

# Preliminary

Consolidated Fiscal Note

2019-2020 Legislative Session

## HF1 - 6A - Early Childhood Great Start for All

Chief Author: **Dave Pinto**  
 Committee: **Health & Human Services Finance Division**  
 Date Completed:  
 Lead Agency: **Human Services Dept**  
 Other Agencies:  
     Education Department      Employment and Economic Dvlpmt  
     Health Dept                  Office of Higher Education

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Employment and Economic Dvlpmt</b>						
General Fund	-	-	14,000	-	-	-
Other Misc. Special Revenue	-	-	-	-	-	-
<b>Health Dept</b>						
General Fund	-	-	31,000	-	-	-
<b>Human Services Dept</b>						
General Fund	-	-	86,698	109,005	61,957	
<b>State Total</b>						
General Fund	-	-	131,698	109,005	61,957	
Other Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	-	<b>131,580</b>	<b>109,064</b>	<b>62,016</b>	
<b>Biennial Total</b>			<b>131,580</b>		<b>171,080</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Employment and Economic Dvlpmt</b>					
General Fund	-	-	-	-	-
Other Misc. Special Revenue	-	-	1.5	.5	.5
<b>Health Dept</b>					
General Fund	-	-	11.05	-	-
<b>Human Services Dept</b>					
General Fund	-	-	1	1	1
<b>Total</b>	-	-	<b>13.55</b>	<b>1.5</b>	<b>1.5</b>

### Lead LBO Analyst's Comment

LBO Signature:      Date:  
 Phone:              Email:

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## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Employment and Economic Dvlpmt</b>						
General Fund		-	-	14,000	-	-
Other Misc. Special Revenue		-	-	-	-	-
<b>Health Dept</b>						
General Fund		-	-	31,000	-	-
<b>Human Services Dept</b>						
General Fund		-	-	86,698	109,005	61,957
<b>Total</b>		<b>-</b>	<b>-</b>	<b>131,580</b>	<b>109,064</b>	<b>62,016</b>
<b>Biennial Total</b>				<b>131,580</b>		<b>171,080</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Employment and Economic Dvlpmt</b>						
General Fund		-	-	14,000	-	-
Other Misc. Special Revenue		-	-	204	59	59
<b>Health Dept</b>						
General Fund		-	-	31,000	-	-
<b>Human Services Dept</b>						
General Fund		-	-	86,698	109,005	61,957
<b>Total</b>		<b>-</b>	<b>-</b>	<b>131,902</b>	<b>109,064</b>	<b>62,016</b>
<b>Biennial Total</b>				<b>131,902</b>		<b>171,080</b>
<b>2 - Revenues, Transfers In*</b>						
<b>Employment and Economic Dvlpmt</b>						
General Fund		-	-	-	-	-
Other Misc. Special Revenue		-	-	322	-	-
<b>Health Dept</b>						
General Fund		-	-	-	-	-
<b>Human Services Dept</b>						
General Fund		-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>322</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>				<b>322</b>		<b>-</b>

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Fiscal Note

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State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	86,698	109,005	61,957	
<b>Total</b>	-	-	<b>86,698</b>	<b>109,005</b>	<b>61,957</b>	
<b>Biennial Total</b>			<b>86,698</b>		<b>170,962</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	1	1	1
<b>Total</b>	-	-	<b>1</b>	<b>1</b>	<b>1</b>

### LBO Analyst's Comment

LBO Signature:      Date:  
 Phone:              Email:

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## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	86,698	109,005	61,957
<b>Total</b>	<b>-</b>	<b>-</b>	<b>86,698</b>	<b>109,005</b>	<b>61,957</b>
<b>Biennial Total</b>			<b>86,698</b>		<b>170,962</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund	-	-	86,698	109,005	61,957
<b>Total</b>	<b>-</b>	<b>-</b>	<b>86,698</b>	<b>109,005</b>	<b>61,957</b>
<b>Biennial Total</b>			<b>86,698</b>		<b>170,962</b>
<b>2 - Revenues, Transfers In*</b>					
General Fund	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>		<b>-</b>

## Bill Description

The bill would:

- Establish a Home Visiting Program for pregnant women and families with young children (MDH)
- Update Parent Aware authorizing language, requires and funds ongoing evaluation and updates (DHS)
- Requires and funds Kindergarten Readiness Assessments, adjustments for per pupil funding (MDE)
- Increases funding for Early Learning Scholarships (MDE)
- NEW: Creates and funds report and consulting services for Family Child Care Regulation Modernization (DHS)
- Sets CCAP maximum rates for family child care at the highest 25<sup>th</sup> percentile of the most recent market rate survey (DHS)
- Sets CCAP maximum rates for child care centers at the 25<sup>th</sup> percentile of the county or county cluster.
- Sets Maximum Registration Fee for Child Care at the highest cost 25<sup>th</sup> percentile (DHS)
- Authorizes and funds expansion of child care retention grants through REETAIN program (DHS)
- Creates and funds Family Friend and Neighbor Grant Program (MDH)
- Establishes and funds First Children's Finance child care site assistance program (DHS)
- Provide funds for Basic Sliding Fee waiting list (DHS)
- Funds Maximum Rates at the 75<sup>th</sup> percentile for a duration consistent with \$170 million appropriation (DHS)
- Funds Child Care Capacity Building grants (DEED)
- Funds for TEACH grants (DHS)

Sections applicable to the Department of Human Services (DHS) include the following:

### Article 2, Section 1

Parent Aware: Updates authorizing language for the Parent Aware quality rating and improvement system, removing outdated language. Requires DHS to do an independent evaluation of Parent Aware and to make revisions to the program based on evaluation findings. Provides parameters for conducting the evaluation.

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## **Article 2, Section 9**

This section requires an evaluation of the Quality Rating and Improvement System (QRIS) known as Parent Aware. DHS is directed to begin an independent evaluation by February 1, 2021 to evaluate the effectiveness and impact on:

- Children's progress towards school readiness;
- Quality of early care and education system supply and workforce; and
- Parents' ability to access and use meaningful information about early care and education program quality.

