

389.6

**ARTICLE 9**

306.17

**ARTICLE 10**

389.7

**CHILD CARE ASSISTANCE**

306.18

**CHILD CARE ASSISTANCE**

389.8 Section 1. Minnesota Statutes 2020, section 119B.03, subdivision 4, is amended to read:

389.9 Subd. 4. **Funding priority.** (a) First priority for child care assistance under the basic  
 389.10 sliding fee program must be given to eligible non-MFIP families who do not have a high  
 389.11 school diploma or commissioner of education-selected high school equivalency certification  
 389.12 or who need remedial and basic skill courses in order to pursue employment or to pursue  
 389.13 education leading to employment and who need child care assistance to participate in the  
 389.14 education program. This includes student parents as defined under section 119B.011,  
 389.15 subdivision 19b. Within this priority, the following subpriorities must be used:

389.16 (1) child care needs of minor parents;

389.17 (2) child care needs of parents under 21 years of age; and

389.18 (3) child care needs of other parents within the priority group described in this paragraph.

389.19 (b) Second priority must be given to parents who have completed their MFIP or DWP  
 389.20 transition year, or parents who are no longer receiving or eligible for diversionary work  
 389.21 program supports families in which at least one parent is a veteran, as defined under section  
 389.22 197.447.

389.23 (c) Third priority must be given to eligible families who are eligible for portable basic  
 389.24 sliding fee assistance through the portability pool under subdivision 9 do not meet the  
 389.25 specifications of paragraph (a), (b), (d), or (e).

389.26 (d) Fourth priority must be given to families in which at least one parent is a veteran as  
 389.27 defined under section 197.447 who are eligible for portable basic sliding fee assistance  
 389.28 through the portability pool under subdivision 9.

389.29 (e) Fifth priority must be given to eligible families receiving services under section  
 389.30 119B.011, subdivision 20a, if the parents have completed their MFIP or DWP transition  
 389.31 year, or if the parents are no longer receiving or eligible for DWP supports.

390.1 ~~(e)~~ (f) Families under paragraph ~~(b)~~ (c) must be added to the basic sliding fee waiting  
 390.2 list on the date they begin to complete their transition year under section 119B.011,  
 390.3 subdivision 20, and must be moved into the basic sliding fee program as soon as possible  
 390.4 after they complete their transition year.

390.5 **EFFECTIVE DATE.** This section is effective July 1, 2021.

390.6 Sec. 2. Minnesota Statutes 2020, section 119B.03, subdivision 6, is amended to read:

390.7 Subd. 6. **Allocation formula.** The allocation component of basic sliding fee state and  
 390.8 federal funds shall be allocated on a calendar year basis. Funds shall be allocated first in

390.9 amounts equal to each county's guaranteed floor according to subdivision 8, with any  
390.10 remaining available funds allocated according to the following formula:

390.11 (a) One-fourth of the funds shall be allocated in proportion to each county's total  
390.12 expenditures for the basic sliding fee child care program reported during the most recent  
390.13 fiscal year completed at the time of the notice of allocation.

390.14 (b) Up to one-fourth of the funds shall be allocated in proportion to the number of families  
390.15 participating in the transition year child care program as reported during and averaged over  
390.16 the most recent six months completed at the time of the notice of allocation. Funds in excess  
390.17 of the amount necessary to serve all families in this category shall be allocated according  
390.18 to paragraph ~~(f)~~ (c).

390.19 ~~(c)~~ Up to one-fourth of the funds shall be allocated in proportion to the average of each  
390.20 county's most recent six months of reported first, second, and third priority waiting list as  
390.21 defined in subdivision 2 and the reinstatement list of those families whose assistance was  
390.22 terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183,  
390.23 subpart 1. Funds in excess of the amount necessary to serve all families in this category  
390.24 shall be allocated according to paragraph ~~(f)~~.

390.25 ~~(d)~~ (c) Up to one-fourth one-half of the funds shall be allocated in proportion to the  
390.26 average of each county's most recent ~~six~~ 12 months of reported waiting list as defined in  
390.27 subdivision 2 and the reinstatement list of those families whose assistance was terminated  
390.28 with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1.  
390.29 Funds in excess of the amount necessary to serve all families in this category shall be  
390.30 allocated according to paragraph ~~(f)~~ (c).

390.31 ~~(e)~~ (d) The amount necessary to serve all families in paragraphs (b), ~~(c)~~, and ~~(d)~~ (c) shall  
390.32 be calculated based on the basic sliding fee average cost of care per family in the county  
390.33 with the highest cost in the most recently completed calendar year.

391.1 ~~(f)~~ (e) Funds in excess of the amount necessary to serve all families in paragraphs (b);  
391.2 ~~(c)~~, and ~~(d)~~ (c) shall be allocated in proportion to each county's total expenditures for the  
391.3 basic sliding fee child care program reported during the most recent fiscal year completed  
391.4 at the time of the notice of allocation.

