

**Subject** Early Education and Child Care

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## **Overview**

This bill contains provisions governing early childhood and has three articles. Article 1 establishes a home visiting program for pregnant women and families with children and appropriates money in fiscal year 2021 to the commissioner of health for the program.

Article 2 contains provisions related to young children's learning and care, which include:

- changes to the quality rating and improvement system (known as Parent Aware) and the kindergarten readiness assessment and increases in appropriations for both programs;
- making permanent the number of participant seats for the voluntary prekindergarten program;
- modifying children's and program eligibility for the early learning scholarships and increasing appropriations for the scholarships for fiscal year 2021; and
- directing the commissioner of human services to award a contract for examining family child care licensing standards.

Article 3 contains several provisions affecting child care assistance rates: modifications to comply with federal requirements; establishment of a statewide rate; and appropriations for a onetime increase in the rate and to reduce the basic sliding fee waiting list. Article 3 also contains provisions establishing and appropriating money to child care related grant programs.

## Article 1: Home Visiting

Section	Description
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1	<b>Home visiting program for pregnant women and families with young children.</b>
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Creates § 145.87.

**Subd. 1. Definitions.** Defines terms for this section: evidence-based home visiting program, evidence-informed home visiting program, and health equity.

**Subd. 2. Grants for home visiting programs.** Directs the commissioner of health to award grants to community health boards, nonprofit organizations, and tribal nations to start up or expand home visiting programs serving pregnant women and families with young children. The programs must support voluntary home visits by early childhood or health professionals. Grant funds must be used for evidence-based home visiting programs that address health equity, or evidence-informed home visiting programs that address health equity. Requires these programs to serve families or pregnant women who are high risk or have high needs.

**Subd. 3. Grant prioritization.** Directs the commissioner to give priority in awarding grants to programs seeking to expand home visiting services with community or regional partnerships. Requires at least 75 percent of grant funds to be allocated to evidence-based programs and up to 25 percent to be allocated to evidence-informed programs.

**Subd. 4. No supplanting of existing funds.** Requires funds distributed under this section to supplement, and not replace, existing funding for evidence-based or evidence-informed home visiting programs.

**Subd. 5. Administrative costs.** Allows the commissioner to use up to 10 percent of the annual appropriation for training and technical assistance and to administer and evaluate the program, and allows the commissioner to contract for training, capacity-building, technical assistance, and evaluation support.

**Subd. 6. Use of state general fund appropriations.** Requires appropriations dedicated to starting up or expanding evidence-based home visiting programs to be used according to § 145.87 for grants awarded on or after July 1, 2020. Provides that this section does not govern grant awards of federal funds for home visiting programs or grant awards of state funds dedicated to nurse-family partnership home visiting programs.

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| 2 | <p><b>Appropriation; home visiting grants.</b></p> <p>Appropriates \$30 million in fiscal year 2021 from the general fund to the commissioner of health for the home visiting program for pregnant women and families. This is a onetime appropriation available until June 30, 2022.</p> |
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## Article 2: Early Learning and Care

Section	Description
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| 1 | <p><b>Quality rating and improvement system (QRIS).</b></p> <p>Amends § 124D.142. Reorganizes the section by adding subdivisions and deletes obsolete paragraphs.</p> |
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**Subd. 3. Evaluation.** Directs the commissioner of human services to arrange by February 1, 2021, an independent evaluation of the QRIS's effectiveness and impact on specified outcomes. Requires the evaluation to be performed by a staff member from another agency or a consultant. Each evaluation must meet the specified minimum criteria. Evaluation findings and the commissioner's recommendations for revisions and potential future evaluations must be reported to the chairs and ranking members of the legislative committees with jurisdiction over early learning and child care by December 31, 2023.