The evaluation must:

- Analyze if the quality indicators and measures used in Parent Aware are consistent with evidence and research findings on early learning quality
- Analyze patterns or differences in observed quality and its alignment to star rating levels
- Assess children's developmental gains and determine if they correspond to star ratings, and disaggregate data on a variety of different factors
- Analyze accessibility of Parent Aware for providers to participate, including supports to increase star ratings, and disaggregate data on a variety of different factors
- Analyze the availability of Parent Aware rated providers to families, and disaggregate data on a variety of different factors

Parent Aware: Increases the base appropriation for the Parent Aware Quality Rating and Improvement System from \$1.75 million to \$3.4 million for FY 21, then returns it to \$1.75 million for Fiscal Years 2022 and 2023. The additional funds in FY 21 are available until June 30, 2023.

## **Article 2, Section 10**

DHS must contract with a consultant to work with the department and stakeholders to 1) update licensing standards, 2) develop a risk-based licensing model, and 3) implement an abbreviated inspection. The commissioner shall submit a report and proposed legislation for a new licensing model no later than February 1, 2023.

## **Article 2, Section 11**

Appropriates \$1,500,000 one-time funding available through June 30, 2023 to fund the project described in Article 2, Section 10.

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## **Article 3, Section 1**

This section updates the maximum rate to the 25<sup>th</sup> percentile of the most recent market rate survey. The rate will be set statewide based on the highest county or county price cluster for family childcare. This section also sets the maximum registration fee paid for child care assistance based on the 25<sup>th</sup> percentile of the highest county or group of counties or the registration fees in effect at the time of the update. This section is effective September 30, 2020.

## **Article 3, Section 2**

Creates authorizing language for the Retaining Early Educators Through Attaining Incentives Now (REETAIN) Grant Program.

## **Article 3, Section 6**

First Children's Finance: Provides authorizing language for First Children's Finance's site assistance services, supporting loans to improve child care or early childhood education sites to plan, design, and construct or expand sites to increase availability of child care and early childhood education.

## **Article 3, Section 7**

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Appropriates \$3 million one-time funding for activities in Section 6.

## **Article 3, Section 9**

Appropriates funds onetime to DHS to fund the Basic Sliding Fee Waiting List (\$20 million). Appropriates \$170 million in onetime funds to temporarily increase in child care rates to the 75<sup>th</sup> percentile. The duration is based on the \$170 million in onetime funding.

## **Article 3, Section 11**

Provides \$2,500,000 in one-time grant funding in fiscal year 2021 for the REETAIN Grant Program

## **Article 3, Section 12**

Provides \$500,000 in one-time grant funding in fiscal year 2021 for the TEACH Grant Program

## **Assumptions**

### **Evaluation of the Quality Rating and Improvement System known as Parent Aware**

The full range of evaluation activities will be conducted over a two year period through a professional/technical contract with a qualified vendor or an interagency agreement with another state agency. The evaluation would start in February 2021, and end in December 2023. It would cost \$300,000 in fiscal year 21, \$600,000 in fiscal year 2022, and 400,000 in fiscal year 2023. This fiscal note assumes that these costs will be eligible for 32% FFP.

These costs are based on the costs of similar evaluation activities conducted during Minnesota's federal Race to the Top-Early Learning Challenge grant time period (2012-2016). This evaluation was conducted over four years, with \$1,057,407 in private funds, and \$200,000 in federal funds, for a total investment of \$1,257,407.

The Parent Aware evaluation conducted during Minnesota's Race to the Top-Early Learning Challenge grant period included the following activities that closely mirror the activities described in SF3606, including:

The following evaluation activity required in this bill was not part of the 2016 evaluation, and requires additional funds.

For a full description of the activities included in the 2016 evaluation, see Early Learning Challenge, 2016 Final Performance Report, June 2017, CFDA Number 84.412, U.S. Department of Education. Link to report: <https://www2.ed.gov/programs/racetothetopearlylearningchallenge/2016apr/mn2016finalapr.pdf>

### **Family Child Care Regulation Modernization**

This fiscal note assumes that the cost of the contract (Article 2, Section 10) to develop a risk-based licensing model will be \$780,000. This assumption is based on an estimate provided by the National Association for Regulatory Administration, an organization DHS has contracted with for similar projects in the past and which has expertise on tiered violations and risk-based child care licensing models. This cost includes work around developing key risk indicators for family child care providers, updating family child care regulatory standards, and completion of a weighted risk assessment for family child care providers. This process typically takes between 24 and 36 months, and includes conducting focus groups, developing policy and procedure, stakeholder outreach, standards review and revision, data collection and analysis, staff training, and program piloting and evaluation.

An additional \$150,000 will be required annually in contract costs related to project management of this multi-year reform effort. DHS assumes this cost will begin September 15, 2020 and extend through June 30, 2023.

Lastly, it is assumed that work related to family child care regulatory modernization and the development of a risk-based licensing model will require Department subject matter expertise on Minnesota licensing standards, practices, and data, and that this additional work will require a policy analyst (1 FTE) to work with the contractors over a three year period. This

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position is assumed to be a MAPE 14L, step 6 and will be hired October 1, 2020.

## **Child Care Assistance Program (CCAP)**

### **Calculation of Setting the Maximum Rate to the 25<sup>th</sup> or 75<sup>th</sup> Percentile**

This proposal changes the maximum reimbursement rates and registration fee for MFIP/TY and Basic Sliding Fee (BSF) programs. Current law rates are fixed at the 25<sup>th</sup> percentile of the 2011 provider rate survey, or the county-based rates in effect November 28, 2011, whichever was greater. There are three rate changes that contribute to the fiscal impact of this bill:

- 9/21/20: Maximum rates set at 75<sup>th</sup> percentile of the 2018 rate survey
- 1/2/22: Maximum rates set at 75<sup>th</sup> percentile of the 2021 rate survey
- 5/31/22: Maximum rates set at 25<sup>th</sup> percentile of the 2021 rate survey

Maximum reimbursement rates for FCC Home providers are set statewide at the highest 25<sup>th</sup> or 75<sup>th</sup> percentile of the most recent child care provider rate survey for all counties while rates for Center providers are set at the 25<sup>th</sup> or 75<sup>th</sup> percentile of the most recent rate survey using clusters of counties with similar prices. Maximum reimbursement rates for centers in Benton, Sherburne and Stearns counties would be set at the highest 25<sup>th</sup> or 75<sup>th</sup> percentiles among the 3 counties based on the most recent rate survey. They will also have two rate changes with the same effective dates as the rest of the counties. This fiscal note assumes that the majority of centers in these three counties are located in the cities of Sartell and St. Cloud. These are the two cities whose boundaries lie within more than one of these three counties.

