

Subject Great Start for All Minnesota Children Act of 2023

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## Overview

H.F. 2471, as amended by H2471DE3, establishes new early care and learning programs and supports and modifies existing programs.

## Article 1: Great Start for All Minnesota Children Act of 2023

Section Description - Article 1: Great Start for All Minnesota Children Act of 2023

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1 **Title.**

Establishes the act as the “Great Start for All Minnesota Children Act of 2023.”

## Article 2: Great Start Scholarships

Directs the Children’s Cabinet, in consultation with the Department of Education (MDE) and the Department of Human Services (DHS), to establish the great start scholarships program.

Section Description - Article 2: Great Start Scholarships

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2 **Great start scholarships program.**

Creates § 119C.01.

**Subd. 1. Great start scholarships program.** Directs the executive director of the Children’s Cabinet, in consultation with the commissioners of education and human services, to establish and develop the great start scholarships program.

**Subd. 2. Development.** Provides that in developing the program, the executive director must: (1) identify ways to integrate existing early care and learning programs with the great start scholarships program; (2) consider the recommendations of the Great Start for All Minnesota Children Task Force; (3) make a plan to transition children from the early learning scholarships program and the child care assistance program (CCAP) to the great start scholarships program; (4) create mechanisms for community members to have input in decisions regarding needs and preferences for early care and learning programs;

**Section Description - Article 2: Great Start Scholarships**

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(5) develop a method for funding early care and learning seats through contracts with providers; and (6) maximize available federal resources while minimizing the extent to which state policy is limited by federal regulations.

**Subd. 3. Program requirements.** Provides that the program must include: (1) scholarships that provide financial assistance to voluntarily participating families; (2) eligibility for any families with at least one child who is not yet in kindergarten; (3) provider eligibility for licensed child care programs that participate in Parent Aware, school-based programs, and Head Start programs; (4) a unified, integrated, and simple online application process; (5) an integrated electronic attendance tracking system and payments system; and (6) a schedule for scholarships that ensures no participating family pays more than seven percent of annual income for early care and learning for children from birth to kindergarten.

**Subd. 4. Administration.** Requires that the executive director have the administrative structures and systems in place for the great start scholarships program by May 1, 2025.

### **Article 3: Child Care Assistance Program**

Makes several changes to CCAP, including expanding the definition of family, increasing the rates paid to child care providers, and reducing co-payments for families under the program. Directs DHS to develop a cost estimation model and a child care provider wage scale.

**Section Description - Article 3: Child Care Assistance Program**

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- 1 **Applicant.**  
Amends § 119B.011, subd. 2. Changes the definition of “child care fund applicants” to include foster care families, relative custodians, and successor custodians or guardians receiving Northstar kinship assistance. The section is effective August 25, 2024.
  
- 2 **Child care.**  
Amends § 119B.011, subd. 5. Changes the definition of “child care” to include care provided by foster care families, relative custodians, and successor custodians or guardians receiving Northstar kinship assistance. The section is effective August 25, 2024.

**Section Description - Article 3: Child Care Assistance Program**

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- 3 Family.**  
Amends § 119B.011, subd. 13. Changes the definition of “family” to include care provided by foster care families, relative custodians, and successor custodians or guardians receiving Northstar kinship assistance. The section is effective August 25, 2024.
- 4 Student parent.**  
Amends § 119B.011, subd. 19b. Makes technical changes related to forecasting the basic sliding fee (BSF) child care program. The section is effective July 1, 2025.
- 5 Child care services.**  
Amends § 119B.02, subd. 1. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 6 Contractual agreement with Tribes.**  
Amends § 119B.02, subd. 2. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 7 Child care market rate survey.**  
Amends § 119B.02, subd. 7. Adjusts the prices determined under the child care market rate survey by the CPI-U in each nonsurvey year.
- 8 Eligible participants.**  
Amends § 119B.03, subd. 3. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 9 Family move; continued participation.**  
Amends § 119B.03, subd. 9. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 10 Application; entry points.**  
Amends § 119B.03, subd. 10. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 11 Establishment.**  
Amends § 119B.035, subd. 1. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 12 Eligible families.**  
Amends § 119B.035, subd. 2. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.

**Section Description - Article 3: Child Care Assistance Program**

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**13 Assistance.**

Amends § 119B.035, subd. 2. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.