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| 2 | <p><b>Participation limits.</b></p> <p>Amends § 124D.151, subdivision 6. Sets the combined count of participants for voluntary prekindergarten and school readiness plus at 7,160 annually on an ongoing basis. Under current law, the total number of participants is set to drop from 7,160 in fiscal year 2021 to 3,160 starting in fiscal year 2022.</p> |
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| 3 | <p><b>Kindergarten readiness assessment.</b></p> <p>Amends § 124D.162.</p> |
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**Subd. 1. Implementation.** Requires the commissioner of education to implement a kindergarten readiness assessment to incoming kindergartners. Under current law, the commissioner is permitted, but not required, to implement a kindergarten readiness assessment.

**Subd. 2. Assessment development.** Directs the commissioner to provide school districts and charter schools with a process for measuring kindergarten readiness and to provide measurement tools that meet specified criteria for district and charter school use.

**Section Description**

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**Subd. 3. Reporting.** Requires that every district and charter school use the commissioner-provided process beginning in the 2021-2022 school year and directs every district and charter school to report kindergarten readiness results to MDE in the form and manner prescribed by the commissioner. Directs the commissioner to publicly report the kindergarten readiness results.

**Subd. 4. Longitudinal data system.** Requires the commissioner to integrate kindergarten readiness data into the statewide longitudinal educational data systems.

**4 Family eligibility.**

Amends § 124D.165, subdivision 2. Lowers the scholarship age eligibility to require that a recipient is from birth through age three, except for:

- 1) a sibling of a scholarship recipient, who can be through age four;
- 2) a child not yet age five participating in a Pathway II program; and
- 3) a recipient who had previously received a scholarship (until the child is eligible for kindergarten).

Under current law, a recipient must be three or four years old (with some exceptions).

**5 Early childhood program eligibility.**

Amends § 124D.165, subdivision 4. Extends the deadline by which early childhood programs must have three- or four-star Parent Aware ratings to accept early learning scholarships. The deadline is extended from July 1, 2020, to such time when 40 percent of programs eligible to receive a Parent Aware rating have received a rating.

**6 Pupil unit.**

Amends § 126C.05, subdivision 1. Removes the sunset on the formula for calculating pupils under the school readiness plus program to conform to the change made in Minnesota Statutes, § 124D.151, subdivision 6 that sets the count of participants for voluntary prekindergarten and school readiness plus at 7,160 on an ongoing basis.

**7 Appropriation; early learning scholarships.**

Adds \$190 million to the existing fiscal year 2021 appropriation for early learning scholarships. Sets the base for each of fiscal years 2022 and 2023 at \$70,709,000.

**8 Appropriation; kindergarten readiness assessment.**

Adds \$2.412 million to the existing fiscal year 2021 appropriation for the kindergarten readiness assessment. Sets the base for each of fiscal years 2022 and 2023 at \$2 million.

Section	Description
9	<p><b>Appropriation; quality rating and improvement system (QRIS)</b></p> <p>Adds \$1.65 million to the fiscal year 2021 appropriation for the QRIS. Sets the base for each of fiscal years 2022 and 2023 at \$1.75 million.</p>
10	<p><b>Family child care regulation modernization.</b></p> <p>Paragraph (a) directs the commissioner of human services to contract with an organization or consultant to conduct the work outlined in this section. If practicable, the commissioner must contract with the National Association for Regulatory Administration.</p> <p>Paragraph (b) requires the contractor to develop a proposal for a risk-based model for monitoring compliance with family child care licensing standards that meets the specifications of the paragraph.</p> <p>Paragraph (c) directs the contractor to develop and implement a stakeholder engagement process that solicits input about appropriate: (1) licensing standards; (2) tiers for violations of the standards; and (3) licensing sanctions for each tier.</p> <p>Paragraph (d) directs the contractor to solicit input about which family child care providers should be eligible for abbreviated inspections that predict compliance with other licensing standards for licensed family child care providers.</p> <p>Paragraph (e) directs the commissioner to submit a report and proposed legislation for implementing the new licensing model no later than February 1, 2023, to the chairs and ranking minority of legislative committees with jurisdiction over child care regulation.</p>
11	<p><b>Appropriation; family child care regulation modernization.</b></p> <p>Appropriates \$1,500,000 in fiscal year 2021 from the general fund to the commissioner of human services for the family child care regulation modernization project. This is a onetime appropriation.</p>