The fiscal impact of changing maximum reimbursement rates results mainly from increased payments to child care providers. Using a weighted average by usage across the state by county, by provider type and child age, it is estimated that setting rates at the 25<sup>th</sup> percentile of the 2018 market rate survey would increase current maximum reimbursement rates by 10.7% for MFIP/TY and BSF families and setting the rate at the 75<sup>th</sup> percentile will increase current maximum reimbursement rates by 42.7% for MFIP/TY and 40% for BSF families.

Since child care cost inflation usually follows general inflation, forecasted CPI growth of 2.4% per year is used to estimate survey to survey growth in child care market rate. This estimate uses this CPI growth for 3 years to determine the growth between the 2018 to the 2021 market rate surveys. It is assumed that this will result in increases to CCAP payments to providers by those same percentages. In addition, there is a small caseload impact as it is expected that more families will choose to use MFIP childcare due to the lower cost to the family which results from higher reimbursement rates. This caseload impact phases in over 12 months.

Registration fees for FCC Home and Center providers are set statewide at the highest 25<sup>th</sup> percentile of the registration fees collected during the most recent market rate survey, or the current county-based registration fee, whichever is greater. The first registration fee change would be effective 9/21/2020 based on the 2018 survey and a second rate change would be effective 1/2/2022 based on the 2021 survey. The fiscal impact of changes in the registration fees results mainly from increased payments to child care providers. The survey to survey growth in registration fees is assumed to follow general inflation and the forecasted CPI growth of 2.4% is used in estimating the 3 years of growth. This is assumed to increase fees by those same percentages.

Basic Sliding Fee is a capped appropriation that is allocated to counties. This fiscal analysis uses a base forecast which assumes a caseload in the BSF program based on the number of cases that can be served given the average payments projected in the November 2019 forecast.

## **Funds Available**

The state currently receives additional Child Care Development Block Grant (CCDBG) funds from the federal government to assist states in conforming to federal changes. This fiscal note assumes that these funds will be utilized for the federal conformity portion of the bill that increases the maximum rates to the 25<sup>th</sup> percentile.

This assumption is consistent with discussions with the author about the funding mechanisms in this bill. It is assumed that the additional \$170 million in one-time funds for child care rates in article 3, section 9 are intended to temporarily increase



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rates above the 25<sup>th</sup> percentile. The funds are assumed to pay for the cost related to the incremental change from the 25<sup>th</sup> percentile to the 75<sup>th</sup> percentile. The 25<sup>th</sup> and 75<sup>th</sup> percentile costs calculation are first done based on the cost from current law. An additional calculation subtracts the costs for the 25<sup>th</sup> percentile from the costs of the 75<sup>th</sup> percentile to determine the incremental change to apply against the \$170 million of additional funding in article 3, section 9. The department estimates that the higher rate will be available for child care payments through June 30, 2022.

## **Federal Revenue Assumption**

Minnesota received additional federal Child Care Development Block Grant (CCDBG) funds of \$29,916,000 million, \$29,916,000, and \$38,275,000 in federal fiscal years (FFY) 2018, 2019, and 2020, respectively. Of the \$98,107,000 million in additional federal funds, \$28,136,000 was used to fund CCAP program improvements during the 2019 1<sup>st</sup> Special Session and \$4,593,000 will be used to satisfy the 12% Quality requirement for FFY 2020 funds, leaving \$65,378,000 in federal CCDBG funds to offset a portion of the projected costs of this bill. Assuming no additional revenue after 2020, these are available for one-time use only.

This estimate does not assume the increased federal funds are continued after FFY 2020. If the state does receive additional federal revenue at the FFY 2020 level, there would be an additional 2.75 years of federal revenue or \$92,625,500 of additional federal funds received through FY 2023 after adjusting for the 12% quality requirement. This would bring the total federal revenue available for the CCAP program to \$158,003,500.

## **Basic Sliding Fee Waiting List Provision**

This proposal seeks to increase funding for Basic Sliding Fee (BSF) Child Care. Currently, BSF is a capped appropriation that is allocated to counties. When a county has insufficient funds to meet the demand for BSF child care services, they establish a waitlist with priority ordered one to five (P1 to P5) until BSF funding again becomes available. Under current law, P1 age 21 or older, P4, and P5 families do not receive any assistance while on the waitlist. In contrast, most P1 families under age 21 receive assistance through MFIP child care, P2 families receive assistance through Transition Year Extension (TYE) and P3 families receive assistance through Portability Pool (PP), which is financed through funds set aside from BSF. It is expected that at the time of implementation of this bill, the increased BSF funds would be used to move as many families as possible in P1 through P5 to BSF.

The primary fiscal impact of this policy change results from increased BSF program costs of \$20 million in SFY21. Previous experience has shown that all families in P1 to P3 move to BSF while only approximately 50% of families in P4 and P5 were found to be eligible or have need of BSF child care when BSF funds became available. Based on the average BSF monthly cost of \$1,199 from the November 2019 forecast, a \$20 million increase in BSF funds would be able to serve around 1,200 eligible families. It is assumed that there would be a one-time TYE cost offset when P2 families move to BSF, however, there would be no ongoing savings because the vacated TYE slots would be filled up by new families. TYE average payment is used to estimate the TYE savings. DHS data show that the average length of stay in TYE is 4 months. It is assumed that families in TYE would be moved into BSF an average of 2 months sooner under this bill. Therefore a savings in TYE of 2 months per TYE family on the BSF waiting list is assumed. The savings for TYE will interact with the rate proposal. It is assumed that this interaction will begin September 21, 2020 when rates will first increase to the 75<sup>th</sup> percentile.

## **System Costs**

There are system costs to implement this change in the eligibility and payment systems for MEC<sup>2</sup>. The changes related to the market rate survey are estimated to cost \$96,578 for initial development. The system changes to change rates from the 75<sup>th</sup> to 25<sup>th</sup> percentile are estimated to require 347 hours of work, take approximately 3 months to complete, and cost of a total of \$28,961 for initial development.

