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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **3681**

1.1 A bill for an act

1.2 relating to child care; tax data; establishing a program to assist families with the

1.3 cost of child care; authorizing the disclosure of tax return information for purposes

1.4 of verifying eligibility for early child care and learning benefits programs;

1.5 appropriating money; amending Minnesota Statutes 2022, section 270B.14, by

1.6 adding a subdivision; Minnesota Statutes 2023 Supplement, section 119B.99,

1.7 subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 124D.

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

1.9 Section 1. Minnesota Statutes 2023 Supplement, section 119B.99, subdivision 2, is amended

1.10 to read:

1.11 Subd. 2. **Development.** In developing the plan and implementing the program under

1.12 this section, the commissioner shall:

1.13 (1) identify ways to integrate the functions, administrative structures, and funding

1.14 mechanisms of early care and learning programs administered by the state with the great

1.15 start scholarships program;

1.16 (2) consider the recommendations made by the Great Start for All Minnesota Children

1.17 Task Force under Laws 2021, First Special Session chapter 7, article 14, section 18,

1.18 subdivision 2;

1.19 (3) create a process and timeline to transition the following families to the great start

1.20 scholarships program by July 1, 2028:

1.21 (i) families with at least one child receiving an early learning scholarship under section

1.22 124D.165; ~~and~~

2.1 (ii) families with at least one child who is not yet in kindergarten and is receiving child
 2.2 care assistance under section 119B.03 or 119B.05 for care received from a provider licensed
 2.3 under Minnesota Rules, chapter 9502 or 9503, or Tribally licensed, or a Head Start program
 2.4 that has a rating under section 124D.142; and

2.5 (iii) families with at least one child receiving a great start affordability scholarship under
 2.6 section 124D.1651;

2.7 (4) create mechanisms for members of local communities, including families and members
 2.8 of the early care and learning workforce, to have input in decisions regarding needs and
 2.9 preferences for early care and learning options;

2.10 (5) develop a proposed method for funding early care and learning slots in response to
 2.11 local need through contracts with eligible providers that may be used to deliver services
 2.12 that meet quality and compensation standards with the intent to build early care and learning
 2.13 capacity statewide for children from birth to kindergarten entry; and

2.14 (6) consider how to maximize available federal resources while maintaining access to
 2.15 child care assistance funding under sections 119B.03 and 119B.05 for school-age children.
 2.16 The commissioner, in consultation with an appropriate state agency, may seek federal
 2.17 technical assistance or outside consultation as necessary to provide minimally burdensome
 2.18 program access to all participating families.

2.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.20 **Sec. 2. [124D.1651] GREAT START AFFORDABILITY SCHOLARSHIPS.**

2.21 **Subdivision 1. Establishment; purpose.** The Department of Education shall establish
 2.22 a great start affordability scholarship program. The purpose of the program is to increase
 2.23 the affordability of high-quality early care and learning for families with children from birth
 2.24 to kindergarten entry, to meet as near as possible the standard that no Minnesota family pay
 2.25 more than seven percent of annual income for early care and learning, as established under
 2.26 section 119B.99.

2.27 **Subd. 2. Family and child eligibility.** (a) For a family to receive a scholarship under
 2.28 this section, parents or guardians must:

2.29 (1) have income less than 150 percent of the state median income; and

2.30 (2) have an eligible child as defined in section 124D.165, subdivision 2, paragraph (b),
 2.31 who is not concurrently a recipient of child care assistance under chapter 119B, or an early
 2.32 learning scholarship under section 124D.165.

3.1 (b) A child who receives a scholarship under this section must continue to receive the
3.2 scholarship each year until the child is eligible for kindergarten under section 120A.20,
3.3 provided the child's family complies with the renewal requirements in subdivision 4,
3.4 paragraph (b), and provided funds are available.

3.5 (c) A child from an adjoining state whose family resides at a Minnesota address as
3.6 assigned by the United States Postal Service, who has received developmental screening
3.7 under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district,
3.8 and whose family meets the criteria of paragraph (a) is eligible for a scholarship under this
3.9 section.

3.10 (d) A child who receives a scholarship under this section, is at least three years old, and
3.11 has not completed development screening under sections 121A.16 to 121A.19, must complete
3.12 that screening within 90 days of first attending an eligible program.

3.13 Subd. 3. **Early care and learning program eligibility.** (a) To be eligible to accept a
3.14 scholarship under this section, an early care and learning program must meet the eligibility
3.15 criteria in section 124D.165, subdivision 4, paragraph (a).

3.16 (b) An early care and learning program accepting a scholarship under this section must
3.17 use the revenue to supplement and not supplant federal funding.

3.18 Subd. 4. **Administration.** (a) The department shall establish application timelines and
3.19 procedures that meet the operational needs of eligible families.

3.20 (b) A scholarship is awarded for a 12-month period. To continue to receive a scholarship
3.21 for an eligible child, a family must renew a scholarship prior to the end of the award period.
3.22 The department must establish a process by which a family may request a modification in
3.23 scholarship amount due to changes in the family's circumstances prior to renewing a
3.24 scholarship.