391.5 **EFFECTIVE DATE.** This section is effective January 1, 2022. The 2022 calendar year  
391.6 shall be a phase-in year for the allocation formula in this section using phase-in provisions  
391.7 determined by the commissioner of human services.

391.21 Sec. 4. Minnesota Statutes 2020, section 119B.11, subdivision 2a, is amended to read:

391.22 Subd. 2a. **Recovery of overpayments.** (a) An amount of child care assistance paid to a  
391.23 recipient or provider in excess of the payment due is recoverable by the county agency or  
391.24 commissioner under paragraphs (b) and (c), even when the overpayment was caused by  
391.25 agency error or circumstances outside the responsibility and control of the family or provider.

306.19 Section 1. Minnesota Statutes 2020, section 119B.11, subdivision 2a, is amended to read:

306.20 Subd. 2a. **Recovery of overpayments.** (a) An amount of child care assistance paid to a  
306.21 recipient or provider in excess of the payment due is recoverable by the county agency  
306.22 under paragraphs (b) and (c), even when the overpayment was caused by ~~agency error or~~  
306.23 circumstances outside the responsibility and control of the family or provider. Overpayments

391.26 (b) An overpayment must be recouped or recovered from the family if the overpayment  
 391.27 benefited the family by causing the family to pay less for child care expenses than the family  
 391.28 otherwise would have been required to pay under child care assistance program requirements.  
 391.29 If the family remains eligible for child care assistance, the overpayment must be recovered  
 391.30 through recoupment as identified in Minnesota Rules, part 3400.0187, except that the  
 391.31 overpayments must be calculated and collected on a service period basis. If the family no  
 391.32 longer remains eligible for child care assistance, the county or commissioner may choose  
 392.1 to initiate efforts to recover overpayments from the family for overpayment less than \$50.  
 392.2 If the overpayment is greater than or equal to \$50, the county or commissioner shall seek  
 392.3 voluntary repayment of the overpayment from the family. If the county or commissioner is  
 392.4 unable to recoup the overpayment through voluntary repayment, the county or commissioner  
 392.5 shall initiate civil court proceedings to recover the overpayment unless the county's or  
 392.6 commissioner's costs to recover the overpayment will exceed the amount of the overpayment.  
 392.7 A family with an outstanding debt under this subdivision is not eligible for child care  
 392.8 assistance until: (1) the debt is paid in full; ~~or~~ (2) satisfactory arrangements are made with  
 392.9 the county or commissioner to retire the debt consistent with the requirements of this chapter  
 392.10 and Minnesota Rules, chapter 3400, and the family is in compliance with the arrangements;  
 392.11 or (3) the commissioner determines that it is in the best interests of the state to compromise  
 392.12 debts owed to the state pursuant to section 16D.15. The commissioner's authority to recoup  
 392.13 and recover overpayments from families in this paragraph is limited to investigations  
 392.14 conducted under chapter 245E.

392.15 (c) The county or commissioner must recover an overpayment from a provider if the  
 392.16 overpayment did not benefit the family by causing it to receive more child care assistance  
 392.17 or to pay less for child care expenses than the family otherwise would have been eligible  
 392.18 to receive or required to pay under child care assistance program requirements, and benefited  
 392.19 the provider by causing the provider to receive more child care assistance than otherwise  
 392.20 would have been paid on the family's behalf under child care assistance program  
 392.21 requirements. If the provider continues to care for children receiving child care assistance,  
 392.22 the overpayment must be recovered through reductions in child care assistance payments  
 392.23 for services as described in an agreement with the county recoupment as identified in  
 392.24 Minnesota Rules, part 3400.0187. The provider may not charge families using that provider  
 392.25 more to cover the cost of recouping the overpayment. If the provider no longer cares for  
 392.26 children receiving child care assistance, the county or commissioner may choose to initiate  
 392.27 efforts to recover overpayments of less than \$50 from the provider. If the overpayment is  
 392.28 greater than or equal to \$50, the county or commissioner shall seek voluntary repayment  
 392.29 of the overpayment from the provider. If the county or commissioner is unable to recoup  
 392.30 the overpayment through voluntary repayment, the county or commissioner shall initiate  
 392.31 civil court proceedings to recover the overpayment unless the county's or commissioner's  
 392.32 costs to recover the overpayment will exceed the amount of the overpayment. A provider

306.24 designated solely as agency error, and not the result of acts or omissions on the part of a  
 306.25 provider or recipient, must not be established or collected.

306.26 (b) An overpayment must be recouped or recovered from the family if the overpayment  
 306.27 benefited the family by causing the family to pay less for child care expenses than the family  
 306.28 otherwise would have been required to pay under child care assistance program requirements.  
 306.29 If the family remains eligible for child care assistance, the overpayment must be recovered  
 306.30 through recoupment as identified in Minnesota Rules, part 3400.0187, except that the  
 306.31 overpayments must be calculated and collected on a service period basis. If the family no  
 307.1 longer remains eligible for child care assistance, the county may choose to initiate efforts  
 307.2 to recover overpayments from the family for overpayment less than \$50. If the overpayment  
 307.3 is greater than or equal to \$50, the county shall seek voluntary repayment of the overpayment  
 307.4 from the family. If the county is unable to recoup the overpayment through voluntary  
 307.5 repayment, the county shall initiate civil court proceedings to recover the overpayment  
 307.6 unless the county's costs to recover the overpayment will exceed the amount of the  
 307.7 overpayment. A family with an outstanding debt under this subdivision is not eligible for  
 307.8 child care assistance until: (1) the debt is paid in full; ~~or~~ (2) satisfactory arrangements are  
 307.9 made with the county to retire the debt consistent with the requirements of this chapter and  
 307.10 Minnesota Rules, chapter 3400, and the family is in compliance with the arrangements.