This estimate includes the following assumptions:

The estimated duration and earliest completion date of the proposed project(s) assumes the work is prioritized relative to other legislative and ongoing IT work.

The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20% contingency assumption to account for unforeseen business requirements in the development and implementation process.

In addition to the initial development costs cited above, the systems changes required in this bill will result in increased

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ongoing maintenance and operations costs, estimated annually at 20% of the total initial development cost.

The effective dates for the changes in this bill are as follows:

- 1st update is 9/21/20 based on the 75<sup>th</sup> Percentile of the 2018 rate survey - FY2021
- 2nd update is 1/3/22 based on the 75<sup>th</sup> Percentile of the 2021 rate survey - FY2022
- 3rd update is 5/31/2022 based on the 25<sup>th</sup> Percentile of the 2021 rate survey FY2022

Ongoing updates in January every 3 years.

Costs related to MEC2 earn an average Federal Financial Participation (FFP) of 45%. Cost estimates for the updates for the market rate are estimated at \$96,578 for the system changes in SFY 2021 and SFY 2022, of which the state share is \$53,118. Ongoing maintenance cost after first year are estimated at \$19,316 annually, of which the state share is \$10,623. The rate change from the 75<sup>th</sup> to 25<sup>th</sup> will add a onetime cost to SFY 2022 with an additional cost of \$28,961, of which \$15,929 is state share.

## Expenditure and/or Revenue Formula

### Child Care Assistance Program from Current Law to the 25<sup>th</sup> Percentile

MFIP/TY Average Payment Effect	FY2020	FY2021	FY2022	FY2023
Average monthly payment	\$1,589	\$1,688	\$1,739	\$1,783
Percent increase		10.73%	10.73%	10.73%
Factor for survey growth			3.69%	7.37%
Projected percent increase	0.00%	10.73%	14.81%	18.90%
Average monthly payment increase	\$0	\$181	\$258	\$337
Average monthly caseload	8,079	8,318	8,360	8,440
Number of months		9	12	12
Billing lag		88.89%	100%	100%
Direct service cost	\$0	\$12,053,815	\$25,846,173	\$34,121,106
Administrative allowance	\$0	\$602,691	\$1,292,309	\$1,706,055
MFIP cost due to Average payment	\$0	\$12,656,506	\$27,138,482	\$35,827,161
<b>BSF Average Payment Effect</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Average monthly payment	\$1,183	\$1,199	\$1,220	\$1,242
Percent increase		10.69%	10.69%	10.69%
Factor for survey growth			3.69%	7.37%
Projected percent increase	0.0%	10.69%	14.77%	18.85%
Average monthly payment increase	\$0	\$128	\$180	\$234
Average monthly caseload	7,575	7,565	7,569	7,268
Number of months	-	9	12	12

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Billing lag		88.89%	100%	100%
	-----	-----	-----	-----
Direct service cost	\$0	\$7,753,178	\$16,362,289	\$20,411,982
Administrative allowance	\$0	\$387,659	\$818,114	\$1,020,599
	-----	-----	-----	-----
BSF cost due to average payment	\$0	\$8,140,837	\$17,180,403	\$21,432,581
<b>MFIP Caseload Effect</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Average monthly MFIP child care caseload change		78	108	139
Average monthly MFIP child care payment	\$1,724	\$1,835	\$1,892	\$1,940
With maximum rate increase	\$0	\$181	\$258	\$337
Months	-	9	12	12
Phase-in		31%	98%	100%
	-----	-----	-----	-----
Direct service cost	\$0	\$437,145	\$2,727,493	\$3,806,847
Administrative allowance	\$0	\$21,857	\$136,375	\$190,342
	-----	-----	-----	-----
MFIP cost due to caseload impact	\$0	\$459,002	\$2,863,868	\$3,997,189
<b>Maximum Rates</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
		(in Thousands)		
Total MFIP/TY Cost	\$0	\$13,116	\$30,002	\$39,824
Total BSF Cost	\$0	\$8,141	\$17,180	\$21,433
	-----	-----	-----	-----
Total Cost: Maximum Rates Change	\$0	\$21,256	\$47,183	\$61,257
<b>Registration Fee</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
		(in Thousands)		
Total MFIP/TY Cost		\$30	\$47	\$49
Total BSF Cost		\$35	\$54	\$56
	-----	-----	-----	-----
Total Cost: Registration Fee Change	\$0	\$65	\$102	\$105
<b>Max Rates &amp; Registration Fee</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
		(in Thousands)		
Total MFIP/TY Cost	\$0	\$13,146	\$30,050	\$39,873
Total BSF Cost	\$0	\$8,176	\$17,235	\$21,489
	-----	-----	-----	-----
Total Cost: Max Rates & Registration Fee Change	\$0	\$21,322	\$47,284	\$61,362

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## Child Care Assistance Program from Current Law to the 75<sup>th</sup> Percentile

<b>MFIP/TY Average Payment Effect</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Average monthly payment	\$1,589	\$1,688	\$1,739	\$1,783
Percent increase		42.67%	42.67%	42.67%
Factor for survey growth			3.69%	7.37%
Projected percent increase	0.00%	42.67%	47.93%	53.19%
Average monthly payment increase	\$0	\$720	\$834	\$948
Average monthly caseload	8,079	8,318	8,360	8,440
Number of months		9	12	12
Billing lag		88.89%	100%	100%
Direct service cost	\$0	\$47,924,015	\$83,617,012	\$96,036,152
Administrative allowance	\$0	\$2,396,201	\$4,180,851	\$4,801,808
MFIP cost due to Average payment	\$0	\$50,320,216	\$87,797,863	\$100,837,960
<b>BSF Average Payment Effect</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Average monthly payment	\$1,183	\$1,199	\$1,220	\$1,242
Percent increase		40.0%	40.0%	40.0%
Factor for survey growth			3.69%	7.37%
Projected percent increase	0.0%	40.01%	45.18%	50.34%
Average monthly payment increase	\$0	\$480	\$551	\$625
Average monthly caseload	7,575	7,565	7,569	7,268
Number of months	-	9	12	12
Billing lag		88.89%	100%	100%
Direct service cost	\$0	\$29,034,415	\$50,059,917	\$54,518,493
Administrative allowance	\$0	\$1,451,721	\$2,502,996	\$2,725,925
BSF cost due to average payment	\$0	\$30,486,136	\$52,562,913	\$57,244,418
<b>MFIP Caseload Effect</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Average monthly MFIP child care caseload change		309	349	392
Average monthly MFIP child care payment	\$1,724	\$1,835	\$1,892	\$1,940
With maximum rate increase	\$0	\$720	\$834	\$948
Months	-	9	12	12

