

**Subject** Omnibus early childhood finance and policy bill

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### Overview

H.F. 4735, as amended by H.F. 4735DE2, is the House Early Childhood Committee's supplemental early childhood funding and policy bill.

## Article 1: Child Care Assistance

Makes several changes to the child care assistance program, including expanding the definition of family, increasing the rates paid to child care providers, and permanently reprioritizing the basic sliding fee (BSF) program waiting list. Directs the commissioner of human services to develop a cost estimation model and a child care provider wage scale. Adds to statute a shared services grant program for family child care providers and establishes grant programs to assist child care providers with technology needs and to provide bonuses to child care providers who care for infants.

### Section Description – Article 1: Child Care Assistance

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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.

Makes the section effective August 7, 2023.

**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.

Makes the section effective August 7, 2023.

**Section Description – Article 1: Child Care Assistance**

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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.

**4 Funding priorities.**

Amends § 119B.011, subd. 13. Makes permanent the temporary changes the 2021 legislature made to how families are prioritized on the BSF child care assistance program waiting list.

**5 Subsidy restrictions.**

Amends § 119B.13, subd. 1. Increases the maximum rate paid to child care providers for child care assistance to the 75<sup>th</sup> percentile of the most recent child care provider rate survey beginning October 3, 2022.

**6 Child care resource and referral programs.**

Amends § 119B.19, subd. 7. Requires child care resource and referral programs to: (1) administer the child care one-stop regional assistance network to provide assistance to child care providers and individuals interested in becoming providers; and (2) provide supports that enable economically challenged individuals to obtain the skills training, career counseling, and job placement assistance necessary to begin a career in child care.

**7 Brain builders bonus program.**

Creates § 119B.196. Establishes a competitive grant program for licensed family child care providers and legal nonlicensed child care providers who care for infants.

**Subd. 1. Establishment.** Directs the commissioner of human services to establish the grant program.

**Subd. 2. Administration.** Provides that the commissioner may administer the program through a grant to a nonprofit and allows up to ten percent of the annual appropriation to be used for administration.

**Subd. 3. Eligibility.** Provides that licensed family child care providers and legal nonlicensed child care providers who care for infants in families with income less than or equal to 185 percent of the federal poverty level at least 30 hours a week are eligible for the grants.

**Subd. 4. Grant awards.** Sets maximum annual grant awards. Provides that grant payments are made in two installments. Allows grant recipients to use the grant money for program supplies, training, or personal expenses. Requires that at

**Section Description – Article 1: Child Care Assistance**

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least 50 percent of the grant money is awarded to recipients located outside the metropolitan counties each year.

**Subd. 5. Reporting requirement.** Directs the commissioner to report to the legislature on the program by January 31, 2024.

**8 Shared services grants.**

Establishes § 119B.27. Directs the commissioner to establish a grant program to enable family child care providers to implement shared services alliances.

Makes the section effective July 1, 2023.

**9 Child care provider access to technology.**

Establishes § 119B.28. Directs the commissioner to provide grants to one or more organizations to offer grants or other supports to child care providers to improve their access to computers, the internet, and other technologies. Up to ten percent of the grant funds may be used for administration.

**10 Timing and disposition of penalty and case disallowance funds.**

Amends § 256.017, subd. 9. Makes technical changes related to forecasting the BSF child care program.

**11 Grant awards.**

Removes the sunset date for the stabilization base grants for child care providers and removes the requirement that the grants are reduced between July 1, 2022, and June 30, 2023.

**12 Direction to commissioner of human services; allocating basic sliding fee funds.**

Requires the commissioner to allocate additional money for the BSF program for calendar year 2024 to counties and Tribes to account for the change in the definition of family. Directs the commissioner to consider the number of children in a county or Tribe who receive care from foster care families, relative custodians, and successor custodians or guardians and the average cost of BSF care in the county or Tribe when allocating the additional money.

**13 Direction to commissioner of human services; increase for maximum rates.**

Requires the commissioner to allocate the additional money for the BSF program for calendar year 2023 to counties for the updated maximum rates based on relative need to cover the rate increases. When allocating the funds among counties, the commissioner must consider the number of children covered in each county, provider types caring for covered children, age of covered children, and the amount of the increase in maximum rates.