307.11 (c) The county must recover an overpayment from a provider if the overpayment did  
 307.12 not benefit the family by causing it to receive more child care assistance or to pay less for  
 307.13 child care expenses than the family otherwise would have been eligible to receive or required  
 307.14 to pay under child care assistance program requirements, and benefited the provider by  
 307.15 causing the provider to receive more child care assistance than otherwise would have been  
 307.16 paid on the family's behalf under child care assistance program requirements. If the provider  
 307.17 continues to care for children receiving child care assistance, the overpayment must be  
 307.18 recovered through reductions in child care assistance payments for services as described in  
 307.19 an agreement with the county. The provider may not charge families using that provider  
 307.20 more to cover the cost of recouping the overpayment. If the provider no longer cares for  
 307.21 children receiving child care assistance, the county may choose to initiate efforts to recover  
 307.22 overpayments of less than \$50 from the provider. If the overpayment is greater than or equal  
 307.23 to \$50, the county shall seek voluntary repayment of the overpayment from the provider.  
 307.24 If the county is unable to recoup the overpayment through voluntary repayment, the county  
 307.25 shall initiate civil court proceedings to recover the overpayment unless the county's costs  
 307.26 to recover the overpayment will exceed the amount of the overpayment. A provider with  
 307.27 an outstanding debt under this subdivision is not eligible to care for children receiving child  
 307.28 care assistance until:

392.33 with an outstanding debt under this subdivision is not eligible to care for children receiving  
392.34 child care assistance until:

392.35 (1) the debt is paid in full; ~~or~~

393.1 (2) satisfactory arrangements are made with the county or commissioner to retire the  
393.2 debt consistent with the requirements of this chapter and Minnesota Rules, chapter 3400,  
393.3 and the provider is in compliance with the arrangements; or

393.4 (3) the commissioner determines that it is in the best interests of the state to compromise  
393.5 debts owed to the state pursuant to section 16D.15.

393.6 (d) When both the family and the provider acted together to intentionally cause the  
393.7 overpayment, both the family and the provider are jointly liable for the overpayment  
393.8 regardless of who benefited from the overpayment. The county or commissioner must  
393.9 recover the overpayment as provided in paragraphs (b) and (c). When the family or the  
393.10 provider is in compliance with a repayment agreement, the party in compliance is eligible  
393.11 to receive child care assistance or to care for children receiving child care assistance despite  
393.12 the other party's noncompliance with repayment arrangements.

393.13 **EFFECTIVE DATE.** This section is effective August 1, 2021.

393.14 Sec. 5. Minnesota Statutes 2020, section 119B.125, subdivision 1, is amended to read:

393.15 Subdivision 1. **Authorization.** Except as provided in subdivision 5, A county or the  
393.16 commissioner must authorize the provider chosen by an applicant or a participant before  
393.17 the county can authorize payment for care provided by that provider. The commissioner  
393.18 must establish the requirements necessary for authorization of providers. A provider must  
393.19 be reauthorized every two years. A legal, nonlicensed family child care provider also must  
393.20 be reauthorized when another person over the age of 13 joins the household, a current  
393.21 household member turns 13, or there is reason to believe that a household member has a  
393.22 factor that prevents authorization. The provider is required to report all family changes that  
393.23 would require reauthorization. When a provider has been authorized for payment for  
393.24 providing care for families in more than one county, the county responsible for  
393.25 reauthorization of that provider is the county of the family with a current authorization for  
393.26 that provider and who has used the provider for the longest length of time.

393.27 **EFFECTIVE DATE.** This section is effective August 1, 2021.

393.28 Sec. 6. Minnesota Statutes 2020, section 119B.13, subdivision 1, is amended to read:

393.29 Subdivision 1. **Subsidy restrictions.** (a) The maximum rate paid for child care assistance  
393.30 in any county or county price cluster under the child care fund shall be the greater of the  
393.31 25th percentile of the 2018 child care provider rate survey or the rates in effect at the time  
393.32 of the update, set in accordance with rates and policies established by the commissioner,  
394.1 dependent on federal funds, and consistent with federal law, up to a maximum of the 75th  
394.2 percentile of the most recent child care provider rate survey, but in no event shall the  
394.3 maximum rate be less than the greater of the 50th percentile of the most recent child care

307.29 (1) the debt is paid in full; ~~or~~

307.30 (2) satisfactory arrangements are made with the county to retire the debt consistent with  
307.31 the requirements of this chapter and Minnesota Rules, chapter 3400, and the provider is in  
307.32 compliance with the arrangements.

