

**Subject** Increasing child care assistance rates

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## Overview

The child care assistance program (CCAP) is a federal-state program that subsidizes the child care expenses of eligible low-income families while parents are working or participating in a training or education activity. The program is divided into subprograms: Minnesota family investment program (MFIP) assistance; transition year assistance; and basic sliding fee (BSF) assistance. The subprograms are largely governed and administered in the same way, but one difference has to do with how the subprograms are funded. MFIP and transition year assistance are forecasted and fully funded, and everyone who is eligible receives assistance. In contrast, BSF assistance has a capped allocation. If funding is insufficient for the BSF program, families may end up on a waiting list.

This bill increases the maximum rates for all CCAP-eligible children to the 75th percentile of the most recent child care provider rate survey and adds language to statute to clarify that while child care providers who receive CCAP payments are prohibited from charging CCAP recipients higher rates than they charge private, full-paying clients, child care providers are allowed to offer discounts, scholarships, and other financial assistance to any clients. The bill also makes permanent the temporary changes the 2021 legislature made to how families are prioritized on the BSF assistance waiting list.

Additionally, the bill makes changes to how and when the commissioner of human services may limit participation in programs administered by the commissioner based on an entity's or individual's exclusion from participation in a DHS program or any program administered by a Minnesota state or federal agency.

The bill includes appropriations for CCAP and the program integrity changes.

## Summary

Section	Description
1	<p><b>Funding priorities.</b></p> <p>Amends § 119B.03, subdivision 4a. Makes permanent the temporary changes the 2021 legislature made to the BSF assistance waiting list, which include shifting transition year extension families – those that are receiving MFIP assistance while they are on the waiting list for BSF assistance – from the second priority group to the last priority group and establishing a new priority group for eligible families who are not in any other priority groups.</p> <p>This section is effective July 1, 2023.</p>
2	<p><b>Subsidy restrictions.</b></p> <p>Amends § 119B.13, subdivision 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, beginning August 7, 2023.</p> <p>This section is effective the day following final enactment.</p>
3	<p><b>Rates charged to publicly subsidized families.</b></p> <p>Amends § 119B.13, subdivision 4. Clarifies that child care providers receiving CCAP payments are not prohibited from providing discounts, scholarships, or other financial assistance to any clients.</p> <p>This section is effective the day following final enactment.</p>
4	<p><b>Limits on receiving public funds.</b></p> <p>Amends § 245.095.</p> <p><b>Subd. 1. Prohibition.</b> Paragraph (b) provides that if a provider, vendor, or individual is excluded from a DHS program, then the commissioner of human services may prohibit any associated entities and individuals from participating in any DHS programs.</p> <p>Paragraph (c) provides that if a provider, vendor, or individual is excluded from any program administered by a Minnesota state or federal agency, then the commissioner may prohibit the provider, vendor, individual, or associated entities and individuals from participating in any DHS program.</p> <p><b>Subd. 2. Definitions.</b> Defines terms used in the section.</p> <p><b>Subd. 3. Notice.</b> Requires that if the commissioner takes action under subdivision 1, the commissioner must notify the provider, vendor, individual, or associated</p>

**Section Description**

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entity or individual of the action taken against them within five days and specifies the information that must be included in the notice.

**Subd. 4. Appeal.** Paragraph (a) provides that a provider, vendor, individual, or associated entity or individual receiving a notice under subdivision 3 may request a contested case hearing by filing a written request of appeal with the commissioner. Requires that the appeal request is received no later than 30 days after the date the notice was mailed and specifies the information that must be included in the request.

Paragraph (b) provides that the commissioner's action is considered final and binding on the effective date of the action as stated in the notice under subdivision 3, unless the commissioner receives a timely and proper appeal request.

**Subd. 5. Withholding of payments.** Paragraph (a) allows the commissioner to withhold payments, except as otherwise provided by state or federal law, to a provider, vendor, individual, or associated entity or individual in any DHS program if the commissioner determines there is a credible allegation of fraud being investigated for a program administered by a Minnesota state or federal agency.

Paragraph (b) defines "credible allegation of fraud" as an allegation which has been verified by the commissioner from any source.

Paragraph (c) directs the commissioner to send notice of the withholding of payments within five days of taking the action.

Paragraph (d) requires that the commissioner stop withholding payments if the commissioner determines there is insufficient evidence of fraud or when legal proceedings related to the alleged fraud are complete, unless the commissioner has sent the notice required under subdivision 3.

Paragraph (e) provides that the withholding action is temporary and not subject to appeal.

**5 Appropriations; Department of Human Services.**

Appropriates money to DHS for CCAP and costs associated with the changes made in this bill to Minnesota Statutes, section 245.095.

**6 Repealer.**

Repeals Minnesota Statutes, section 119B.03, subdivision 4, to account for the permanent reprioritization of the BSF assistance wait list included in this bill.

**Section** **Description**

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This section is effective July 1, 2023.



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