21.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Laws 2021, First Special Session chapter 7, article 14, section 21, is amended
- 1.8 to read:
- 1.9 Sec. 21. **CHILD CARE STABILIZATION GRANTS.**
- 1.10 Subdivision 1. **Child care stabilization grants.** The commissioner of human services
- 1.11 shall award grant money to eligible child care programs to support the stability of the child
- 1.12 care sector during and after the COVID-19 public health emergency.
- 1.13 Subd. 2. **Eligible programs.** (a) The following programs are eligible to receive child
- 1.14 care stabilization grants under this section:
- 1.15 (1) family and group family child care homes licensed under Minnesota Rules, chapter
- 1.16 9502;
- 1.17 (2) child care centers licensed under Minnesota Rules, chapter 9503;
- 1.18 (3) certified license-exempt child care centers under Minnesota Statutes, chapter 245H;
- 1.19 (4) legal nonlicensed child care providers as defined in Minnesota Statutes, section
- 1.20 119B.011, subdivision 16; and
- 1.21 (5) other programs as determined by the commissioner.

2.1 (b) Programs must not be:

2.2 (1) the subject of a finding of fraud;

2.3 (2) prohibited from receiving public funds under Minnesota Statutes, section 245.095;

2.4 or

2.5 (3) under revocation, suspension, temporary immediate suspension, or decertification,
2.6 regardless of whether the action is under appeal.

2.7 Subd. 3. **Grant requirements.** (a) To receive grant money under this section, an eligible
2.8 program must:

2.9 (1) complete an application developed by the commissioner for each grant period for
2.10 which the eligible program applies for funding;

2.11 (2) attest and agree in writing that, for the duration of the grant period, the program will
2.12 comply with the requirements in section 2202(d)(2)(D)(i) of the federal American Rescue
2.13 Plan Act, Public Law 117-2, including maintaining compensation levels for employees and,
2.14 to the extent practicable, providing tuition and co-payment relief to families enrolled in the
2.15 program; and

2.16 (3) attest and agree in writing that the program intends to remain operating and serving
2.17 children for the duration of the grant period, with the exceptions of:

2.18 (i) service disruptions that are necessary due to public health guidance to protect the
2.19 safety and health of children and child care programs issued by the Centers for Disease
2.20 Control and Prevention, the commissioner of health, the commissioner of human services,
2.21 or a local public health agency; and

2.22 (ii) planned temporary closures for provider vacation and holidays for a duration specified
2.23 by the commissioner for each grant period.

2.24 (b) Grant recipients must comply with all requirements listed in the application for grants
2.25 under this section.

2.26 (c) Grant recipients must use at least 70 percent of base grant awards under subdivision
2.27 4, paragraph (b), to provide increased compensation, benefits, or premium pay to all paid
2.28 employees, sole proprietors, or independent contractors regularly caring for children. Grant
2.29 recipients may request a waiver from this requirement if they cannot increase compensation,
2.30 benefits, or premium pay due to restrictions included in agreements with employee bargaining
2.31 units, or if the program is experiencing unusual and significant financial hardship.

(d) Grant recipients that fail to meet the requirements under this section are subject to discontinuation of future installment payments, recoupment of payments already made, or referral to the Office of Inspector General for additional action. Except when based on a finding of fraud, actions to establish recoupment must be made within six years of the conclusion of the grant program established under this section. Once recoupment is established, collection may continue until funds have been repaid in full.

Subd. 4. **Grant awards.** (a) The commissioner shall award transition grants to all eligible programs on a noncompetitive basis through August 31, 2021.

(b) The commissioner shall award base grant amounts to all eligible programs on a noncompetitive basis beginning September 1, 2021, through June 30, 2023. The base grant amounts shall be:

(1) ~~based on the full-time equivalent number of staff who regularly care for children in the program, including any employees, sole proprietors, or independent contractors~~ at least \$1,290 each month for family and group family child care homes licensed under Minnesota Rules, chapter 9502, and legal nonlicensed child care providers as defined in Minnesota Statutes, section 119B.011, subdivision 16;

(2) reduced between July 1, 2022, and June 30, 2023, with amounts for the final month being no more than 50 percent of the amounts awarded in September 2021; and

(3) enhanced in amounts determined by the commissioner for any providers receiving payments through the child care assistance program under sections 119B.03 and 119B.05 or early learning scholarships under section 124D.165.

(c) The commissioner may provide grant amounts in addition to any base grants received to eligible programs in extreme financial hardship until all money set aside for that purpose is awarded.

(d) The commissioner may pay any grants awarded to eligible programs under this section in the form and manner established by the commissioner, except that such payments must occur on a monthly basis.

Subd. 5. **Eligible uses of grant money.** Grant recipients may use grant money awarded under this section for one or more of the following uses directly related to the operation of a child care program:

(1) paying personnel costs, such as payroll, salaries, or similar compensation, employee benefits, premium pay, or costs for employee recruitment and retention, for an employee, including a sole proprietor or an independent contractor;

(2) providing relief from co-payments and tuition payments for the families enrolled in the program, to the extent possible, with eligible programs prioritizing relief for families struggling to make co-payments or tuition payments;

(3) paying rent, including rent under a lease agreement, or making payments on any mortgage obligation, utilities, facility maintenance or improvements, or insurance;

(4) purchasing personal protective equipment, purchasing cleaning and sanitization supplies and services, or obtaining training and professional development related to health and safety practices;

(5) purchasing or updating equipment and supplies to respond to the COVID-19 public health emergency;

(6) purchasing goods and services necessary to maintain or resume child care services;

(7) providing mental health supports for children and employees; or

(8) providing reimbursement for losses incurred during the COVID-19 public health emergency. An expenditure is eligible for reimbursement if it was for one of the uses identified in this subdivision and it was paid between January 31, 2020, and the date of application for grants under this section.

EFFECTIVE DATE. This section is effective retroactively from September 1, 2021.