307.33 (d) When both the family and the provider acted together to intentionally cause the  
307.34 overpayment, both the family and the provider are jointly liable for the overpayment  
307.35 regardless of who benefited from the overpayment. The county must recover the overpayment  
308.1 as provided in paragraphs (b) and (c). When the family or the provider is in compliance  
308.2 with a repayment agreement, the party in compliance is eligible to receive child care  
308.3 assistance or to care for children receiving child care assistance despite the other party's  
308.4 noncompliance with repayment arrangements.

308.5 **EFFECTIVE DATE.** This section is effective July 1, 2021.

308.6 Sec. 2. Minnesota Statutes 2020, section 119B.13, subdivision 1, is amended to read:

308.7 Subdivision 1. **Subsidy restrictions.** (a) The maximum rate paid for child care assistance  
308.8 in any county or county price cluster under the child care fund shall be the greater of the  
308.9 25th percentile of the 2018 2021 child care provider rate survey or the rates in effect at the  
308.10 time of the update. For a child care provider located within the boundaries of a city located  
308.11 in two or more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid  
308.12 for child care assistance shall be equal to the maximum rate paid in the county with the  
308.13 highest maximum reimbursement rates or the provider's charge, whichever is less. The

394.4 provider rate survey or the rates in effect at the time of the update. The rate increase is  
 394.5 effective no later than the first full service period on or after January 1 of the year following  
 394.6 the provider rate survey. For a child care provider located within the boundaries of a city  
 394.7 located in two or more of the counties of Benton, Sherburne, and Stearns, the maximum  
 394.8 rate paid for child care assistance shall be equal to the maximum rate paid in the county  
 394.9 with the highest maximum reimbursement rates or the provider's charge, whichever is less.  
 394.10 The commissioner may: (1) assign a county with no reported provider prices to a similar  
 394.11 price cluster; and (2) consider county level access when determining final price clusters.

394.12 (b) A rate which includes a special needs rate paid under subdivision 3 may be in excess  
 394.13 of the maximum rate allowed under this subdivision.

394.14 (c) The department shall monitor the effect of this paragraph on provider rates. The  
 394.15 county shall pay the provider's full charges for every child in care up to the maximum  
 394.16 established. The commissioner shall determine the maximum rate for each type of care on  
 394.17 an hourly, full-day, and weekly basis, including special needs and disability care.

394.18 (d) If a child uses one provider, the maximum payment for one day of care must not  
 394.19 exceed the daily rate. The maximum payment for one week of care must not exceed the  
 394.20 weekly rate.

394.21 (e) If a child uses two providers under section 119B.097, the maximum payment must  
 394.22 not exceed:

394.23 (1) the daily rate for one day of care;  
 394.24 (2) the weekly rate for one week of care by the child's primary provider; and  
 394.25 (3) two daily rates during two weeks of care by a child's secondary provider.

394.26 (f) Child care providers receiving reimbursement under this chapter must not be paid  
 394.27 activity fees or an additional amount above the maximum rates for care provided during  
 394.28 nonstandard hours for families receiving assistance.

394.29 (g) If the provider charge is greater than the maximum provider rate allowed, the parent  
 394.30 is responsible for payment of the difference in the rates in addition to any family co-payment  
 394.31 fee.

394.32 ~~(h) All maximum provider rates changes shall be implemented on the Monday following~~  
 394.33 ~~the effective date of the maximum provider rate.~~

395.1 ~~(i) Beginning September 21, 2020;~~ (h) The maximum registration fee paid for child care  
 395.2 assistance in any county or county price cluster under the child care fund shall be ~~the greater~~  
 395.3 ~~of the 25th percentile of the 2018 child care provider rate survey or the registration fee in~~  
 395.4 ~~effect at the time of the update.~~ set in accordance with rates and policies established by the  
 395.5 commissioner, dependent on federal funds, and consistent with federal law, up to a maximum  
 395.6 of the 75th percentile of the most recent child care provider rate survey, but in no event  
 395.7 shall the maximum registration fee be less than the greater of the 50th percentile of the most

308.14 commissioner may: (1) assign a county with no reported provider prices to a similar price  
 308.15 cluster; and (2) consider county level access when determining final price clusters.

308.16 (b) A rate which includes a special needs rate paid under subdivision 3 may be in excess  
 308.17 of the maximum rate allowed under this subdivision.

308.18 (c) The department shall monitor the effect of this paragraph on provider rates. The  
 308.19 county shall pay the provider's full charges for every child in care up to the maximum  
 308.20 established. The commissioner shall determine the maximum rate for each type of care on  
 308.21 an hourly, full-day, and weekly basis, including special needs and disability care.

308.22 (d) If a child uses one provider, the maximum payment for one day of care must not  
 308.23 exceed the daily rate. The maximum payment for one week of care must not exceed the  
 308.24 weekly rate.