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Phase-in		31%	98%	100%
	-----	-----	-----	-----
Direct service cost	\$0	\$2,202,607	\$11,187,400	\$13,590,996
Administrative allowance	\$0	\$110,130	\$559,370	\$679,550
	-----	-----	-----	-----
MFIP cost due to caseload impact	\$0	\$2,312,738	\$11,746,770	\$14,270,546
<b>Maximum Rates</b>	<b><u>FY2020</u></b>	<b><u>FY2021</u></b>	<b><u>FY2022</u></b>	<b><u>FY2023</u></b>
		(in Thousands)		
Total MFIP/TY Cost	\$0	\$52,633	\$99,545	\$115,109
Total BSF Cost	\$0	\$30,486	\$52,563	\$57,244
	-----	-----	-----	-----
Total Cost: Maximum Rates Change	\$0	\$83,119	\$152,108	\$172,353
<b>Registration Fee</b>	<b><u>FY2020</u></b>	<b><u>FY2021</u></b>	<b><u>FY2022</u></b>	<b><u>FY2023</u></b>
		(in Thousands)		
Total MFIP/TY Cost		\$30	\$47	\$49
Total BSF Cost		\$35	\$54	\$56
	-----	-----	-----	-----
Total Cost: Registration Fee Change	\$0	\$65	\$102	\$105
<b>Max Rates &amp; Registration Fee</b>	<b><u>FY2020</u></b>	<b><u>FY2021</u></b>	<b><u>FY2022</u></b>	<b><u>FY2023</u></b>
		(in Thousands)		
Total MFIP/TY Cost	\$0	\$52,663	\$99,592	\$115,157
Total BSF Cost	\$0	\$30,521	\$52,617	\$57,301
	-----	-----	-----	-----
Total Cost: Max Rates & Registration Fee Change	\$0	\$83,184	\$152,209	\$172,458

**Cost to move from the 25<sup>th</sup> Percentile to the 75<sup>th</sup> Percentile:**

<b>25th Percentile Total Cost:</b>				
<b>Max Rates &amp; Registration Fee</b>	<b><u>FY2020</u></b>	<b><u>FY2021</u></b>	<b><u>FY2022</u></b>	<b><u>FY2023</u></b>
		(in Thousands)		
Total MFIP/TY Cost	\$0	\$13,146	\$30,050	\$39,873
Total BSF Cost	\$0	\$8,176	\$17,235	\$21,489
	-----	-----	-----	-----
Total Cost: Max Rates & Registration Fee Change	\$0	\$21,322	\$47,284	\$61,362
<b>75th Percentile Total Cost:</b>				
<b>Max Rates &amp; Registration Fee</b>	<b><u>FY2020</u></b>	<b><u>FY2021</u></b>	<b><u>FY2022</u></b>	<b><u>FY2023</u></b>
		(in Thousands)		

# Preliminary

Total MFIP/TY Cost	\$0	\$52,663	\$99,592	\$115,157
Total BSF Cost	\$0	\$30,521	\$52,617	\$57,301
	-----	-----	-----	-----
Total Cost: Max Rates & Registration Fee Change	\$0	\$83,184	\$152,209	\$172,458
Change from the 25th to the 75th Percentile				
<b>Max Rates &amp; Registration Fee</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
		(in Thousands)		
Total MFIP/TY Cost	\$0	\$39,517	\$69,542	\$75,284
Total BSF Cost	\$0	\$22,345	\$35,383	\$35,812
	-----	-----	-----	-----
Total Cost: Max Rates & Registration Fee Change	\$0	\$61,863	\$104,925	\$111,096

## Application of Available Federal Funds to the 25<sup>th</sup> Percentile costs

<b>Total Child Care Assistance Program Cost</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
				(in Thousands)
Total MFIP/TY Cost		\$13,146	\$30,050	\$39,873
Total BSF Cost		\$8,176	\$17,235	\$21,489
	-----	-----	-----	-----
Total Cost	\$0	\$21,322	\$47,284	\$61,362
<b>Application of available Federal CCDBG</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
				(in Thousands)
Total MFIP/TY Cost		\$13,146	\$26,822	\$0
Total BSF Cost		\$8,176	\$17,235	\$0
	-----	-----	-----	-----
Total Cost	\$0	\$21,322	\$44,056	\$0
<b>Remaining Costs to General Fund</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
				(in Thousands)
Total MFIP/TY Cost		\$0	\$3,228	\$39,873
Total BSF Cost		\$0	\$0	\$21,489
	-----	-----	-----	-----
Total Cost	\$0	\$0	\$3,228	\$61,362

## Funding the Basic Sliding Fee Waiting List

	<b>FY2020</b>	<b>FY2021</b>
BSF cost		\$20,000,000

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TYE to BSF		
P2 families from December 2019 BSF wait list		(372)
December 2019 TYE average payment		\$1,668
Months		2
		-----
Direct service cost		(\$1,241,021)
Administrative allowance		(\$62,051)
		-----
TYE Offset		(\$1,303,072)
Interaction with Maximum Rates:		
	-	<b>FY2021</b>
Interactions		75th Percentile
Cost (Savings) to Current Law		(\$1,303,072)
Increase due to rate change		29.76%
Additional Cost(Savings) to Rate Increase		(387,748)
MFIP Transition Year Cost(Savings) for interaction with rate changes		(1,690,820.33)