**14 Implementation.**

Amends § 119B.035, subd. 5. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.

**15 Child care fund plan.**

Amends § 119B.08, subd. 3. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.

**16 General eligibility requirements.**

Amends § 119B.09, subd. 1. Increases financial eligibility for child care assistance from 47 or 67 percent of state median income (SMI) to 85 percent of SMI, which is the federal maximum for CCAP.

**17 General authorization requirements.**

Amends § 119B.095, subd. 1. Modifies the requirements for authorizing full-time care under CCAP.

**18 Fee schedule.**

Amends § 119B.12, subd. 1. Changes the family co-payment schedule for CCAP to provide that the maximum co-payment is seven percent of a family's adjusted gross income rather than 14 percent.

**19 Subsidy restrictions.**

Amends § 119B.13, subd. 1. Increases maximum CCAP rates paid to child care providers and the maximum registration fee paid under the program to the 75th percentile of the most recent child care provider rate survey, including cost of living adjustments, beginning August 7, 2023.

This section is effective the day following final enactment.

**20 Rates charged to publicly subsidized families.**

Amends § 119B.13, subd. 4. Clarifies that child care providers receiving CCAP payments are not prohibited from providing discounts, scholarships, or other financial assistance to any clients.

This section is effective the day following final enactment.

**Section Description - Article 3: Child Care Assistance Program**

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- 21 **Administrative expenses.**  
Amends § 119B.15. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 22 **Duties of the commissioner.**  
Amends § 119B.24. Makes technical changes related to forecasting the BSF child care program. The section is effective July 1, 2025.
- 23 **Repealer.**  
Repeals several subdivisions of section 119B.03 (basic sliding fee program) that are made obsolete by forecasting the BSF program. Repeals subdivision 1 of section 119B.11 (county contribution) requiring that counties contribute to the BSF program.

## **Article 4: Early Learning Scholarships**

Makes several changes to the early learning scholarships program, including expanding eligibility for families and children, adding additional priority groups for scholarship receipt, and modifying program eligibility for Pathway II scholarships.

**Section Description - Article 4: Early Learning Scholarships**

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- 1 **Family eligibility.**  
Paragraph (a) increases eligibility for scholarships to include families with income equal to or less than 85 percent of state median income, as adjusted by family size.  
  
Paragraph (b) changes a child’s eligibility for scholarships to include all children from birth through age four on September 1 of the current school year.
- 2 **Administration.**  
Paragraph (a) adds the following as priority groups for receiving scholarships: children who have an incarcerated parent or a parent in a substance use or mental health treatment program, children who have experienced domestic violence, and children with family income less than or equal to 67 percent of state median income.  
  
Paragraph (b) removes “family income” from the list of additional factors for which the commissioner may prioritize scholarship applications and directs the commissioner to open eligibility for scholarships to additional families based on family income after reasonable efforts are made to serve children with a priority status.

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**Section Description - Article 4: Early Learning Scholarships**

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Paragraph (c) directs the commissioner to establish a schedule of tiered per child scholarship amounts based on the results of the child care market rate survey and the cost of providing high-quality care and learning to children in different circumstances. Provides that, for programs that have a four-star Parent Aware rating, the amounts cannot be less than the cost of providing care at the 75th percentile of the most recent child care market rate survey, as adjusted for inflation.

Paragraph (d) makes two-, three-, and four-star Parent Aware rated programs eligible for Pathway II scholarships. Directs the commissioner to consider, when designating Pathway II slots, the need to preserve existing capacity for children under the age of five years, the need to expand capacity for children under the age of three years, and the needs of children in priority categories. Increases the amount the commissioner may designate for Pathway II scholarships to two times the amount that was designated for fiscal year 2017. Allows a child receiving a Pathway II scholarship to retain the balance of the scholarship if the child moves to a different eligible program.

Paragraph (g) deletes obsolete language.

**3 Early childhood program eligibility.**

Removes the requirement that would take effect starting July 1, 2024, that requires a program to have a three- or four-star rating under Parent Aware in order to accept scholarships.

## **Article 5: Early Care and Learning Supports**

This article establishes a program that makes payments to eligible child care providers, modifies aspects of the Parent Aware system, and directs DHS to develop a wage scale and cost estimation model for early care and learning and to centralize provider registration functions for CCAP within the department. The article also directs the commissioner of information technology to develop and implement a plan to transform and modernize the IT systems that support early childhood programs.