### Article 3: Child Care Availability

Section	Description
1	<p><b>Child care rate.</b></p> <p>Amends § 119B.13, subdivision 1. Sets child care assistance maximum rates:</p> <ul style="list-style-type: none"><li>for family child care, the maximum rates are equal to the 25<sup>th</sup> percentile of the market rate in the county or county price cluster with the highest cost 25<sup>th</sup> percentile in the most recent child care provider rate survey; and</li></ul>

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- for child care centers, the maximum rates are equal to the 25<sup>th</sup> percentile of the market rate in the most recent child care provider rate survey.

Under current law, the maximum rates for both family child care and child care centers are based on the 2011 child care provider rate survey, and the rates vary by county or county price cluster.

Sets the maximum registration fee paid under child care assistance to be the greater of: (1) the 25<sup>th</sup> percentile of the market rate in the county or county price cluster with the highest cost 25<sup>th</sup> percentile in the most recent child care provider rate survey; or (2) the registration fee in effect at the time of the update. Provides that maximum registration fees must be set for licensed family child care and for child care centers. Under current law, the maximum registration fees are those that were in effect on January 1, 2013.

2	<b>Retaining early educators through attaining incentives now (REETAIN) grant program.</b>
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Creates § 119B.195.

**Subd. 1 Establishment; purpose.** Establishes the REETAIN grant program to provide competitive grants to incentivize well-trained child care professionals to stay in the workforce to create more consistent care for children over time.

**Subd. 2. Administration.** Requires the commissioner of human services to administer the REETAIN grant program through a grant to a nonprofit organization. Allows up to 10 percent of grant funds to be used for administration of the program.

**Subd. 3. Application.** Requires applicants to apply for the grant program on the forms and according to the timelines established by the commissioner.

**Subd. 4. Eligibility.** Lists grant applicant eligibility requirements.

**Subd. 5. Grant awards.** Requires grants to be made annually. Allows grant funds to be used for program supplies, training, or personal expenses.

**Subd. 6. Report.** Beginning January 1, 2022, requires the commissioner to report annually to the legislature by January 1 on the number of grants awarded and program outcomes.

Section	Description
3	<p><b>Program components.</b></p> <p>Amends § 136A.128, subdivision 2. Increases the tuition scholarships available under the TEACH grant program from \$5,000 per year to \$10,000 per year and increases the minimum education incentives from \$100 to \$250 for participants in the tuition scholarship program if they complete a year of working in the early care and education field. Adds that applicants may be employed by a public prekindergarten program, modifies the amount scholarship recipients must contribute from 10 percent to at least 10 percent of the total scholarship, and decreases the amount their employer must contribute from 10 percent to at least 5 percent of the total scholarship.</p>
4	<p><b>Administration.</b></p> <p>Amends § 136A.128, subdivision 4. Increases the amount a nonprofit organization that receives a TEACH grant may use to administer the program from 5 percent to 10 percent of the grant amount.</p>
5	<p><b>Family, friend, and neighbor (FFN) grant program.</b></p> <p><b>Subd. 1. Establishment.</b> Directs the commissioner of health to make grants available to fund (1) community health boards, local or regional libraries, community-based organizations, nonprofit organizations, and Indian tribes working with FFN caregivers and (2) community-based partnerships to implement early literacy programs.</p> <p><b>Subd. 2. Grants to work with FFN caregivers.</b> Identifies the activities for which community health boards, local or regional libraries, community-based organizations, nonprofit organizations, and Indian tribes working with FFN caregivers may use the awarded grants.</p> <p><b>Subd. 3. Grants for early literacy programs.</b> Provides that grants awarded under this subdivision must be used to fund existing or new partnerships between community health boards, local or regional library systems, community-based organizations, nonprofit organizations, or Indian tribes to implement early literacy programs in low-income communities, including tribal communities.</p> <p><b>Subd. 4. Grant awards.</b> Provides that eligible entities may apply for grants in a form and manner prescribed by the commissioner.</p> <p><b>Subd. 5. Evaluation.</b> Directs the commissioner to evaluate the impacts of the grants on children’s school readiness, including, but not limited to, social emotional learning indicators, and submit a written report by February 1, 2022, to the legislative committees with jurisdiction over health and human services and education finance.</p>