3.25 (c) The department must cancel a scholarship for an eligible child under the following
3.26 conditions:

3.27 (1) the child has not been accepted and subsequently enrolled in an eligible program
3.28 within three months of the scholarship award;

3.29 (2) the child moves out of state;

3.30 (3) the child no longer has scholarship-eligible costs, fees, or tuition;

3.31 (4) the child's family is unresponsive for more than 30 days; or

3.32 (5) the child's family declines to continue to receive the scholarship.

4.1 Subd. 5. **Scholarship amounts.** The department must establish a schedule of monthly,
4.2 per-child scholarship amounts based on family income. The minimum per-child scholarship
4.3 amount allowed under this section is \$25 per month.

4.4 Subd. 6. **Payment practices.** (a) The department must establish a system to make
4.5 scholarship payments to an eligible program selected by a scholarship recipient's family.
4.6 The payment system must:

4.7 (1) ensure that a program receives payment for any services in accordance with a written
4.8 agreement completed by the program and the scholarship recipient's family that identifies
4.9 amounts awarded under this section as a state-provided benefit;

4.10 (2) pay prospectively prior to the delivery of services;

4.11 (3) make payments based on a child's enrollment rather than attendance; and

4.12 (4) include a process for transferring scholarship awards between eligible programs,
4.13 when initiated by a scholarship recipient. The process must allow an eligible program to:

4.14 (i) retain a scholarship payment for a month in which a scholarship recipient leaves the
4.15 program before the end of the month; and

4.16 (ii) receive a prorated scholarship payment for a scholarship recipient for the month in
4.17 which the recipient transfers to the program.

4.18 (b) Payments to eligible programs for scholarships awarded under this section must start
4.19 no later than September 1, 2024.

4.20 Subd. 7. **Family notifications.** (a) The department must notify families in the state about
4.21 potential eligibility and the opportunity to apply for scholarships under this section.

4.22 (b) An eligible program must identify as state-provided assistance the portion of a
4.23 scholarship recipient's tuition that is paid for under this section on any tuition billing
4.24 statements provided to the recipient's family.

4.25 Subd. 8. **Great start affordability scholarship account.** (a) A great start affordability
4.26 scholarship account is established in the special revenue fund. Funds appropriated for great
4.27 start affordability scholarships under this section must be transferred to the account in the
4.28 special revenue fund.

4.29 (b) Money in the account is annually appropriated to the department for great start
4.30 affordability scholarships under this section. Any returned funds are available to be regranted.

4.31 (c) The department may use up to seven percent of the funds under paragraph (b) for
4.32 costs associated with administering and monitoring the scholarships, including but not

5.1 limited to making payments to eligible programs for the administrative costs associated
5.2 with accepting scholarships under this section. The payment to an eligible program for
5.3 administrative costs must be based on a percentage, as determined by the department, of
5.4 the total scholarship payment made to the eligible program.

5.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.6 Sec. 3. Minnesota Statutes 2022, section 270B.14, is amended by adding a subdivision to
5.7 read:

5.8 Subd. 23. **Disclosure to Department of Education.** The commissioner may disclose
5.9 to the commissioner of education the minimum return information necessary for the
5.10 commissioner of education to verify an individual's income for purposes of determining the
5.11 individual's eligibility for early child care and learning benefits programs administered by
5.12 the Department of Education. The commissioner may enter into data sharing agreements
5.13 with the commissioner of education to make the disclosures authorized by this subdivision.

5.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.15 Sec. 4. **TRANSFER OF SCHOLARSHIP RESPONSIBILITIES TO DEPARTMENT**
5.16 **OF CHILDREN, YOUTH, AND FAMILIES.**

5.17 The responsibilities and authorities under Minnesota Statutes, section 124D.1651, shall
5.18 transfer to the Department of Children, Youth, and Families once the department is
5.19 operational. The revisor of statutes shall renumber Minnesota Statutes, section 124D.1651,
5.20 with other early care and learning programs if legislation is enacted during the 2024
5.21 legislative session recodifying early care and learning statutes.

5.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.23 Sec. 5. **TRANSFER OF DATA SHARING RESPONSIBILITIES TO DEPARTMENT**
5.24 **OF CHILDREN, YOUTH, AND FAMILIES.**

5.25 The responsibilities and authorities assigned to the commissioner of education under
5.26 Minnesota Statutes, section 270B.14, subdivision 23, shall transfer to the commissioner of
5.27 the Department of Children, Youth, and Families once the department is operational.

5.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.1 Sec. 6. APPROPRIATION; DEPARTMENT OF EDUCATION.

6.2 Subdivision 1. Department of Education. The sums indicated in this section are
6.3 appropriated from the general fund to the Department of Education in the fiscal years
6.4 designated.

6.5 Subd. 2. Great start affordability scholarships. (a) For the great start affordability
6.6 scholarships program under Minnesota Statutes, section 124D.1651:

6.7 \$ 2024

6.8 \$ 2025

6.9 (b) This appropriation is subject to the requirements under Minnesota Statutes, section
6.10 124D.1651, subdivision 8.

6.11 (c) The base for fiscal year 2026 is \$..... and the base for fiscal year 2027 is \$.....

6.12 (d) The department shall transfer all of the appropriation to the Department of Children,
6.13 Youth, and Families once the Department of Children, Youth, and Families is operational.

6.14 EFFECTIVE DATE. This section is effective the day following final enactment.