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**Section Description - Article 5: Early Care and Learning Supports**

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**1 Child care retention program.**

Creates § 119B.27.

**Subd. 1. Establishment.** Directs the commissioner of human services to establish a child care retention program to provide payments to eligible child care programs.

**Section Description - Article 5: Early Care and Learning Supports**

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**Subd. 2. Eligible programs.** Identifies the following programs as eligible for payments: licensed family and group family child care providers that have not opted out of a Parent Aware rating; licensed child care centers that have not opted out of a Parent Aware rating; certified, license-exempt child care centers; Tribally-licensed programs; and other programs determined by the commissioner.

Provides that programs are not eligible if they are the subject of a finding of fraud; the subject of suspended, denied, or terminated payment; prohibited from receiving public funds; or under license revocation, suspension, temporary immediate suspension, or decertification.

**Subd. 3. Requirements.** Identifies the requirements with which eligible programs receiving payments under this section must comply.

**Subd. 4. Payments.** Directs the commissioner to provide payments under this section to all eligible programs on a noncompetitive basis and provides that the payment amounts are based on the number of full-time equivalent staff who regularly care for children in the program. Defines full-time equivalent staff as an individual caring for children 32 hours per week.

Provides that payments must be increased by 25 percent for providers who accept child care assistance or early learning scholarships or are in “child care access equity areas,” which are areas with low access to child care, high poverty rates, high unemployment rates, low home ownership rates, and low median household incomes. Directs the commissioner to develop a method for establishing child care access equity areas.

**Subd. 5. Eligible uses of money.** Describes how eligible programs may use the retention payments.

**Subd. 6. Legal nonlicensed child care provider payments.** Allows a legal, nonlicensed child care provider to apply for a payment of up to \$500 for costs incurred prior to the first month the provider receives a CCAP payment.

**Subd. 7. Report.** Requires the commissioner to report to the legislature on the retention program by January 1 of each year.

**2 System components [Parent Aware].**

Amends § 124D.142, subd. 2. Paragraph (a) provides that licensed child care centers and licensed family child care providers have at least a one-star rating under Parent Aware, provided they do not opt out of the rating system and are in good standing.

**Section Description - Article 5: Early Care and Learning Supports**

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Paragraph (b) directs the commissioner to establish a process under which a licensed program may opt out of a rating. The process must include notification that opting out of a rating makes a licensed program ineligible for child care retention payments.

**3 Direction to the commissioner of human services; centralizing child care provider functions.**

Directs the commissioner of human services to establish a centralized system for child care provider registration functions for CCAP within the department.

**4 Direction to commissioner of human services; child care and early education professional wage scale.**

Paragraph (a) directs the commissioner of human services, in consultation with DEED, MDE, the Children’s Cabinet, and relevant stakeholders, to develop a child care and early education professional wage scale that meets specified requirements.

Paragraph (b) requires the commissioner to report to the legislature by January 30, 2025, on how the wage scale can be used to inform payment rates for CCAP and the great start scholarships program.

**5 Direction to the commissioner of human services; cost estimation model for early care and learning programs.**

Paragraph (a) directs the commissioner of human services to develop, in consultation with relevant entities and stakeholders, a cost estimation model for providing early care and learning in the state.

Paragraph (b) requires that the commissioner contract with an organization with experience and expertise in cost estimation modeling to develop the model. Provides that the commissioner must contract with First Children’s Finance, if practicable.

Paragraph (c) provides that the model must be able to estimate variation in the cost of early care and learning by specified variables.

Paragraph (d) requires that the commissioner report to the legislature by January 30, 2025, on the development of the cost estimation model, including recommendations for how the model could be used in conjunction with a wage scale to set payment rates for CCAP and great start scholarships and a plan for seeking federal approval to use the model for CCAP.

**6 Modernizing information technology for programs impacting young children.**

Paragraph (a) directs the commissioner of information technology to develop and implement, to the extent of funding available in the early childhood information



**Section Description - Article 5: Early Care and Learning Supports**

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technology account, a plan to transform and modernize the IT systems that support early childhood programs. Allows the commissioner to contract for the work.

Paragraph (b) provides that the plan must include strategies to increase the efficiency and effectiveness of early childhood programs, improve coordination among the programs, assess the impact of the programs on children’s outcomes, and monitor and collect nonbiometric attendance data at licensed child care centers through a combination of state-provided technology and integration with private child care management systems.