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- 14 Direction to commissioner of human services; child care and development fund allocation.**  
Directs the commissioner to make a onetime allocation of \$75,364,000 in fiscal year 2023 from the child care and development fund for child care assistance rate and registration fee increases.
- 15 Direction to commissioner of human services; cost estimation model for early care and learning programs.**  
Paragraph (a) directs the Department of Human Services (DHS), in consultation with stakeholders, to develop a cost estimation model for providing early care and learning.  
  
Paragraph (b) specifies requirements for the model.  
  
Paragraph (c) directs DHS to report to the legislature by January 30, 2024, on: (1) how the model can be used in conjunction with a child care provider wage scale to set provider payment rates for child care assistance; and (2) the department’s plan to seek federal approval to use the model for provider payment rates for child care assistance.
- 16 Direction to commissioner of human services; child care provider wage scale.**  
Paragraph (a) directs DHS to develop, in consultation with stakeholders, a child care provider wage scale that: (1) provides for wages that are equivalent to elementary school educators with similar credentials and experience; (2) incentivizes child care providers and staff to increase child care-related qualifications; and (3) accounts for the business structures of different types of providers.  
  
Paragraph (b) directs DHS to report to the legislature on the development of the wage scale and how it could be used to inform payment rates under the child care assistance program by January 30, 2024.
- 17 Repealer.**  
Repeals § 119B.03, subd. 4, which is made obsolete by making the change to the BSF waiting list permanent.

## **Article 2: Child Care Licensing**

Includes provisions that affect licensed child care providers, certified, license-exempt centers, and substance use disorder treatment programs that serve parents with their children.

**Section Description – Article 2: Child Care Licensing**

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**1 Controlling individual.**

Amends § 245A.02, subd. 5a. Adds an individual designated as the primary provider of care for a special family child care program to the definition of “controlling individual” for the purposes of chapter 245A.

Makes the section effective July 1, 2022.

**2 Inspections; waiver.**

Amends § 245A.04, subd. 4. Directs the DHS commissioner or county to inspect licensed child care providers at least “once each calendar year” rather than “annually.”

Makes the section effective the day following final enactment.

**3 Special family child care homes.**

Amends § 245A.14, subd. 4. Provides that a primary provider of care in a special family child care home is authorized to communicate with DHS and counties on matters related to licensing. Requires that a primary provider of care meets the qualifications in rules for group family child care providers.

Makes the section effective July 1, 2022.

**4 Reduction of risk of sudden unexpected infant death in licensed programs.**

Amends § 245A.1435. Modifies paragraph (b) to require that a pacifier placed in a crib with an infant in a licensed child care program is free from any sort of attachment.

Adds paragraph (d) to provide that when a license holder puts a child under the age of one year down to sleep, the child’s sleepwear must not have weighted materials, a hood, or a bib.

Adds paragraph (e) to allow a license holder to place a child under the age of one down to sleep wearing a helmet if the license holder has signed documentation from a specified medical professional on a form developed by the DHS commissioner.

Modifies paragraph (f) to include a definition of a “swaddle” and provide requirements about how it may be used by a child care license holder. Provides that a parent’s consent for the use of swaddling must be obtained on a form developed by the DHS commissioner.

Makes the section effective January 1, 2023.

**Section Description – Article 2: Child Care Licensing**

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- 5 Substance use disorder treatment licensed programs that serve parents with their children.**  
Amends § 245A.1443. Makes technical corrections in subdivision 1.  
  
Modifies subdivision 2 to require that a license holder use educational material developed by the DHS commissioner to comply with the requirement to provide education to a child’s parent related to safe bathing and reducing the risk of sudden unexpected infant death and abusive head trauma. Provides that if a parent refuses to comply with the safeguards, then program staff must provide additional education in accordance with the parental supervision plan.  
  
Makes changes in subdivision 3 to the factors a license holder must consider when documenting a parent’s capacity to meet the health and safety needs of a child while on the facility premises. Adds a new paragraph (c), which provides that if a parent refuses to comply with the safeguards in place or is unable to adequately care for a child, then the license holder must develop a parental supervision plan in conjunction with the client.  
  
