Section 1. Minnesota Statutes 2020, section 119B.011, subdivision 2, is amended to read:

Subd. 2. Applicant. "Child care fund applicants" means all parents, stepparents, legal guardians, eligible relative caregivers, relative custodians who accepted a transfer of permanent legal and physical custody of a child under section 260C.515, subdivision 4, or similar permanency disposition in Tribal code; successor custodians or guardians as established according to section 256N.22, subdivision 10; or foster parents providing care to a child placed in a family foster home under section 260C.007, subdivision 16b. Applicants must be members of the family and reside in the household that applies for child care assistance under the child care fund.

EFFECTIVE DATE. This section is effective August 7, 2023.

Sec. 2. Minnesota Statutes 2020, section 119B.011, subdivision 5, is amended to read:

Subd. 5. Child care. "Child care" means the care of a child by someone other than a parent, stepparent, legal guardian, eligible relative caregiver, relative custodian who accepted a transfer of permanent legal and physical custody of a child under section 260C.515, subdivision 4, or similar permanency disposition in Tribal code; successor custodians or guardians as established according to section 256N.22, subdivision 10; foster parent providing care to a child placed in a family foster home under section 260C.007, subdivision 16b; or the spouse of any of the foregoing in or outside the child’s own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

EFFECTIVE DATE. This section is effective August 7, 2023.

Sec. 3. Minnesota Statutes 2020, section 119B.011, subdivision 13, is amended to read:

Subd. 13. Family. "Family" means parents, stepparents, guardians and their spouses, other eligible relative caregivers and their spouses, relative custodians who accepted a transfer of permanent legal and physical custody of a child under section 260C.515, subdivision 4, or similar permanency disposition in Tribal code; successor custodians or guardians as established according to section 256N.22, subdivision 10; and their spouses; or foster parents providing care to a child placed in a family foster home under section 260C.007, subdivision 16b, and their spouses; and their blood-related dependent children and adoptive siblings under the age of 18 years living in the same household, including any of the above. This definition includes children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities or parents, stepparents, guardians and their spouses, or other relative caregivers and their spouses and adults temporarily absent from the household in settings such as schools, military service, or rehabilitation programs. An adult family member who is not in an authorized activity under this chapter may be temporarily absent for up to 60 days. When a minor parent or parents and his, her, or their child or children are living with other relatives, and
the minor parent or parents apply for a child care subsidy, "family" means only the minor
parent or parents and their child or children. An adult age 18 or older who meets this
definition of family and is a full-time high school or postsecondary student may be considered
a dependent member of the family unit if 50 percent or more of the adult's support is provided
by the parent, stepparent, guardian, and their spouses; relative custodians who accepted
a transfer of permanent legal and physical custody of a child under section 260C.515, subdivision 4, or similar permanency disposition in Tribal code, and their spouses; successor
custodians or guardians as established according to section 256N.22, subdivision 10, and
their spouses; foster parents providing care to a child placed in a family foster home under
section 260C.007, subdivision 16b, and their spouses; or eligible relative caregivers and
their spouses residing in the same household.

EFFECTIVE DATE.
This section is effective August 7, 2023.

Sec. 4. Minnesota Statutes 2021 Supplement, section 119B.03, subdivision 4a, is amended
to read:

Subd. 4a. Temporary reprioritization of funding priorities.
(a) Notwithstanding subdivision 4 in the event that inadequate funding necessitates the use of waiting lists,
priority for child care assistance under the basic sliding fee assistance program shall be
determined according to this subdivision beginning July 1, 2021, through May 31, 2024.
(b) First priority must be given to eligible non-MFIP families who do not have a high
school diploma or commissioner of education-selected high school equivalency certification
or who need remedial and basic skill courses in order to pursue employment or to pursue
education leading to employment and who need child care assistance to participate in the
education program. This includes student parents as defined under section 119B.011,
subdivision 19b. Within this priority, the following subpriorities must be used:
(1) child care needs of minor parents;
(2) child care needs of parents under 21 years of age; and
(3) child care needs of other parents within the priority group described in this paragraph.
(c) Second priority must be given to families in which at least one parent is a veteran,
as defined under section 197.447.
(d) Third priority must be given to eligible families who do not meet the specifications
of paragraph (b), (c), (e), or (f).
(e) Fourth priority must be given to families who are eligible for portable basic sliding
fee assistance through the portability pool under subdivision 9.
(f) Fifth priority must be given to eligible families receiving services under section
119B.011, subdivision 20a, if the parents have completed their MFIP or DWP transition
year, or if the parents are no longer receiving or eligible for DWP supports.
(g) Families under paragraph (f) must be added to the basic sliding fee waiting list on the date they complete their transition year under section 119B.011, subdivision 20.