## Summary

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2020	FY2021	FY2022	FY2023
GF	12	Parent Aware	0	300	600	400
GF	REV1	FFP to general fund @ 32% Parent Aware		(96)	(192)	(128)
GF	11	Operations Admin 1FTE		92	105	105
GF	11	P/T Contract for licensing modernization		156	312	312
GF	11	P/T Contract for project manager		118	150	150
GF	REV1	FFP to general fund @ 32% Licensing Modernization		(96)	(192)	(128)
GF	11	System Costs MEC <sup>2</sup> State Share @ 55%		53	69	11
GF	22	MFIP/TY Child Care 25 <sup>th</sup> Percentile		0	3,228	39,873
GF	42	BSF Child Care 25 <sup>th</sup> Percentile		0	0	21,362
GF	22	MFIP/TY Child Care 25 to 75 <sup>th</sup> Percentile		39,517	69,542	0
GF	42	BSF Child Care 25 to 75 <sup>th</sup> Percentile		22,345	35,383	0
GF	22	MFIP/TY Child Care Waiting List		(1,691)	0	0
GF	42	BSF Child Care Waiting List		20,000	0	0
GF	43	REETAIN Grants		2,500	0	0
GF	43	Grants to First Children's Finance		3,000	0	0

# Preliminary

GF	43	TEACH Grants		500	0	0
		<b>Total Net Fiscal Impact</b>	<b>0</b>	<b>86,698</b>	<b>109,005</b>	<b>61,957</b>
		<b>Full Time Equivalents</b>		1	1	1

## Long-Term Fiscal Considerations

This bill makes a permanent change to the child care assistance program.

## Local Fiscal Impact

## References/Sources

David Hanson, Children & Family Services Administration

Minnesota Department of Human Services

651-431-3831

DHS November, 2019 Forecast

Olivia Ke, Reports and Forecast Division

Minnesota Department of Human Services

**Agency Contact:** Elyse Bailey 651-431-2932

**Agency Fiscal Note Coordinator Signature:** Elyse Bailey

**Phone:** 651-431-2932

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# Preliminary

Fiscal Note

2019-2020 Legislative Session

## HF1 - 6A - Early Childhood Great Start for All

Chief Author: **Dave Pinto**  
 Committee: **Health & Human Services Finance Division**  
 Date Completed:  
 Agency: **Employment and Economic Dvlpmt**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	14,000	-	-	-
Other Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>13,882</b>	<b>59</b>	<b>59</b>	<b>59</b>
<b>Biennial Total</b>			<b>13,882</b>			<b>118</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
Other Misc. Special Revenue	-	-	1.5	.5	.5
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>.5</b>	<b>.5</b>

### LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Christian Larson    **Date:** 2/26/2020 1:19:00 PM  
**Phone:** 651-284-6436    **Email:** christian.larson@lbo.leg.mn

# Preliminary

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
General Fund	-	-	14,000	-	-	
Other Misc. Special Revenue	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>13,882</b>	<b>59</b>	<b>59</b>	
<b>Biennial Total</b>			<b>13,882</b>			<b>118</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	14,000	-	-	
Other Misc. Special Revenue	-	-	204	59	59	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>14,204</b>	<b>59</b>	<b>59</b>	
<b>Biennial Total</b>			<b>14,204</b>			<b>118</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
Other Misc. Special Revenue	-	-	322	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>322</b>	<b>-</b>	<b>-</b>	
<b>Biennial Total</b>			<b>322</b>			<b>-</b>

## Bill Description

Sec 10 of this bill authorizes \$10 million in FY21 for the Department of Employment and Economic Development to make grants to local communities to increase the supply of quality child care in order to support economic development. This is a onetime appropriation.

Grant funds must be used for funding child care business start-ups or expansion, training, facility modification, direct subsidies or incentives to retain employees, or improvements requirement for license, and assistance with licensing and other regulatory requirements.

In addition Subd. 2 provides for onetime grants totaling \$4 million in SFY2021 in the following amounts to the following organizations. These grants are both available until FY22.

\$3.85 million in SFY21 to the six Initiative Foundations for child care related initiatives.

\$150k in SFY21 to WomenVenture for Childcare Business Training program.

## Assumptions

From previous grant activity on this topic, DEED has in place procedures for solicitation of grant proposals, review of those proposals, grant award, monitoring, and reporting. These procedures were developed in consultation with other state departments, county social service departments, industry professionals, and community groups to include utilizing the expertise of the Department of Human Services in the review of proposals.

All DEED activity with these grants can be accomplished with the following personnel positions.

1.50 FTE in FY21 to promote the competitive grant program, award, contract, and begin grant monitoring and reimbursement duties. 1.0 FTE Agency Policy Specialist (MAPE 16L) for management of the process. And 0.50 FTE Management Analyst 1 (MAPE 5L) to assist with operations.

0.50 FTE in FY22 and FY23 to continue grant monitoring, reimbursement, audit and grants management and reporting

# Preliminary

process .025 FTE Agency Policy Specialist (MAPE 16L) for management of the process. And 0.25 FTE Management Analyst 1 (MAPE 5L) to assist with operations.

DEED assumes that it would not be able to absorb this workload with already existing operating funds, and would need to utilize DEED Commissioner's powers under 116J.035 Subd.7 that allows up to 5% of grant funds to be used for administration.

DEED assumes it will need to utilize 2.30% of the funding for administrative costs (\$322,074) over three years.

## Expenditure and/or Revenue Formula

Salary Projections			
	FY21	FY22	FY23
<b>FTE</b>	1.00	0.25	0.25
<b>Salary &amp; Benefits</b>	\$108,790	\$27,198	\$27,198
<b>Indirect Costs</b>	\$18,396	\$4,599	\$4,599
<b>MNIT - Computer &amp; Phone</b>	\$2,005	\$501	\$501
<b>Space Rent, Travel, Supplies, Training</b>	\$14,600	\$1,275	\$1,275
<b>Total Cost</b>	\$143,792	\$33,573	\$33,573

This salary estimate is based on the midpoint of a MAPE 16L Agency Policy Spec

	FY21	FY22	FY23
<b>FTE</b>	0.50	0.25	0.25
<b>Salary &amp; Benefits</b>	\$40,536	\$20,268	\$20,268
<b>Indirect Costs</b>	\$6,855	\$3,427	\$3,427
<b>MNIT - Computer &amp; Phone</b>	\$1,003	\$501	\$501
<b>Space Rent, Travel, Supplies, Training</b>	\$11,800	\$1,275	\$1,275
<b>Total Cost</b>	\$60,193	\$25,472	\$25,472