Makes the section effective January 1, 2023.
- 6 License holder documentation of cribs.**  
Amends § 245A.146, subd. 3. Provides that every mesh-sided or fabric-sided play yard, pack and play, or playpen used in a licensed family child care program must have an original mattress or replacement mattress provided by the manufacturer of the structure.  
  
Makes the section effective January 1, 2023.
- 7 Monitoring and inspections.**  
Amends § 245H.05. Directs the DHS commissioner to inspect a certified license-exempt child care center at least “once each calendar year” rather than “annually.”  
  
Makes the section effective the day following final enactment.
- 8 Authority to modify requirements.**  
Amends § 245H.08 by adding a subdivision. Allows the commissioner of human services to increase the maximum group size to no more than 40 children and increase the acceptable staff-to-child ratio to 1:20 for certified, license-exempt child care centers during national security, peacetime, or pandemic-related public health emergencies. Provides that if the commissioner modifies requirements under this subdivision, then a center must have at least one staff person who is 18 years old with each group of 40 children.

**Section Description – Article 2: Child Care Licensing**

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**9 Child care regulation modernization; pilot projects.**

Allows the DHS commissioner to conduct and administer pilot projects to test methods and procedures related to the projects for modernizing child care regulations that were established and funded by the 2021 legislature. Provides that the commissioner may waive enforcement of existing statutes, rules, or standards in one or more counties to carry out the pilot projects, but such a waiver must provide alternative methods and procedures of administration and must not conflict with the basic purposes, coverage, or benefits provided by law. The pilot projects may not extend beyond February 1, 2024, and the pilot projects must comply with the requirements of the child care and development fund plan.

Makes the section effective the day following final enactment.

### **Article 3: Appropriations; Health and Human Services**

Makes appropriations for various HHS proposals in the bill.

**Section Description – Article 3: Appropriations; Health and Human Services**

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**1 Health and human services appropriations.**

Provides direction for the appropriations article.

**2 Commissioner of human services.**

Provides appropriations for various HHS proposals in the bill.

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

Directs the commissioner of information technology services to develop and implement, to the extent practicable, a plan to modernize the information technology systems that support programs impacting early childhood. Requires the commissioner to provide a preliminary report on the work to the legislature by February 1, 2023.

### **Article 4: Forecast Adjustment; Health and Human Services**

Makes adjustments to fiscal year 2022 and 2023 appropriations to match the February 2022 forecast data. The changes in the appropriations are real, but they have no fiscal impact when measured against the HHS budget because the changes are built into the forecast estimate of the budget base.

## Article 5: Early Education

Makes changes to several early education programs, including Head Start, early learning scholarships, early childhood developmental screening, and early childhood family education (ECFE). Establishes a grow your own program for early childhood educators. Allows school districts to receive English learner aid for early childhood special education (ECSE) students and school breakfast aid for ECSE students who participate in voluntary prekindergarten program (VPK) programs. Allows the commissioner of human services to make grants to school districts and charter schools to provide services related to children's mental health.

### Section Description – Article 5: Early Education

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#### 1 **Distribution of appropriation. [Head Start]**

Provides that the state appropriation for Head Start programs may be used for costs associated with program operations, infrastructure, or reconfiguration to serve children from birth to age five in center-based services.

Designates 10.72 percent of the total state appropriation to Tribal Head Start programs and specifies an order in which the state appropriation must be distributed.

#### 2 **Screening program.**

Provides that a parent reported developmental screening instrument meets the requirement for undergoing a developmental assessment as part of early childhood developmental screening if a parent or child is unable to complete the screening in person due to an immunocompromised status or other health concerns.

#### 3 **Developmental screening aid.**

Increases the amount of state aid paid to school districts for each child who is screened prior to or within 30 days of enrolling in public school kindergarten.

#### 4 **Grants for Grow Your Own Early Childhood Educator programs.**

**Subd. 1. Establishment.** Establishes the Grow Your Own Early Childhood Educator program to enhance and diversify the early childhood workforce.