**EFFECTIVE DATE.** This section is effective July 1, 2022.

Sec. 5. Minnesota Statutes 2021 Supplement, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. *Subsidy restrictions.* (a) Beginning **November 15, 2021 October 3, 2022,** the maximum rate paid for child care assistance in any county or county price cluster under the child care fund shall be:

1. for all infants and toddlers, the greater of the 40th or 75th percentile of the 2021 child care provider rate survey or the rates in effect at the time of the update;
2. for all preschool and school-age children, the greater of the 30th percentile of the 2021 child care provider rate survey or the rates in effect at the time of the update.

(b) Beginning the first full service period on or after January 1, 2025, and every three years thereafter, the maximum rate paid for child care assistance in a county or county price cluster under the child care fund shall be:

1. for all infants and toddlers, the greater of the 40th or 75th percentile of the most recent child care provider rate survey or the rates in effect at the time of the update;
2. for all preschool and school-age children, the greater of the 30th percentile of the 2024 child care provider rate survey or the rates in effect at the time of the update.

The rates under paragraph (a) continue until the rates under this paragraph go into effect.

(c) 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.

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

(e) 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.

(f) 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.
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.

(1) 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.

(2) 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.

Beginning October 3, 2022, the maximum registration fee paid for child care assistance in any county or county price cluster under the child care fund shall be set as follows: (1) beginning November 15, 2021, the greater of the 40th or 75th percentile of the 2021 most recent child care provider rate survey or the registration fee in effect at the time of the update; and (2) beginning the first full service period on or after January 1, 2025, the maximum registration fee shall be the greater of the 40th percentile of the 2024 child care provider rate survey or the registration fee in effect at the time of the update. The registration fees under clause (1) continue until the registration fees under clause (2) go into effect.

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.

Sec. 6. Minnesota Statutes 2020, section 119B.19, subdivision 7, is amended to read:

Subd. 7. Child care resource and referral programs. Within each region, a child care resource and referral program must:

1. maintain one database of all existing child care resources and services and one database of family referrals;
2. provide a child care referral service for families;
3. develop resources to meet the child care service needs of families;
4. increase the capacity to provide culturally responsive child care services;
5. coordinate professional development opportunities for child care and school-age care providers;
6. administer and award child care services grants;
(7) cooperate with the Minnesota Child Care Resource and Referral Network and its member programs to develop effective child care services and child care resources; and

(8) assist in fostering coordination, collaboration, and planning among child care programs and community programs such as school readiness, Head Start, early childhood family education, local interagency early intervention committees, early childhood screening, special education services, and other early childhood care and education services and programs that provide flexible, family-focused services to families with young children to the extent possible;

(9) administer the child care one-stop regional assistance network to assist child care providers and individuals interested in becoming child care providers with establishing and sustaining a licensed family child care or group family child care program or a child care center; and

(10) provide supports that enable economically challenged individuals to obtain the job skills training, career counseling, and job placement assistance necessary to begin a career path in child care.

Sec. 7. [119B.27] SHARED SERVICES GRANTS.

The commissioner of human services shall establish a grant program to enable family child care providers to implement shared services alliances.

EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 8. [119B.28] CHILD CARE PROVIDER ACCESS TO TECHNOLOGY GRANTS.

The commissioner of human services shall distribute money through grants to one or more organizations to offer grants or other supports to child care providers to improve their access to computers, the Internet, subscriptions to online child care management applications, and other technologies intended to improve business practices. Up to ten percent of the grant funds may be used to administer the program.