This salary estimate is based on the midpoint of a MAPE 5L Management Analyst 1

Estimated Administrative Costs	FY21	FY22	FY23	Total
MAPE 16L Agency Policy Spec	\$143,792	\$33,573	\$33,573	\$210,938
MAPE 5L Management Analyst 1	\$60,193	\$25,472	\$25,472	\$111,137
<b>Total</b>	<b>\$203,985</b>	<b>\$59,045</b>	<b>\$59,045</b>	<b>\$322,074</b>

Appropriated Grant Dollars: \$14,000,000

Percentage Needed For DEED Admin: 2.30%

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	Appropriated	DEED Admin	Grant Funds
Grants for Childcare	\$10,000,000	\$230,053	\$9,769,947
Initiative Foundations	\$3,850,000	\$88,570	\$3,761,430
WomenVenture	\$150,000	\$3,451	\$146,549
Total	\$14,000,000	\$322,074	\$13,677,926

## **Long-Term Fiscal Considerations**

None, onetime grant appropriations

## **Local Fiscal Impact**

none

## **References/Sources**

Charles Schaffer, DEED Office of Small Business Assistance Director 651-259-7477

Brandon Toner, DEED Office of Small Business Assistance, Childcare Grant Program Administrator 651-259-7218

**Agency Contact:** Brandon Toner 651-259-7218

**Agency Fiscal Note Coordinator Signature:** Colleen Hazel

**Phone:** 651-259-7038

**Date:** 2/26/2020 12:55:32 PM

**Email:** colleen.hazel@state.mn.us

# Preliminary

Fiscal Note

2019-2020 Legislative Session

## HF1 - 6A - Early Childhood Great Start for All

Chief Author: **Dave Pinto**  
 Committee: **Health & Human Services Finance Division**  
 Date Completed:  
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	31,000	-	-	-
<b>Total</b>	-	-	<b>31,000</b>	-	-	-
<b>Biennial Total</b>			<b>31,000</b>			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	11.05	-	-
<b>Total</b>	-	-	<b>11.05</b>	-	-

### LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Carlos Guereca **Date:** 2/26/2020 9:41:39 AM  
**Phone:** 651-2846541 **Email:** carlos.guereca@lbo.leg.mn

# Preliminary

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	31,000	-	-
<b>Total</b>		-	-	<b>31,000</b>	-	-
<b>Biennial Total</b>				<b>31,000</b>		
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	31,000	-	-
<b>Total</b>		-	-	<b>31,000</b>	-	-
<b>Biennial Total</b>				<b>31,000</b>		
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		

## Bill Description

The bill expands and creates a number of state programs. Two sections in the bill have considerations and fiscal impact to the Department of Health.

### Family Home Visiting

The bill expands and modifies family home visiting state grant programs administered by the Department of Health that affect children and families, providing a onetime appropriation of \$30,000,000 in fiscal year 2021. This bill appropriates funds for community health boards, nonprofit organizations and tribal governments to start up or expand home visiting services to families with young children or pregnant women who are high risk or have high needs; and parents who have a history of mental illness, domestic abuse, or substance abuse, first time mothers or families eligible for Medical Assistance or Women, Infants, and Children programs.

Of funds available for grants, at least 75% is to start up or expand evidenced based home visiting programs and up to 25% is available to start up or expand home visiting services that are culturally or ethnically targeted (evidence informed) to the county, reservation, or region of operation. Of the appropriation, the department may use up to 10% for training and technical assistance to grantees and to administer and evaluate the program. Funding can only be used to supplement, not to replace funds.

### Family, Friend, and Neighbor

The bill establishes a family, friend, and neighbor grant program through a onetime appropriation of \$1,000,000 in FY2021 to promote children's social emotional learning and healthy development, early literacy, and school readiness, and to foster community partnerships to promote children's school readiness. The department will develop a family, friend, and neighbor grant program to fund: (1) community health boards, local or regional libraries, community-based organizations, nonprofit organizations, and Indian tribes working with caregivers; and (2) community-based partnerships to implement early literacy programs.

## Assumptions

### Home Visiting

Managing the \$27,000,000 grant program will require the effort of 9.5 full-time equivalent staff for designing, managing and evaluating the family home visiting initiative. The staff will oversee the competitive request for proposals, grant administration, monitoring of grantees, technical assistance, data reporting and evaluation. In-state travel costs for grantee oversight and assistance are \$8,138. Contracts are necessary to provide training to agencies implementing evidence-based home visiting models and evidence-informed programs under this initiative. Grants to start up or expand home visiting will be available for community health boards, tribal nations, and non-profits throughout the state.

# Preliminary

The department assumes the expansion will reach 30 entities. Key assumptions underlying the allocation of 30 grants include current state federal resources support 87 counties, 9 tribes, and 21 nonprofits for evidence-based home visiting services. Department family home visiting promotes regional approaches and collaboration among local governmental, tribal, and non-profit entities and we assume these regional partnerships will continue. Many of our current grantees who receive the evidence-based home visiting funding will continue to expand their caseload of families so that the department will not only be taking on new grantees, but funding current grantees.

The department assumes several contracts are necessary to support the expansion of home visiting services. An evaluation and training contract with the University of Minnesota will support data collection, analysis, reporting and technical assistance for home visiting services for approximately 3,860 families. The university will also be provide expertise to monitor, assess, and evaluate the funding of new evidence-informed home visiting programs. Contracts with six model developers will train and provide technical assistance on implementation and fidelity monitoring for grantees implementing evidence-based home visiting models. These contracts will provide expanded support to grantees to assure agencies meet full model accreditation standards and successfully implement and adapt the core elements of each model to fit with the targeted communities they serve. The estimated amounts are based on current contracts and scaling up activities.

## Family, Friends, and Neighbor

The department's administrative cost to administer the Family, Friends and Neighbors grant program is incorporated within the specified appropriation. A total of 1.55 full-time equivalent staff are required for designing, managing and evaluating the grant program. The staff will oversee the competitive request for proposals, provide consultation, guidance and monitoring of grantees, technical assistance, grant administration, data reporting and conduct an evaluation. Travel costs for grantee oversight and assistance are \$1,700. The department assumes that approximately 10 grants will be awarded and will attempt to ensure that grants are awarded in all areas of the state.