**Subd. 2. Grow Your Own Early Childhood Educator programs.** Authorizes a licensed child care program, school district, charter school, Head Start program, institute of higher education, or other community partnership nongovernment organization to apply for a grant to host, build, or expand an early childhood educator preparation program that leads to a credential or degree. Requires applicant programs to prioritize program participants who represent the demographics of the populations served. Requires that at least 80 percent of the grant funds are used for student stipends and tuition scholarships. Allows



**Section Description – Article 5: Early Education**

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programs providing financial support to require teaching commitments of no more than one year from the individuals awarded.

**Subd. 3. Grant procedure.** Requires grant applicants to apply in the form and manner specified by the commissioner. The commissioner must award an equal number of grants between grant applicants located in greater Minnesota and those grant applicants located in the seven-county metropolitan area.

**Subd. 4. Grow Your Own early childhood educator program account.** Creates a Grow Your Own Early Childhood Educator program account in the special revenue fund in the state treasury. Requires any funds appropriated for the program to be deposited in the account. Annually appropriates money from the account to the commissioner to award grants to applicants. Authorizes a grant to last for up to five years. Authorizes the commissioner to use up to \$300,000 annually from the account for program administration and monitoring.

**Subd. 5. Report.** Requires grant recipients to report in the form and manner determined by the commissioner. Requires each report to summarize participants' demographic, credentialing, and program advancement activities.

**5 Program reimbursement.**

Allows school districts to receive school breakfast aid for ECSE students who participate in VPK programs.

**6 No fees.**

Requires that school districts that receive school breakfast aid make free breakfast available to ECSE students who participate in VPK programs.

**7 Program requirements. [ECFE programs]**

Allows adults who provide child care, or caregivers, to participate in early childhood family education (ECFE) programs.

**8 Substantial parental involvement. [ECFE programs]**

Makes conforming changes so that adults who provide child care, or caregivers, may participate in ECFE.

**9 Additional duties.**

Strikes two requirements to produce recommendations that the State Advisory Council on Early Childhood Education and Care has fulfilled.

Requires that the council review and provide input on the work produced by the Great Start for All Minnesota Children Task Force.

**Section Description – Article 5: Early Education**

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- 10     **Family eligibility. [Early learning scholarships]**  
Makes families that have a child who is referred as in need of child protective services or placed in foster care eligible for scholarships regardless of a family’s income level.  
  
Changes a child’s eligibility for scholarships to include all children from birth through age four on September 1 of the current school year.
- 11     **Administration. [Early learning scholarships]**  
Paragraph (a) directs the commissioner to give highest priority for scholarships to children who are younger than four years old and adds children who have incarcerated parents to the priority list.  
  
Strikes the language in paragraph (c) that allows for Pathway II scholarships.  
  
Paragraph (d) allows the commissioner to establish exploratory efforts to increase parent education and family support services for families receiving scholarships.  
  
Paragraph (e) provides that a scholarship cancels if a recipient has not enrolled in an eligible program within three months, rather than 10 months, of receiving the scholarship. Allows extensions if a program is unavailable to a child within the three-month timeline.
- 12     **English learner.**  
Allows school districts to receive English learner aid for ECSE students. Services provided to ECSE students do not count against the seven-year limit of total funded service.
- 13     **Establishment and authority.**  
Allows the commissioner of human services to make grants to school districts and charter schools to provide services related to children’s mental health.

**Article 6: Education Appropriations**

Makes appropriations for various education proposals in the bill.

**Section Description – Article 6: Education Appropriations**

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- 1     **Appropriations.**  
Provides appropriations for various education proposals in the bill.

**Section Description – Article 6: Education Appropriations**

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- 2 Appropriation; general education aid.**  
Includes the increase needed to allow school districts to receive English learner aid for ECSE students.
- 3 Appropriation; school breakfast aid.**  
Includes the increase needed to allow school districts to receive school breakfast aid for ECSE students who participate in VPK programs.
- 4 Early learning scholarships.**  
Increases the appropriation for early learning scholarships in fiscal year 2023 by \$51,356,000 and increases the base appropriation for later years.
- 5 Head Start program.**  
Increases the appropriation for Head Start in fiscal year 2023 and later years by \$10,000,000 and provides that at least \$10,000,000 of the annual appropriation is for Early Head Start programs.
- 6 Developmental screening aid.**  
Increases the appropriation for developmental screening aid.



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