Sec. 9. Laws 2021, First Special Session chapter 7, article 14, section 21, subdivision 4, is amended to read:

(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:

Sec. 3. Laws 2021, First Special Session chapter 7, article 14, section 21, subdivision 4, is amended to read:

(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; and

(2) reduced between July 1, 2022, and June 30, 2023, with amounts for the final month being no more than 15 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.

Sec. 10. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; ALLOCATING BASIC SLIDING FEE FUNDS.

Notwithstanding Minnesota Statutes, section 119B.03, subdivisions 6, 6a, and 6b, the commissioner of human services must allocate additional basic sliding fee child care money for calendar year 2024 to counties and Tribes to account for the change in the definition of family. In allocating the additional money, the commissioner shall consider:

(1) the number of children in the county or Tribe who receive care from a relative custodian who accepted a transfer of permanent legal and physical custody of a child under section 260C.515, subdivision 4, or similar permanency disposition in Tribal code; successor custodian or guardian as established according to section 256N.22, subdivision 10; or foster parents in a family foster home under section 260C.007, subdivision 16b; and

(2) the average basic sliding fee cost of care in the county or Tribe.

Sec. 11. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; INCREASE FOR MAXIMUM RATES.

Notwithstanding Minnesota Statutes, section 119B.03, subdivisions 6, 6a, and 6b, the commissioner of human services shall allocate additional basic sliding fee child care funds for calendar year 2023 to counties and Tribes 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 and Tribe:

(1) number of children covered by the county or Tribe;
(2) provider types that care for covered children;
(3) age of covered children; and
(4) amount of the increase in maximum rates.

Sec. 12. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; CHILD CARE AND DEVELOPMENT FUND ALLOCATION.
The commissioner of human services shall allocate $75,364,000 in fiscal year 2023 from the child care and development fund for rate and registration fee increases under Minnesota Statutes, section 119B.13, subdivision 1, paragraphs (a) and (j). This is a onetime allocation.

Sec. 13. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; COST ESTIMATION MODEL FOR EARLY CARE AND LEARNING PROGRAMS.
(a) The commissioner of human services shall develop a cost estimation model for providing early care and learning in the state. In developing the model, the commissioner shall consult with relevant entities and stakeholders, including but not limited to the State Advisory Council on Early Childhood Education and Care under Minnesota Statutes, section 124D.141; county administrators; child care resource and referral organizations under Minnesota Statutes, section 119B.19, subdivision 1; and organizations representing caregivers, teachers, and directors.

(b) The commissioner shall contract with an organization with experience and expertise in early care and learning cost estimation modeling to conduct the work outlined in this section. If practicable, the commissioner shall contract with First Children’s Finance.

(c) The commissioner shall ensure that the model can estimate variation in the cost of early care and learning by:
(1) quality of care;
(2) geographic area;
(3) type of child care provider and associated licensing standards;
(4) age of child;
(5) whether the early care and learning is inclusive, caring for children with disabilities alongside children without disabilities;
(6) provider and staff compensation, including benefits such as professional development stipends, health benefits, and retirement benefits;
(7) a provider’s fixed costs, including rent and mortgage payments, property taxes, and business-related insurance payments;
(8) a provider’s operating expenses, including expenses for training and substitutes; and
(9) a provider’s hours of operation.

(d) By January 30, 2024, the commissioner shall report to the legislative committees with jurisdiction over early childhood programs on the development of the cost estimation model. The report shall include:

(1) recommendations for how the model could be used in conjunction with a child care provider wage scale to set provider payment rates for child care assistance under Minnesota Statutes, chapter 119B; and

(2) the department's plan to seek federal approval to use the model for provider payment rates for child care assistance.

Sec. 14. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; CHILD CARE PROVIDER WAGE SCALE.

