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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2039

02/20/2023 Authored by Hemmingsen-Jaeger, Pinto, Keeler, Coulter, Lee, K., and others
The bill was read for the first time and referred to the Committee on Children and Families Finance and Policy

1.1 A bill for an act
1.2 relating to health and human services; modifying the child care assistance program;
1.3 amending Minnesota Statutes 2022, sections 119B.011, subdivisions 2, 5, 13;
1.4 119B.09, subdivision 1; 119B.12, subdivision 1; 119B.13, subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2022, section 119B.011, subdivision 2, is amended to read:

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

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

1.16 Sec. 2. Minnesota Statutes 2022, section 119B.011, subdivision 5, is amended to read:

1.17 Subd. 5. Child care. "Child care" means the care of a child by someone other than a
1.18 parent; stepparent; legal guardian; eligible relative caregiver; relative custodian who
1.19 accepted a transfer of permanent legal and physical custody of a child under section
1.20 260C.515, subdivision 4, or similar permanency disposition in Tribal code; successor
1.21 custodian or guardian as established in section 256N.22, subdivision 10; foster parent
1.22 providing care to a child placed in a family foster home under section 260C.007, subdivision

2.1 16b; or the ~~spouses~~ spouse of any of the foregoing in or outside the child's own home for
 2.2 gain or otherwise, on a regular basis, for any part of a 24-hour day.

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

2.4 Sec. 3. Minnesota Statutes 2022, section 119B.011, subdivision 13, is amended to read:

2.5 Subd. 13. **Family.** "Family" means parents;₂ stepparents;₂ guardians and their spouses;₂
 2.6 relative custodians who accepted a transfer of permanent legal and physical custody of a
 2.7 child under section 260C.515, subdivision 4, or similar permanency disposition in Tribal
 2.8 code, and their spouses; successor custodians or guardians as established in section 256N.22,
 2.9 subdivision 10, and their spouses; foster parents providing care to a child placed in a family
 2.10 foster home under section 260C.007, subdivision 16b, and their spouses; or other eligible
 2.11 relative caregivers and their spouses, and ~~their blood-related~~ the blood-related dependent
 2.12 children and adoptive siblings under the age of 18 years living in the same home ~~including~~
 2.13 of the above. This definition includes children temporarily absent from the household in
 2.14 settings such as schools, foster care, and residential treatment facilities ~~or parents, stepparents,~~
 2.15 ~~guardians and their spouses, or other relative caregivers and their spouses~~ and adults
 2.16 temporarily absent from the household in settings such as schools, military service, or
 2.17 rehabilitation programs. An adult family member who is not in an authorized activity under
 2.18 this chapter may be temporarily absent for up to 60 days. When a minor parent or parents
 2.19 and his, her, or their child or children are living with other relatives, and the minor parent
 2.20 or parents apply for a child care subsidy, "family" means only the minor parent or parents
 2.21 and their child or children. An adult age 18 or older who meets this definition of family and
 2.22 is a full-time high school or postsecondary student may be considered a dependent member
 2.23 of the family unit if 50 percent or more of the adult's support is provided by the parents;₂
 2.24 stepparents;₂ guardians, and their spouses; relative custodians who accepted a transfer of
 2.25 permanent legal and physical custody of a child under section 260C.515, subdivision 4, or
 2.26 similar permanency disposition in Tribal code, and their spouses; successor custodians or
 2.27 guardians as established in section 256N.22, subdivision 10, and their spouses; foster parents
 2.28 providing care to a child placed in a family foster home under section 260C.007, subdivision
 2.29 16b, and their spouses; or eligible relative caregivers and their spouses residing in the same
 2.30 household.

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

3.1 Sec. 4. Minnesota Statutes 2022, section 119B.09, subdivision 1, is amended to read:

3.2 Subdivision 1. **General eligibility requirements.** (a) Child care services must be
3.3 available to families who need child care to find or keep employment or to obtain the training
3.4 or education necessary to find employment and who:

3.5 ~~(1) have household income less than or equal to 67~~ 85 percent of the state median income,
3.6 adjusted for family size, at application and redetermination, ~~and meet the requirements of~~
3.7 ~~section 119B.05; receive MFIP assistance; and are participating in employment and training~~
3.8 ~~services under chapter 256J; or.~~

3.9 ~~(2) have household income less than or equal to 47 percent of the state median income,~~
3.10 ~~adjusted for family size, at application and less than or equal to 67 percent of the state~~
3.11 ~~median income, adjusted for family size, at redetermination.~~

3.12 (b) Child care services must be made available as in-kind services.

3.13 (c) All applicants for child care assistance and families currently receiving child care
3.14 assistance must be assisted and required to cooperate in establishment of paternity and
3.15 enforcement of child support obligations for all children in the family at application and
3.16 redetermination as a condition of program eligibility. For purposes of this section, a family
3.17 is considered to meet the requirement for cooperation when the family complies with the
3.18 requirements of section 256.741.

3.19 (d) All applicants for child care assistance and families currently receiving child care
3.20 assistance must pay the co-payment fee under section 119B.12, subdivision 2, as a condition
3.21 of eligibility. The co-payment fee may include additional recoupment fees due to a child
3.22 care assistance program overpayment.

