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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **2259**

03/08/2017 Authored by Loon
The bill was read for the first time and referred to the Committee on Education Innovation Policy
03/13/2017 Adoption of Report: Amended and re-referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to state government; education finance; establishing the early education
1.3 access fund in the Department of Administration; establishing a director of early
1.4 education and development within the early education access fund; providing for
1.5 enhanced coordination of early education and development programs; authorizing
1.6 early education resource hubs; requiring a report; transferring certain early
1.7 education programs to the director of early education and development;
1.8 appropriating money; proposing coding for new law as Minnesota Statutes, chapter
1.9 119C.

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

1.11 Section 1. **[119C.01] DEFINITIONS.**

1.12 Subdivision 1. **Application.** The definitions in this section apply to this chapter.

1.13 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of administration.

1.14 Subd. 3. **Department.** "Department" means the Department of Administration.

1.15 Subd. 4. **Director.** "Director" means the director of early education and development.

1.16 Subd. 5. **Early education programs.** "Early education programs" includes:

1.17 (1) the school readiness program under sections 124D.15 and 124D.16;

1.18 (2) the voluntary prekindergarten program under section 124D.151;

1.19 (3) the early learning scholarship program under section 124D.165; and

1.20 (4) the Head Start program under sections 119A.50 to 119A.545.

1.21 Subd. 6. **Fund.** "Fund" means the early education access fund.

2.1 Sec. 2. **[119C.015] POLICY AND PURPOSE.**

2.2 (a) The purpose of chapter 119C is to establish an office of early education and
2.3 development to coordinate Minnesota's early education and development programs and
2.4 funding in accordance with state law.

2.5 (b) It is in the best interests of Minnesota families that early education and development
2.6 programs be coordinated to maximize quality, access, accountability, and cost-effectiveness.

2.7 Sec. 3. **[119C.02] EARLY EDUCATION ACCESS FUND.**

2.8 The early education access fund is established to coordinate appropriations in support
2.9 of children attending high-quality early child care and education programs of their parents'
2.10 choice.

2.11 Sec. 4. **[119C.03] DIRECTOR OF EARLY EDUCATION AND DEVELOPMENT.**

2.12 Subdivision 1. **Appointment.** The director of early education and development shall be
2.13 appointed by the governor. The commissioner shall provide human resources, payroll,
2.14 accounting, procurement, and other similar administrative services to the director. The
2.15 director's appointment is subject to the advice and consent of the senate.

2.16 Subd. 2. **Qualifications.** The governor shall select the director on the basis of professional
2.17 qualifications and knowledge of early childhood development, early childhood education,
2.18 and related public policies. The director serves in the unclassified service for a term of four
2.19 years. The first term shall end on December 31, 2020. The governor may remove the director
2.20 for cause. If a director resigns or is removed for cause, the governor shall appoint a director
2.21 for the remainder of the term.

2.22 Subd. 3. **Compensation.** Compensation of the director shall be established under chapter
2.23 15A.

2.24 Subd. 4. **Duties; powers.** (a) The director must:

2.25 (1) develop early education programs policies;

2.26 (2) coordinate outreach to eligible families to provide uniform notification about available
2.27 program options;

2.28 (3) align funding streams and streamline the administration of each early education
2.29 program for eligible families and children to ensure continuous access to programs;

2.30 (4) manage a data collection system to support and evaluate a coordinated system of
2.31 early child care and education;

3.1 (5) use the data collection system under clause (4) to calculate the total aid to each child
3.2 for the programs listed in section 119C.01, subdivision 5;

3.3 (6) evaluate the aid limit under section 119C.04, subdivision 3, and recommend changes
3.4 to that subdivision;

3.5 (7) coordinate internal and external evaluation of early child care and education programs
3.6 to measure and report on their effectiveness and efficiency;

3.7 (8) prescribe policies and procedures necessary to administer the early child care and
3.8 education programs;

3.9 (9) develop data-sharing agreements and memoranda of understanding, as necessary,
3.10 with the commissioners of administration, education, health, and human services; and

3.11 (10) serve as executive director of the Children's Cabinet established in section 4.045.

3.12 (b) In carrying out the duties under paragraph (a), the director shall have the authority
3.13 to:

3.14 (1) direct and control money appropriated to the director; and

3.15 (2) enter into agreements with other state agencies to provide appropriate funding to
3.16 early child care and education programs.

3.17 Subd. 5. **Coordination with other agencies.** (a) The commissioner of education must
3.18 administer early education programs in the manner specified by the director.

3.19 (b) The commissioner of human services must administer the quality rating and
3.20 improvement system in the manner specified by the director.

3.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.22 Sec. 5. **[119C.04] FUND AND PROGRAM ADMINISTRATION.**

3.23 Subdivision 1. **Federal funds.** The director may apply for, receive, and disburse federal
3.24 funds made available to the state by federal law or rule for any purpose consistent with the
3.25 powers and duties of the director. The director is authorized to accept any donations or
3.26 grants from any public or private concern. All money received by the director must be
3.27 deposited in the fund in the state treasury and is appropriated to the director for the purpose
3.28 for which it was received.

3.29 Subd. 2. **Program requirements.** (a) In addition to other program requirements, a
3.30 program receiving aid or enrolling children under this chapter must participate in the quality
3.31 rating and improvement system under section 124D.142.

4.1 (b) Notwithstanding any law to the contrary, a child must be enrolled at least 350 hours
4.2 per year in an eligible program to generate aid under this chapter.