(a) The commissioner of human services shall develop, in consultation with the commissioner of employment and economic development, the commissioner of education, and relevant stakeholders, a child care provider wage scale that:

(1) provides for wages that are equivalent to elementary school educators with similar credentials and experience;

(2) incentivizes child care providers and staff to increase child care-related qualifications;

(3) incorporates payments toward compensation benefits, including professional development stipends, health benefits, and retirement benefits; and

(4) accounts for the business structures of different types of child care providers, including licensed family child care providers and legal, nonlicensed child care providers.

(b) By January 30, 2024, the commissioner shall report to the legislative committees with jurisdiction over early childhood programs on the development of the wage scale and make recommendations for how the wage scale could be used to inform payment rates for child care assistance under Minnesota Statutes, chapter 119B.

Sec. 15. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; BRAIN BUILDERS BONUS PILOT PROGRAM.

(a) The commissioner of human services shall develop and implement a brain builders bonus pilot program to provide incentives or other supports to eligible child care providers that provide consistent care for infants and toddlers, as defined in Minnesota Statutes, section 245A.02, subdivision 19, who receive child care assistance under Minnesota Statutes, chapter 119B, or an early learning scholarship under Minnesota Statutes, section 124D.163.

(b) "Eligible child care providers" for purposes of the pilot program are family child care providers and group family child care providers licensed under Minnesota Statutes.
chapter 245A, and legal nonlicensed child care providers, as defined in Minnesota Statutes, section 119B.011, subdivision 16.

(c) The commissioner may administer the pilot program and measure the program's outcomes through a grant to a public or private nonprofit organization with the demonstrated ability to manage benefit programs for child care professionals.

(d) By January 31, 2024, the commissioner shall report to the legislative committees with jurisdiction over early childhood on implementation of the pilot program, including:

- a description of the incentives and supports provided; the number of the providers that received the incentives and supports, disaggregated by provider type; the average length of time a provider who received incentives or supports cared for an infant or toddler; and other outcomes of the program. The report shall also include the commissioner's recommendations on the utility and feasibility of making the pilot program permanent.

Sec. 16. DIRECTION TO COMMISSIONER OF INFORMATION TECHNOLOGY SERVICES; INFORMATION TECHNOLOGY SYSTEMS FOR EARLY CHILDHOOD PROGRAMS.

(a) The commissioner of information technology services shall develop and implement, to the extent practicable with the available appropriation, a plan to modernize the information technology systems that support the programs impacting early childhood, including child care and early learning programs and those serving young children administered by the Departments of Education and Human Services and other departments with programs impacting early childhood as identified by the Children's Cabinet. The commissioner may contract for the services contained in this section.

(b) The plan must support the goal of creating information technology systems for early childhood programs that collect, analyze, share, and report data on program participation, school readiness, early screening, and other childhood indicators. The plan must include strategies to:

1. increase the efficiency and effectiveness with which early childhood programs serve children and families;

2. improve coordination among early childhood programs for families; and

3. assess the impact of early childhood programs on children's outcomes, including school readiness.

(c) In developing and implementing the plan required under this section, the commissioner or the contractor must consult with the commissioners of education and human services, and other departments with programs impacting early childhood as identified by the Children's Cabinet, the Children's Cabinet; and other stakeholders.
(d) By February 1, 2023, the commissioner must provide a preliminary report on the status of the plan's development and implementation to the chairs and ranking minority members of the committees of the legislature with jurisdiction over early childhood programs.

Sec. 17. REPEALER.

Minnesota Statutes 2020, section 119B.03, subdivision 4, is repealed effective July 1, 2022.

Sec. 4. QUALITY PARENTING INITIATIVE.

The commissioner shall establish a grant to Quality Parenting Initiative Minnesota to implement Quality Parenting Initiative principles and practices and support children and families experiencing foster care placements. Quality Parenting Initiative Minnesota shall use grant funds to provide training and technical assistance to county and Tribal agencies, community-based agencies, and other stakeholders on the following activities:

1. conducting initial foster care phone calls under Minnesota Statutes, section 260C.219, subdivision 6;
2. supporting practices that create birth family to foster family partnerships; and
3. informing child welfare practices by supporting youth leadership and the participation of individuals with experience in the foster care system.