308.25 (e) If a child uses two providers under section 119B.097, the maximum payment must  
 308.26 not exceed:

308.27 (1) the daily rate for one day of care;  
 308.28 (2) the weekly rate for one week of care by the child's primary provider; and  
 308.29 (3) two daily rates during two weeks of care by a child's secondary provider.

308.30 (f) Child care providers receiving reimbursement under this chapter must not be paid  
 308.31 activity fees or an additional amount above the maximum rates for care provided during  
 308.32 nonstandard hours for families receiving assistance.

309.1 (g) If the provider charge is greater than the maximum provider rate allowed, the parent  
 309.2 is responsible for payment of the difference in the rates in addition to any family co-payment  
 309.3 fee.

309.4 ~~(h) All maximum provider rates changes shall be implemented on the Monday following~~  
 309.5 ~~the effective date of the maximum provider rate.~~

309.6 ~~(i) Beginning September 21, 2020;~~ The maximum registration fee paid for child care  
 309.7 assistance in any county or county price cluster under the child care fund shall be the greater  
 309.8 of the 25th percentile of the 2018 2021 child care provider rate survey or the registration  
 309.9 fee in effect at the time of the update. Maximum registration fees must be set for licensed  
 309.10 family child care and for child care centers. For a child care provider located in the boundaries  
 309.11 of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the  
 309.12 maximum registration fee paid for child care assistance shall be equal to the maximum

395.8 recent child care provider rate survey or the registration fee in effect at the time of the update.  
 395.9 Each maximum registration fee update must be implemented on the same schedule as  
 395.10 maximum child care assistance rate increases under paragraph (a). Maximum registration  
 395.11 fees must be set for licensed family child care and for child care centers. For a child care  
 395.12 provider located in the boundaries of a city located in two or more of the counties of Benton,  
 395.13 Sherburne, and Stearns, the maximum registration fee paid for child care assistance shall  
 395.14 be equal to the maximum registration fee paid in the county with the highest maximum  
 395.15 registration fee or the provider's charge, whichever is less.

395.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

395.17 Sec. 7. Minnesota Statutes 2020, section 119B.13, subdivision 1a, is amended to read:

395.18 Subd. 1a. **Legal nonlicensed family child care provider rates.** (a) Legal nonlicensed  
 395.19 family child care providers receiving reimbursement under this chapter must be paid on an  
 395.20 hourly basis for care provided to families receiving assistance.

395.21 (b) The maximum rate paid to legal nonlicensed family child care providers must be ~~68~~  
 395.22 90 percent of the county maximum hourly rate for licensed family child care providers. The  
 395.23 rate increase is effective the first full service period on or after January 1 of the year following  
 395.24 the provider rate survey. In counties or county price clusters where the maximum hourly  
 395.25 rate for licensed family child care providers is higher than the maximum weekly rate for  
 395.26 those providers divided by 50, the maximum hourly rate that may be paid to legal nonlicensed  
 395.27 family child care providers is the rate equal to the maximum weekly rate for licensed family  
 395.28 child care providers divided by 50 and then multiplied by ~~0.68~~ 0.90. The maximum payment  
 395.29 to a provider for one day of care must not exceed the maximum hourly rate times ten. The  
 395.30 maximum payment to a provider for one week of care must not exceed the maximum hourly  
 395.31 rate times 50.

395.32 (c) A rate which includes a special needs rate paid under subdivision 3 may be in excess  
 395.33 of the maximum rate allowed under this subdivision.

396.1 (d) Legal nonlicensed family child care providers receiving reimbursement under this  
 396.2 chapter may not be paid registration fees for families receiving assistance.

396.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

396.4 Sec. 8. Minnesota Statutes 2020, section 119B.13, subdivision 6, is amended to read:

396.5 Subd. 6. **Provider payments.** (a) A provider shall bill only for services documented  
 396.6 according to section 119B.125, subdivision 6. The provider shall bill for services provided  
 396.7 within ten days of the end of the service period. Payments under the child care fund shall  
 396.8 be made within 21 days of receiving a complete bill from the provider. Counties or the state  
 396.9 may establish policies that make payments on a more frequent basis.

396.10 (b) If a provider has received an authorization of care and been issued a billing form for  
 396.11 an eligible family, the bill must be submitted within 60 days of the last date of service on  
 396.12 the bill. A bill submitted more than 60 days after the last date of service must be paid if the

309.13 registration fee paid in the county with the highest maximum registration fee or the provider's  
 309.14 charge, whichever is less.

309.15 **EFFECTIVE DATE.** This section is effective July 1, 2021.

309.16 Sec. 3. Minnesota Statutes 2020, section 119B.13, subdivision 6, is amended to read:

309.17 Subd. 6. **Provider payments.** (a) A provider shall bill only for services documented  
 309.18 according to section 119B.125, subdivision 6. The provider shall bill for services provided  
 309.19 within ten days of the end of the service period. Payments under the child care fund shall  
 309.20 be made within 21 days of receiving a complete bill from the provider. Counties or the state  
 309.21 may establish policies that make payments on a more frequent basis.