Paragraph (c) directs the commissioner to consult various state agencies and stakeholders to develop and implement the plan required under this section.

Paragraph (d) requires that the commissioner report to the legislature by February 1 each year on the status of the plan’s development and implementation.

**7 Recognizing Comparable Competencies To Achieve Comparable Compensation Task Force.**

**Subd. 1. Establishment.** Establishes the task force to develop methods for incorporating competencies and experiences, as well as educational attainment, into a compensation model for the early childhood workforce.

**Subd. 2. Membership.** Identifies the members of the task force.

**Subd. 3. Duties.** Requires the task force to develop a compensation framework for the early childhood workforce.

**Subd. 4. Administration.** Directs the commissioner of management and budget to provide staff and administrative services for the task force and provides that the task force expires upon submission of its final report.

**Subd. 5. Required reports.** Requires the task force to submit a preliminary report to the governor and the legislature by December 1, 2024, and a final report by January 15, 2025. The final report must include a compensation framework and proposed mechanisms for incorporating the framework into the state’s early childhood programs and services.

**Article 6: Health and Human Services Appropriations**

Makes appropriations to DHS and MMB for various proposals in the bill.

**Section Description - Article 6: Health and Human Services Appropriations**

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- 1 Health and human services appropriations.**  
Provides that the sums indicated in the section are appropriated from the general fund to DHS in the fiscal years provided.
- 2 Commissioner of human services.**  
Appropriates money to DHS for various proposals included in the bill.
- 3 Appropriation; data sharing among programs impacting young children.**  
Provides a blank appropriation in fiscal year 2024 to the commissioner of management and budget to: (1) identify administrative rules and practices that prevent or complicate data sharing among early care and learning programs; and (2) support ongoing efforts to address barriers to data sharing. Requires the commissioner to report preliminary findings to the legislature by February 1, 2024, and to make a final report by February 1, 2025. This is a onetime appropriation available until June 30, 2025.
- 4 Appropriation; commissioner of management and budget.**  
Provides blank appropriations in fiscal years 2024 and 2025 to the commissioner of management and budget for costs associated with establishing and developing the great start scholarships program. This is a onetime appropriation.
- 5 Appropriation; early childhood information technology account.**  
Appropriates \$30,000,000 in fiscal year 2024 from the general fund for transfer to the early childhood information technology account. This is a onetime appropriation.
- 6 Appropriation; Recognizing Comparable Competencies to Achieve Comparable Compensation Task Force.**  
Provides blank appropriations in fiscal years 2024 and 2025 to the commissioner of human services for the Recognizing Comparable Competencies to Achieve Comparable Compensation Task Force. This is a onetime appropriation.
- 7 Early childhood information technology account.**  
Establishes an early childhood information technology account in the special revenue fund. Money in the account is appropriated to the commissioner of information technology services for developing and implementing a plan to modernize the information technology systems that support programs impacting early childhood.
- 8 Direction to the commissioner of management and budget; great start scholarships program.**  
Directs MMB to include the great start scholarships program in the forecast beginning with the November 2024 forecast.

**Section Description - Article 6: Health and Human Services Appropriations**

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- 9 **Direction to the commissioner of management and budget; basic sliding fee program.**  
Directs MMB to include the basic sliding fee child care program in the forecast beginning with the February 2025 forecast.

## **Article 7: Department of Education Appropriations**

Makes appropriations for various education proposals in the bill.

**Section Description - Article 7: Department of Education Appropriations**

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- 1 **Appropriations; Department of Education.**
- Subd. 1. Department of Education.** Provides that the sums indicated in the section are appropriated from the general fund to MDE in the fiscal years provided.
- Subd. 2. Early learning scholarships.** Appropriates \$670,709,000 in each of fiscal years 2024 and 2025 for early learning scholarships. Makes the base for scholarships \$0 in fiscal year 2026.
- Subd. 3. Commissioner of education.** Provides blank appropriations in fiscal years 2024 and 2025 to the commissioner of education for costs associated with establishing and developing the great start scholarships program. This is a onetime appropriation.
- Subd. 4. Cancellation of early learning scholarships account.** Provides that any amounts remaining in the special revenue account for early learning scholarships on July 1, 2025, are canceled to the general fund.



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