Section	Description
6	<p><b>First Children’s Finance child care site assistance.</b></p> <p>Directs the commissioner of human services to provide grants to First Children’s Finance for loans related to improving or planning, designing, and constructing child care or early childhood education sites. Requires First Children’s Finance by September 30, 2021, and September 30, 2022, to report to the commissioner the purposes for which the funds were used during the past fiscal year and submit to the commissioner an independent audit for each fiscal year in which grants are received.</p>
7	<p><b>Appropriation; First Children’s Finance.</b></p> <p>Appropriates \$3 million in fiscal year 2021 from the general fund to the commissioner of human services for a grant to First Children’s Finance. This is a onetime appropriation.</p>
8	<p><b>Appropriation; family, friend, and neighbor (FFN) grant.</b></p> <p>Appropriates \$1 million in fiscal year 2021 from the general fund to the commissioner of health for purposes of awarding FFN grants. This is a onetime appropriation available until June 30, 2022.</p>
9	<p><b>Appropriation; child care programs.</b></p> <p><b>Subd. 1. Basic sliding fee waiting list allocation.</b> Appropriates \$20 million in fiscal year 2021 from the general fund to the commissioner of human services to reduce the basic sliding fee program waiting list. This is a onetime appropriation.</p> <p><b>Subd. 2. Child care rates.</b> Appropriates \$170 million in fiscal year 2021 from the general fund to the commissioner of human services to increase child care rates under Minnesota Statutes, section 119B.13. To determine the increased rates, the commissioner must utilize the most recent child care market rate survey and set the rate percentile no higher than the 75<sup>th</sup> percentile of the most recent market rate survey. This is a onetime appropriation that must be used until expended to increase the child care rates as directed in the subdivision, but at no time may the child care rates exceed the 75<sup>th</sup> percentile of the most recent market rate survey. The rate returns to the rate determined under Minnesota Statutes, section 119B.13 when the \$170 million is expended.</p>

Section	Description
10	<p><b>Appropriations; Department of Employment and Economic Development.</b> Makes the following appropriations in fiscal year 2021 from the general fund to the commissioner of employment and economic development:</p> <p><b>Subd. 1. Grants for child care.</b> Appropriates \$10 million for grants to local communities to increase the supply of quality child care providers to support economic development. Fifty percent of the grant funds must go to communities located outside the seven-county metropolitan area. This is a onetime appropriation.</p> <p><b>Subd. 2. Minnesota Initiative Foundations.</b> Appropriates \$3.85 million for a grant to the Minnesota Initiative Foundations. This is a onetime appropriation and is available until June 30, 2022.</p> <p><b>Subd. 3. WomenVenture child care business training.</b> Appropriates \$150,000 for a grant to WomenVenture to operate a business training program for child care providers and to create materials that can be used free of charge for start-up, expansion, and operation of child care businesses statewide.</p>
11	<p><b>Appropriation; retaining early educators through attaining incentives now (REETAIN) grant program.</b> Appropriates \$2.5 million in fiscal year 2021 from the general fund to the commissioner of human services for purposes of REETAIN grants. This is a onetime appropriation.</p>
12	<p><b>Appropriation; TEACH grant program.</b> Appropriates \$500,000 in fiscal year 2021 from the general fund to the commissioner of human services for TEACH program grants under Minnesota Statutes, section 136A.128. This is a onetime appropriation.</p>
13	<p><b>Revisor instruction.</b> Directs the revisor of statutes to renumber Minnesota Statutes, section 136A.128 (the TEACH grant program) as a section in Minnesota Statutes, section 119B.</p>



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