309.22 (b) If a provider has received an authorization of care and been issued a billing form for  
 309.23 an eligible family, the bill must be submitted within 60 days of the last date of service on  
 309.24 the bill. A bill submitted more than 60 days after the last date of service must be paid if the

396.13 county determines that the provider has shown good cause why the bill was not submitted  
 396.14 within 60 days. Good cause must be defined in the county's child care fund plan under  
 396.15 section 119B.08, subdivision 3, and the definition of good cause must include county error.  
 396.16 Any bill submitted more than a year after the last date of service on the bill must not be  
 396.17 paid.

396.18 (c) If a provider provided care for a time period without receiving an authorization of  
 396.19 care and a billing form for an eligible family, payment of child care assistance may only be  
 396.20 made retroactively for a maximum of ~~six~~ three months from the date the provider is issued  
 396.21 an authorization of care and billing form. For a family at application, if a provider provided  
 396.22 child care during a time period without receiving an authorization of care and a billing form,  
 396.23 a county may only make child care assistance payments to the provider retroactively from  
 396.24 the date that child care began, or from the date that the family's eligibility began under  
 396.25 section 119B.09, subdivision 7, or from the date that the family meets authorization  
 396.26 requirements, not to exceed six months from the date the provider is issued an authorization  
 396.27 of care and billing form, whichever is later.

396.28 (d) A county or the commissioner may refuse to issue a child care authorization to a  
 396.29 certified, licensed, or legal nonlicensed provider, revoke an existing child care authorization  
 396.30 to a certified, licensed, or legal nonlicensed provider, stop payment issued to a certified,  
 396.31 licensed, or legal nonlicensed provider, or refuse to pay a bill submitted by a certified,  
 396.32 licensed, or legal nonlicensed provider if:

397.1 (1) the provider admits to intentionally giving the county materially false information  
 397.2 on the provider's billing forms;

397.3 (2) a county or the commissioner finds by a preponderance of the evidence that the  
 397.4 provider intentionally gave the county materially false information on the provider's billing  
 397.5 forms, or provided false attendance records to a county or the commissioner;

397.6 (3) the provider is in violation of child care assistance program rules, until the agency  
 397.7 determines those violations have been corrected;

397.8 (4) the provider is operating after:

397.9 (i) an order of suspension of the provider's license issued by the commissioner;

397.10 (ii) an order of revocation of the provider's license issued by the commissioner; or

397.11 (iii) a final order of conditional license issued by the commissioner for as long as the  
 397.12 conditional license is in effect an order of decertification issued to the provider;

397.13 (5) the provider submits false attendance reports or refuses to provide documentation  
 397.14 of the child's attendance upon request;

397.15 (6) the provider gives false child care price information; or

309.25 county determines that the provider has shown good cause why the bill was not submitted  
 309.26 within 60 days. Good cause must be defined in the county's child care fund plan under  
 309.27 section 119B.08, subdivision 3, and the definition of good cause must include county error.  
 309.28 Any bill submitted more than a year after the last date of service on the bill must not be  
 309.29 paid.

309.30 (c) If a provider provided care for a time period without receiving an authorization of  
 309.31 care and a billing form for an eligible family, payment of child care assistance may only be  
 309.32 made retroactively for a maximum of ~~six~~ three months from the date the provider is issued  
 309.33 an authorization of care and billing form. For a family at application, if a provider provided  
 310.1 child care during a time period without receiving an authorization of care and a billing form,  
 310.2 a county may only make child care assistance payments to the provider retroactively from  
 310.3 the date that child care began, or from the date that the family's eligibility began under  
 310.4 section 119B.09, subdivision 7, or from the date that the family meets authorization  
 310.5 requirements, not to exceed six months from the date that the provider is issued an  
 310.6 authorization of care and billing form, whichever is later.

310.7 (d) A county or the commissioner may refuse to issue a child care authorization to a  
 310.8 licensed or legal nonlicensed provider, revoke an existing child care authorization to a  
 310.9 licensed or legal nonlicensed provider, stop payment issued to a licensed or legal nonlicensed  
 310.10 provider, or refuse to pay a bill submitted by a licensed or legal nonlicensed provider if:

310.11 (1) the provider admits to intentionally giving the county materially false information  
 310.12 on the provider's billing forms;

310.13 (2) a county or the commissioner finds by a preponderance of the evidence that the  
 310.14 provider intentionally gave the county materially false information on the provider's billing  
 310.15 forms, or provided false attendance records to a county or the commissioner;

310.16 (3) the provider is in violation of child care assistance program rules, until the agency  
 310.17 determines those violations have been corrected;

310.18 (4) the provider is operating after:

310.19 (i) an order of suspension of the provider's license issued by the commissioner;

310.20 (ii) an order of revocation of the provider's license; or

310.21 (iii) a final order of conditional license issued by the commissioner for as long as the  
 310.22 conditional license is in effect;

310.23 (5) the provider submits false attendance reports or refuses to provide documentation  
 310.24 of the child's attendance upon request;

310.25 (6) the provider gives false child care price information; or

397.16 (7) the provider fails to report decreases in a child's attendance as required under section  
397.17 119B.125, subdivision 9.