4.3 Subd. 3. **Aid limits.** (a) Notwithstanding any law to the contrary, a child may not generate
4.4 annual aid from any combination of programs under this chapter in excess of an amount
4.5 equal to the 75th percentile of the market rate survey under section 119B.02, as biennially
4.6 adjusted. The director may charge a fee on a sliding scale with consideration for program
4.7 quality, program schedule, or family income.

4.8 (b) For the purposes of the limit under this subdivision, the director must include aid to
4.9 a child under the child care assistance program and any federal Head Start aids attributable
4.10 to the child.

4.11 (c) Notwithstanding paragraph (a), the director may waive the aid limit for children
4.12 facing extreme hardship or urgent need.

4.13 Subd. 4. **Accountability.** Each child enrolled in a program under this chapter must
4.14 receive a kindergarten readiness assessment consistent with section 124D.162.

4.15 Subd. 5. **Program aid guarantee.** (a) For fiscal year 2018 and later, aid for a program
4.16 receiving Head Start aid under section 119A.52 or school readiness aid under section 124D.16
4.17 must not be less than the amount the program would have received in fiscal year 2017 under
4.18 Minnesota Statutes 2016, sections 119A.52 and 124D.16, except that if aid to a program
4.19 would cause children enrolled in the program to exceed the limit under subdivision 3, the
4.20 director must reduce the aid to that program.

4.21 (b) Each early education program defined in section 119C.01, subdivision 5, must
4.22 continue to receive state funding according to the formulas in statute for that program.

4.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.

4.24 Sec. 6. **[119C.05] EARLY EDUCATION RESOURCE HUBS.**

4.25 (a) The director may establish early education resource hubs throughout the state. The
4.26 director shall contract with appropriate organizations to serve as resource hubs.

4.27 (b) Early education resource hubs must, in consultation with a regionally representative
4.28 group of program participant parents, develop strategies to support outreach to families,
4.29 connection to resources, and program choice.

4.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.1 Sec. 7. **REPORT REQUIRED.**

5.2 No later than January 15, 2018, the commissioner of human services and the director of
5.3 early education and development must deliver a report to the chairs and ranking members
5.4 of the legislative committees having jurisdiction over early childhood education and human
5.5 services. At a minimum, the report must make recommendations relating to:

5.6 (1) integrating state resources for child care assistance provided through the basic sliding
5.7 fee program under Minnesota Statutes, section 119B.03, and the Minnesota family investment
5.8 program under Minnesota Statutes, chapter 256J;

5.9 (2) aligning family income eligibility requirements for programs under Minnesota
5.10 Statutes, chapters 119B, 119C, and 256J;

5.11 (3) reducing duplicative paperwork and administrative burden and increasing the stability
5.12 of funding for families of children eligible for both an early learning scholarship and support
5.13 from the child care assistance program;

5.14 (4) maximizing child care assistance program integrity and payment mechanisms to
5.15 increase fund accountability and efficiency;

5.16 (5) transferring powers and duties related to the quality rating and improvement system
5.17 under Minnesota Statutes, section 124D.142;

5.18 (6) integrating the data collection systems of the child care assistance program and other
5.19 early education and development programs currently administered by the Department of
5.20 Education, the Department of Human Services, and the Department of Health; and

5.21 (7) transferring powers and duties related to other early education and development
5.22 programs currently administered by the Department of Education, the Department of Human
5.23 Services, or the Department of Health.

5.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.25 Sec. 8. **APPROPRIATIONS.**

5.26 Subdivision 1. **Early education access fund.** The sums indicated in this section are
5.27 appropriated from the general fund to the director of early education and development for
5.28 the fiscal years designated.

5.29 Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota
5.30 Statutes, sections 124D.15 and 124D.16:

6.1 \$ 33,683,000 2018
 6.2 \$ 33,683,000 2019

6.3 The 2018 appropriation includes \$3,368,000 for 2017 and \$30,315,000 for 2018. The
 6.4 2019 appropriation includes \$3,368,000 for 2018 and \$30,315,000 for 2019.

6.5 Subd. 3. **Early learning scholarships.** For the early learning scholarship program under
 6.6 Minnesota Statutes, section 124D.165:

6.7 \$ 2018
 6.8 \$ 2019

6.9 Up to \$950,000 each year is for administration of this program. Any balance in the first
 6.10 year does not cancel but is available in the second year.

6.11 Subd. 4. **Head Start program.** For Head Start programs under Minnesota Statutes,
 6.12 section 119A.52:

6.13 \$ 25,100,000 2018
 6.14 \$ 25,100,000 2019

6.15 Subd. 5. **Quality rating and improvement system.** (a) For the quality rating and
 6.16 improvement system under Minnesota Statutes, section 124D.142, and increasing supports
 6.17 for providers participating in the quality rating and improvement system:

6.18 \$ 1,750,000 2018
 6.19 \$ 1,750,000 2019

6.20 Any balance in the first year does not cancel but is available in the second year.

6.21 (b) The director of early education and development may transfer the money in paragraph
 6.22 (a) to the commissioner of human services for the quality rating and improvement system.

6.23 Subd. 6. **Administrative coordination.** The director of early education and development
 6.24 may transfer money appropriated under this section to the Department of Education for
 6.25 payments to be made on the director's behalf.

6.26 Sec. 9. **REVISOR'S INSTRUCTION.**

6.27 In Minnesota Statutes, the revisor of statutes shall revise, as necessary, and recodify in
 6.28 Minnesota Statutes, chapter 119C, the early education programs defined and transferred to
 6.29 the director of early education and development under section 1.

6.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.