The department assumes that evaluation staff will conduct a high-quality standardized evaluation to measure the impact of the grants on children's school readiness, including social emotional learning indicators, and the site specific nutrition and physical activity policies and submit a written report to the legislative committees with jurisdiction over health and human services and education finance and policy by February 1, 2022.

## Expenditure and/or Revenue Formula

### Home Visiting

Expenditure (Actual Dollars)	Amount	FY2020	FY 2021	FY 2022	FY 2023
<b>Salary &amp; Fringe:</b>			FTE	FTE	FTE
Research Scientist 2	104,016		2.00		
Student Worker Para Prof Sr	41,086		3.00		
Public Health Nursing Sr	122,428		2.00		
Planner Principal State	104,016		2.50		
	<b>FTE</b>		<b>9.50</b>	<b>0.00</b>	<b>0.00</b>
	<b>Subtotal</b>		<b>836,186</b>	<b>0</b>	<b>0</b>
<b>Information Technology:</b>					
Computing & IT support at per FTE	2,712		25,764	0	0
	<b>Subtotal</b>		<b>25,764</b>	<b>0</b>	<b>0</b>
<b>Other Operating Costs:</b>					
Materials, supplies & training per FTE	600		5,700	0	0
Travel for monitoring and technical assistance			8,138		
Contract to Univ. of Minn. Home Visiting Center			532,000		
Training contracts w/ model developers (qty 6)			1,200,000		

# Preliminary

	<b>Subtotal</b>		<b>1,745,838</b>	<b>0</b>	<b>0</b>
<b>Grants, Aids &amp; Subsidies:</b>					
Home Visiting Grants to local agencies (qty 30)					
	<b>Subtotal</b>		<b>27,000,000</b>	<b>0</b>	<b>0</b>
<b>Indirect (21.78% Eligible Costs)</b>					
	<b>Subtotal</b>		<b>392,212</b>	<b>0</b>	<b>0</b>
<b>Expenditure</b>					
	<b>Total</b>		<b>30,000,000</b>	<b>0</b>	<b>0</b>
<b>Fiscal Tracking (Dollars in Thousands)</b>					
	<b>BACT</b>	<b>FY2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Health Improvement</b>	<b>01</b>		<b>30,000</b>	<b>0</b>	<b>0</b>
Administration					
			3,000	0	0
Grants					
			27,000	0	0

## Family, Friends, and Neighbor

<b>Expenditure (Actual Dollars)</b>	<b>Amount</b>	<b>FY2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Salary &amp; Fringe:</b>					
Research Scientist 2					
	104,016		0.50		
Planner Principal State					
	104,016		1.00		
Student Worker Para Prof					
	36,989		0.05		
	<b>FTE</b>		<b>1.55</b>	<b>0.00</b>	<b>0.00</b>
	<b>Subtotal</b>		<b>157,873</b>	<b>0</b>	<b>0</b>
<b>Information Technology:</b>					
Computing & IT support at per FTE					
	2,712		4,204	0	0
	<b>Subtotal</b>		<b>4,204</b>	<b>0</b>	<b>0</b>
<b>Other Operating Costs:</b>					
Materials, supplies & training per FTE					
	600		930	0	0
Travel for monitoring and technical assistance					
			1,700		
	<b>Subtotal</b>		<b>2,630</b>	<b>0</b>	<b>0</b>
<b>Grants, Aids &amp; Subsidies:</b>					
Local agencies (qty 10)					
			745,000		
	<b>Subtotal</b>		<b>745,000</b>	<b>0</b>	<b>0</b>
<b>Indirect (21.78% Eligible Costs)</b>					
	<b>Subtotal</b>		<b>90,323</b>	<b>0</b>	<b>0</b>
<b>Expenditure</b>					
	<b>Total</b>		<b>1,000,030</b>	<b>0</b>	<b>0</b>
<b>Fiscal Tracking (Dollars in Thousands)</b>					
	<b>BACT</b>	<b>FY2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Health Improvement</b>	<b>01</b>		<b>1,000</b>	<b>0</b>	<b>0</b>
Administration					
			255	0	0
Grants					
			745	0	0

## Long-Term Fiscal Considerations



# Preliminary

## Local Fiscal Impact

## References/Sources

### **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Brian Awsumb

**Phone:** 651-201-5235

**Date:** 2/26/2020 9:14:22 AM

**Email:** [brian.awsumb@state.mn.us](mailto:brian.awsumb@state.mn.us)

# Preliminary

**Fiscal Note**

**2019-2020 Legislative Session**

**HF1 - 6A - Early Childhood Great Start for All**

Chief Author: **Dave Pinto**  
 Committee: **Health & Human Services Finance Division**  
 Date Completed:  
 Agency: **Office of Higher Education**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Alyssa Holterman    **Date:** 2/24/2020 5:48:42 PM  
**Phone:** 651-284-6439    **Email:** alyssa.holterman@lbo.leg.mn

# Preliminary

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

Article 3, section 3 amends 136A.128 (OHE's statutes) related to the Teach Grant program, which currently does not receive state funding, by increasing the tuition scholarships from \$5,000 per year to \$10,000 per year, increasing the education incentives from \$100 to \$250, and modifies the eligibility criteria to allow applicants employed by a public prekindergarten program to be eligible. It also requires that Scholarship recipients contribute at least ten percent of the total scholarship and their sponsors (employers) must contribute at least five percent.

Article 3, section 12 appropriates a one-time appropriation of \$500,000 in FY2021 to DHS for the TEACH Grant program, which is under OHE's statutes 136A.128.

Article 3, section 3 instructs the reviser to move 136A.128 to Minnesota Statutes chapter 119B and make all necessary cross references.

## Assumptions

Because the appropriation for the Teach Grant is directly appropriated to DHS and the statutory language will be moved out of OHE's statutes, OHE assumes that an interagency agreement will not be required between OHE and DHS and OHE will have no administrative responsibilities.

## Expenditure and/or Revenue Formula

## Long-Term Fiscal Considerations

## Local Fiscal Impact

## References/Sources

**Agency Contact:** Nekey Oliver, 651-259-3964

**Agency Fiscal Note Coordinator Signature:** Thomas Sanford

**Phone:** 651-259-3960

**Date:** 2/24/2020 4:49:52 PM

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