397.18 (e) For purposes of paragraph (d), clauses (3), (5), (6), and (7), the county or the  
397.19 commissioner may withhold the provider's authorization or payment for a period of time  
397.20 not to exceed three months beyond the time the condition has been corrected.

397.21 (f) A county's payment policies must be included in the county's child care plan under  
397.22 section 119B.08, subdivision 3. If payments are made by the state, in addition to being in  
397.23 compliance with this subdivision, the payments must be made in compliance with section  
397.24 16A.124.

397.25 (g) If the commissioner or responsible county agency suspends or refuses payment to a  
397.26 provider under paragraph (d), clause (1) or (2), or chapter 245E and the provider has:

397.27 (1) a disqualification for wrongfully obtaining assistance under section 256.98,  
397.28 subdivision 8, paragraph (c);

397.29 (2) an administrative disqualification under section 256.046, subdivision 3; or

397.30 (3) a termination under section 245E.02, subdivision 4, paragraph (c), clause (4), or  
397.31 245E.06;

398.1 then the provider forfeits the payment to the commissioner or the responsible county agency,  
398.2 regardless of the amount assessed in an overpayment, charged in a criminal complaint, or  
398.3 ordered as criminal restitution.

398.4 **EFFECTIVE DATE.** This section is effective August 1, 2021.

398.5 Sec. 9. Minnesota Statutes 2020, section 119B.13, subdivision 7, is amended to read:

398.6 Subd. 7. **Absent days.** (a) Licensed child care providers and license-exempt centers  
398.7 must not be reimbursed for more than 25 full-day absent days per child, excluding holidays,  
398.8 in a calendar year, or for more than ten consecutive full-day absent days. "Absent day"  
398.9 means any day that the child is authorized and scheduled to be in care with a licensed  
398.10 provider or license-exempt center, and the child is absent from the care for the entire day.  
398.11 Legal nonlicensed family child care providers must not be reimbursed for absent days. If a  
398.12 child attends for part of the time authorized to be in care in a day, but is absent for part of  
398.13 the time authorized to be in care in that same day, the absent time must be reimbursed but  
398.14 the time must not count toward the absent days limit. Child care providers must only be

310.26 (7) the provider fails to report decreases in a child's attendance as required under section  
310.27 119B.125, subdivision 9.

310.28 (e) For purposes of paragraph (d), clauses (3), (5), (6), and (7), the county or the  
310.29 commissioner may withhold the provider's authorization or payment for a period of time  
310.30 not to exceed three months beyond the time the condition has been corrected.

310.31 (f) A county's payment policies must be included in the county's child care plan under  
310.32 section 119B.08, subdivision 3. If payments are made by the state, in addition to being in  
311.1 compliance with this subdivision, the payments must be made in compliance with section  
311.2 16A.124.

311.3 (g) The commissioner shall not withhold a provider's authorization or payment under  
311.4 paragraph (d) where the provider's alleged misconduct is the result of the provider relying  
311.5 upon representations from the commissioner, local agency, or licensor that the provider had  
311.6 been in compliance with the rules and regulations necessary to maintain the provider's  
311.7 authorization.

311.8 **EFFECTIVE DATE.** This section is effective July 1, 2021, except that the language  
311.9 in paragraph (g) is effective retroactively from July 1, 2020.



398.15 reimbursed for absent days if the provider has a written policy for child absences and charges  
398.16 all other families in care for similar absences.

398.17 (b) Notwithstanding paragraph (a), children with documented medical conditions that  
398.18 cause more frequent absences may exceed the 25 absent days limit, or ten consecutive  
398.19 full-day absent days limit. Absences due to a documented medical condition of a parent or  
398.20 sibling who lives in the same residence as the child receiving child care assistance do not  
398.21 count against the absent days limit in a calendar year. Documentation of medical conditions  
398.22 must be on the forms and submitted according to the timelines established by the  
398.23 commissioner. A public health nurse or school nurse may verify the illness in lieu of a  
398.24 medical practitioner. If a provider sends a child home early due to a medical reason,  
398.25 including, but not limited to, fever or contagious illness, the child care center director or  
398.26 lead teacher may verify the illness in lieu of a medical practitioner.

398.27 (c) Notwithstanding paragraph (a), children in families may exceed the absent days limit  
398.28 if at least one parent: (1) is under the age of 21; (2) does not have a high school diploma or  
398.29 commissioner of education-selected high school equivalency certification; and (3) is a  
398.30 student in a school district or another similar program that provides or arranges for child  
398.31 care, parenting support, social services, career and employment supports, and academic  
398.32 support to achieve high school graduation, upon request of the program and approval of the  
398.33 county. If a child attends part of an authorized day, payment to the provider must be for the  
398.34 full amount of care authorized for that day.

