

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 14

(SENATE AUTHORS: WIKLUND and Maye Quade)

DATE	D-PG	OFFICIAL STATUS
01/04/2023	73	Introduction and first reading Referred to Health and Human Services
01/09/2023	116	Author added Maye Quade
01/25/2023		Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to child care assistance; modifying child care assistance rates; appropriating

1.3 money; amending Minnesota Statutes 2022, section 119B.13, subdivisions 1, 4.

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

1.5 Section 1. Minnesota Statutes 2022, section 119B.13, subdivision 1, is amended to read:

1.6 Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~November 15~~ August 7, 2021 ~~2021~~ 2023,

1.7 the maximum rate paid for child care assistance in any county or county price cluster under

1.8 the child care fund shall be: the greater of the 75th percentile of the most recent child care

1.9 provider rate survey or the rates in effect at the time of the update. Thereafter, each rate

1.10 change is effective the first full service period on or after January 1 of the year following

1.11 the provider rate survey.

1.12 ~~(1) for all infants and toddlers, the greater of the 40th percentile of the 2021 child care~~

1.13 ~~provider rate survey or the rates in effect at the time of the update; and~~

1.14 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~

1.15 ~~2021 child care provider rate survey or the rates in effect at the time of the update.~~

1.16 ~~(b) Beginning the first full service period on or after January 1, 2025, the maximum rate~~

1.17 ~~paid for child care assistance in a county or county price cluster under the child care fund~~

1.18 ~~shall be:~~

1.19 ~~(1) for all infants and toddlers, the greater of the 40th percentile of the 2024 child care~~

1.20 ~~provider rate survey or the rates in effect at the time of the update; and~~

1.21 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~

1.22 ~~2024 child care provider rate survey or the rates in effect at the time of the update.~~

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

2.2 ~~(e)~~ (b) For a child care provider located within the boundaries of a city located in two
 2.3 or more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid for child
 2.4 care assistance shall be equal to the maximum rate paid in the county with the highest
 2.5 maximum reimbursement rates or the provider's charge, whichever is less. The commissioner
 2.6 may: (1) assign a county with no reported provider prices to a similar price cluster; and (2)
 2.7 consider county level access when determining final price clusters.

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

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

2.14 ~~(f)~~ (e) If a child uses one provider, the maximum payment for one day of care must not
 2.15 exceed the daily rate. The maximum payment for one week of care must not exceed the
 2.16 weekly rate.

2.17 ~~(g)~~ (f) If a child uses two providers under section 119B.097, the maximum payment
 2.18 must not exceed:

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

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

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

2.22 ~~(h)~~ (g) Child care providers receiving reimbursement under this chapter must not be
 2.23 paid activity fees or an additional amount above the maximum rates for care provided during
 2.24 nonstandard hours for families receiving assistance.

2.25 ~~(i)~~ (h) If the provider charge is greater than the maximum provider rate allowed, the
 2.26 parent is responsible for payment of the difference in the rates in addition to any family
 2.27 co-payment fee.

2.28 ~~(j)~~ (i) The maximum registration fee paid for child care assistance in any county or
 2.29 county price cluster under the child care fund shall be set as follows: ~~(1) beginning November~~
 2.30 ~~15, 2021, the greater of the 40th percentile of the 2021 child care provider rate survey or~~
 2.31 ~~the registration fee in effect at the time of the update; and (2) beginning the first full service~~
 2.32 ~~period on or after January 1, 2025, the maximum registration fee shall be the greater of the~~

3.1 ~~40th percentile of the 2024 child care provider rate survey or the registration fee in effect~~
 3.2 ~~at the time of the update. The registration fees under clause (1) continue until the registration~~
 3.3 ~~fees under clause (2) go into effect~~ the greater of the 75th percentile of the most recent child
 3.4 care provider rate survey or the registration fee in effect at the time of the update. Each
 3.5 maximum registration fee update must be implemented on the same schedule as maximum
 3.6 child care assistance rate increases under paragraph (a).

3.7 ~~(k)~~ (j) Maximum registration fees must be set for licensed family child care and for child
 3.8 care centers. For a child care provider located in the boundaries of a city located in two or
 3.9 more of the counties of Benton, Sherburne, and Stearns, the maximum registration fee paid
 3.10 for child care assistance shall be equal to the maximum registration fee paid in the county
 3.11 with the highest maximum registration fee or the provider's charge, whichever is less.

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

3.13 Sec. 2. Minnesota Statutes 2022, section 119B.13, subdivision 4, is amended to read:

3.14 Subd. 4. **Rates charged to publicly subsidized families.** Child care providers receiving
 3.15 reimbursement under this chapter may not charge a rate to clients receiving assistance under
 3.16 this chapter that is higher than the private, full-paying client rate. This subdivision shall not
 3.17 prohibit a child care provider receiving reimbursement under this chapter from providing
 3.18 discounts, scholarships, or other financial assistance to any clients.

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

3.20 Sec. 3. **APPROPRIATION; CHILD CARE ASSISTANCE PROGRAM.**

3.21 \$30,735,000 in fiscal year 2024 and \$56,498,000 in fiscal year 2025 are appropriated
 3.22 from the general fund to the commissioner of human services for child care assistance
 3.23 payments under Minnesota Statutes, section 119B.13, subdivision 1.

3.24 Sec. 4. **APPROPRIATION; BASIC SLIDING FEE PROGRAM.**

3.25 \$31,468,000 in fiscal year 2024 and \$41,412,000 in fiscal year 2025 are appropriated
 3.26 from the general fund to the commissioner of human services for the basic sliding fee
 3.27 program under Minnesota Statutes, section 119B.03. The base for this appropriation is
 3.28 \$46,171,000 in fiscal year 2026 and \$42,952,000 in fiscal year 2027.

4.1 Sec. 5. **APPROPRIATION; OPERATIONS ADMINISTRATION.**

4.2 \$151,000 in fiscal year 2024 and \$157,000 in fiscal year 2025 are appropriated from the
4.3 general fund to the commissioner of human services for administration of the child care
4.4 assistance program and the basic sliding fee program. Of this amount, \$18,000 in fiscal year
4.5 2024 and \$4,000 in fiscal year 2025 are for systems costs.