3.23 (e) If a family has one child with a child care authorization and the child reaches 13
3.24 years of age or the child has a disability and reaches 15 years of age, the family remains
3.25 eligible until the redetermination.

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

3.27 Sec. 5. Minnesota Statutes 2022, section 119B.12, subdivision 1, is amended to read:

3.28 Subdivision 1. **Fee schedule.** All changes to parent fees must be implemented on the
3.29 first Monday of the service period following the effective date of the change.

3.30 PARENT FEE SCHEDULE. The parent fee schedule is as follows, except as noted in
3.31 subdivision 2:

	Income Range (as a percent of the state median income, except at the start of the first tier)	Co-payment (as a percentage of adjusted gross income)
4.4	0-74.99% of federal poverty guidelines	\$0/biweekly
4.5	75.00-99.99% of federal poverty guidelines	\$2/biweekly
4.6	100.00% of federal poverty guidelines-27.72%	2.61%
4.7	27.73-29.04%	2.61%
4.8	29.05-30.36%	2.61%
4.9	30.37-31.68%	2.61%
4.10	31.69-33.00%	2.91%
4.11	33.01-34.32%	2.91%
4.12	34.33-35.65%	2.91%
4.13	35.66-36.96%	2.91%
4.14	36.97-38.29%	3.21%
4.15	38.30-39.61%	3.21%
4.16	39.62-40.93%	3.21%
4.17	40.94-42.25%	3.84%
4.18	42.26-43.57%	3.84%
4.19	43.58-44.89%	4.46%
4.20	44.90-46.21%	4.76%
4.21	46.22-47.53%	5.05%
4.22	47.54-48.85%	5.65%
4.23	48.86-50.17%	5.95%
4.24	50.18-51.49%	6.24%
4.25	51.50-52.81%	6.84%
4.26	52.82-54.13%	7.58%
4.27	54.14-55.45%	8.33%
4.28	55.46-56.77%	9.20%
4.29	56.78-58.09%	10.07%
4.30	58.10-59.41%	10.94%
4.31	59.42-60.73%	11.55%
4.32	60.74-62.06%	12.16%
4.33	62.07-63.38%	12.77%
4.34	63.39-64.70%	13.38%
4.35	<u>Less than 75.00%</u>	<u>no co-payment</u>
4.36	64.71-67.00%	14.00%
4.37	<u>75.00-85.00%</u>	<u>2.00%</u>
4.38	Greater than 67.00% <u>85.00%</u>	ineligible

5.1 A family's biweekly co-payment fee is the fixed percentage established for the income
5.2 range multiplied by the highest possible income within that income range.

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

5.4 Sec. 6. Minnesota Statutes 2022, section 119B.13, subdivision 1, is amended to read:

5.5 Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~November 15, 2021~~ October 3, 2023,
5.6 the maximum rate paid for child care assistance in any county or county price cluster under
5.7 the child care fund shall be:

5.8 ~~(1) for all infants and toddlers, the greater of the 40th 75th percentile of the 2021 child~~
5.9 ~~care provider rate survey or the rates in effect at the time of the update; and.~~

5.10 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~
5.11 ~~2021 child care provider rate survey or the rates in effect at the time of the update.~~

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

5.15 ~~(1) for all infants and toddlers, the greater of the 40th 75th percentile of the 2024 most~~
5.16 ~~recent child care provider rate survey or the rates in effect at the time of the update; and.~~

5.17 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~
5.18 ~~2024 child care provider rate survey or the rates in effect at the time of the update.~~

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

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

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

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

6.1 (f) If a child uses one provider, the maximum payment for one day of care must not
 6.2 exceed the daily rate. The maximum payment for one week of care must not exceed the
 6.3 weekly rate.

6.4 (g) If a child uses two providers under section 119B.097, the maximum payment must
 6.5 not exceed:

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

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

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

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

6.12 (i) If the provider charge is greater than the maximum provider rate allowed, the parent
 6.13 is responsible for payment of the difference in the rates in addition to any family co-payment
 6.14 fee.

6.15 (j) Beginning October 3, 2023, the maximum registration fee paid for child care assistance
 6.16 in any county or county price cluster under the child care fund shall be ~~set as follows: (1)~~
 6.17 ~~beginning November 15, 2021~~, the greater of the ~~40th~~ 75th percentile of the ~~2021~~ most
 6.18 recent child care provider rate survey or the registration fee in effect at the time of the
 6.19 update; ~~and (2) beginning the first full service period on or after January 1, 2025, the~~
 6.20 ~~maximum registration fee shall be the greater of the 40th percentile of the 2024 child care~~
 6.21 ~~provider rate survey or the registration fee in effect at the time of the update. The registration~~
 6.22 ~~fees under clause (1) continue until the registration fees under clause (2) go into effect.~~

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

6.28 **Sec. 7. DIRECTION TO COMMISSIONER OF MANAGEMENT AND BUDGET.**

6.29 The commissioner of management and budget must include the state obligation for the
 6.30 basic sliding fee child care assistance program under Minnesota Statutes, section 119B.03,
 6.31 in the Minnesota Management and Budget February and November forecasts of state
 6.32 revenues and expenditures under Minnesota Statutes, section 16A.103, beginning with the

- 7.1 November 2023 forecast, to ensure that all eligible applicants have access to child care
- 7.2 assistance program services.