399.1 (d) Child care providers must be reimbursed for up to ten federal or state holidays or  
399.2 designated holidays per year when the provider charges all families for these days and the  
399.3 holiday or designated holiday falls on a day when the child is authorized to be in attendance.  
399.4 Parents may substitute other cultural or religious holidays for the ten recognized state and  
399.5 federal holidays. Holidays do not count toward the absent days limit.

399.6 (e) A family ~~or child care provider~~ must not be assessed an overpayment for an absent  
399.7 day payment unless (1) there was an error in the amount of care authorized for the family,  
399.8 or (2) all of the allowed full-day absent payments for the child have been paid, ~~or (3) the~~  
399.9 ~~family or provider did not timely report a change as required under law.~~

399.10 (f) The provider and family shall receive notification of the number of absent days used  
399.11 upon initial provider authorization for a family and ongoing notification of the number of  
399.12 absent days used as of the date of the notification.

399.13 (g) For purposes of this subdivision, "absent days limit" means 25 full-day absent days  
399.14 per child, excluding holidays, in a calendar year; and ten consecutive full-day absent days.

399.15 (h) For purposes of this subdivision, "holidays limit" means ten full-day holidays per  
399.16 child, excluding absent days, in a calendar year.

399.17 (i) If a day meets the criteria of an absent day or a holiday under this subdivision, the  
399.18 provider must bill that day as an absent day or holiday. A provider's failure to properly bill

399.19 an absent day or a holiday results in an overpayment, regardless of whether the child reached,  
 399.20 or is exempt from, the absent days limit or holidays limit for the calendar year.

399.21 **EFFECTIVE DATE.** This section is effective August 1, 2021.

399.22 Sec. 10. Minnesota Statutes 2020, section 119B.25, subdivision 3, is amended to read:

399.23 Subd. 3. **Financing program.** A nonprofit corporation that receives a grant under this  
 399.24 section shall use the money to:

399.25 (1) establish a revolving loan fund to make loans to existing, expanding, and new licensed  
 399.26 and legal unlicensed child care and early childhood education sites;

399.27 (2) establish a fund to guarantee private loans to improve or construct a child care or  
 399.28 early childhood education site;

399.29 (3) establish a fund to provide forgivable loans or grants to match all or part of a loan  
 399.30 made under this section;

399.31 (4) establish a fund as a reserve against bad debt; ~~and~~

400.1 (5) establish a fund to provide business planning assistance for child care providers;  
 400.2 and

400.3 (6) provide training and consultation for child care providers to build and strengthen  
 400.4 their businesses and acquire key business skills.

400.5 The nonprofit corporation shall establish the terms and conditions for loans and loan  
 400.6 guarantees including, but not limited to, interest rates, repayment agreements, private match  
 400.7 requirements, and conditions for loan forgiveness. The nonprofit corporation shall establish  
 400.8 a minimum interest rate for loans to ensure that necessary loan administration costs are  
 400.9 covered. The nonprofit corporation may use interest earnings for administrative expenses.

311.10 Sec. 4. Minnesota Statutes 2020, section 245E.07, subdivision 1, is amended to read:

311.11 Subdivision 1. **Grounds for and methods of monetary recovery.** (a) The department  
 311.12 may obtain monetary recovery from a provider who has been improperly paid by the child  
 311.13 care assistance program, regardless of whether the error was intentional ~~or county error.~~  
 311.14 Overpayments designated solely as agency error, and not the result of acts or omissions on  
 311.15 the part of a provider or recipient, must not be established or collected. The department  
 311.16 does not need to establish a pattern as a precondition of monetary recovery of erroneous or  
 311.17 false billing claims, duplicate billing claims, or billing claims based on false statements or  
 311.18 financial misconduct.

311.19 (b) The department shall obtain monetary recovery from providers by the following  
 311.20 means:

- 311.21 (1) permitting voluntary repayment of money, either in lump-sum payment or installment
- 311.22 payments;
- 311.23 (2) using any legal collection process;
- 311.24 (3) deducting or withholding program payments; or
- 311.25 (4) utilizing the means set forth in chapter 16D.
- 311.26 **EFFECTIVE DATE.** This section is effective July 1, 2021.
- 311.27 Sec. 5. **CHILD CARE AND DEVELOPMENT BLOCK GRANT ALLOCATION;**
- 311.28 **BASIC SLIDING FEE CHILD CARE ASSISTANCE PROGRAM.**
- 311.29 The commissioner of human services shall allocate \$14,574,000 in fiscal year 2022,
- 311.30 \$14,574,000 in fiscal year 2023, and \$14,574,000 in fiscal year 2024 from the amount
- 311.31 Minnesota received under the American Rescue Plan Act, Public Law 117-2, section 2201,
- 312.1 for the child care and development block grant, for the basic sliding fee child care assistance
- 312.2 program under Minnesota Statutes, section 119B.03. This is a onetime allocation.

- 400.10 Sec. 11. **REPEALER.**
- 400.11 Minnesota Statutes 2020, section 119B.125, subdivision 5, is repealed.
- 400.12 **EFFECTIVE DATE.** This section is effective August 1, 2021.