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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1383

02/24/2025 Authored by Kotyza-Witthuhn, Coulter, Sencer-Mura, Norris, Hemmingsen-Jaeger and others
The bill was read for the first time and referred to the Committee on Children and Families Finance and Policy

1.1 A bill for an act
1.2 relating to child care; establishing a program to assist families with the cost of
1.3 child care; amending Minnesota Statutes 2024, section 142A.44, subdivision 2;
1.4 proposing coding for new law in Minnesota Statutes, chapter 142D.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 142A.44, subdivision 2, is amended to read:

1.7 Subd. 2. Development. In developing the plan and implementing the program under
1.8 this section, the commissioner shall:

1.9 (1) identify ways to integrate the functions, administrative structures, and funding
1.10 mechanisms of early care and learning programs administered by the state with the great
1.11 start scholarships program;

1.12 (2) consider the recommendations made by the Great Start for All Minnesota Children
1.13 Task Force under Laws 2021, First Special Session chapter 7, article 14, section 18,
1.14 subdivision 2;

1.15 (3) create a process and timeline to transition the following families to the great start
1.16 scholarships program by July 1, 2028:

1.17 (i) families with at least one child receiving an early learning scholarship under section
1.18 142D.25; and

1.19 (ii) families with at least one child who is not yet in kindergarten and is receiving child
1.20 care assistance under section 142E.04 or 142E.08 for care received from a provider licensed
1.21 under Minnesota Rules, chapter 9502 or 9503, or Tribally licensed, or a Head Start program
1.22 that has a rating under section 142D.13; and

2.1 (iii) families with at least one child receiving a great start affordability scholarship under
 2.2 section 142D.26;

2.3 (4) create mechanisms for members of local communities, including families and members
 2.4 of the early care and learning workforce, to have input in decisions regarding needs and
 2.5 preferences for early care and learning options;

2.6 (5) develop a proposed method for funding early care and learning slots in response to
 2.7 local need through contracts with eligible providers that may be used to deliver services
 2.8 that meet quality and compensation standards with the intent to build early care and learning
 2.9 capacity statewide for children from birth to kindergarten entry; and

2.10 (6) consider how to maximize available federal resources while maintaining access to
 2.11 child care assistance funding under sections 142E.04 or 142E.08 for school-age children.
 2.12 The commissioner, in consultation with an appropriate state agency, may seek federal
 2.13 technical assistance or outside consultation as necessary to provide minimally burdensome
 2.14 program access to all participating families.

2.15 Sec. 2. **142D.26] GREAT START AFFORDABILITY SCHOLARSHIPS.**

2.16 Subdivision 1. Establishment; purpose. The commissioner of children, youth, and
 2.17 families shall establish a great start affordability scholarship program. The purpose of the
 2.18 program is to increase the affordability of high-quality early care and learning for families
 2.19 with children from birth to kindergarten entry, to meet as near as possible the standard that
 2.20 no Minnesota family pay more than seven percent of annual income for early care and
 2.21 learning.

2.22 Subd. 2. Family and child eligibility. (a) For a family to receive a scholarship under
 2.23 this section, parents or guardians must:

2.24 (1) have income less than 150 percent of the state median income; and

2.25 (2) have an eligible child as defined in section 142D.25, subdivision 2, paragraph (b),
 2.26 who is not concurrently a recipient of child care assistance under chapter 142E, or an early
 2.27 learning scholarship under section 142D.25.

2.28 (b) A child who receives a scholarship under this section must continue to receive the
 2.29 scholarship each year until the child is eligible for kindergarten under section 120A.20,
 2.30 provided the child's family complies with the renewal requirements in subdivision 4,
 2.31 paragraph (b), and provided money is available.

3.1 (c) A child from an adjoining state whose family resides at a Minnesota address as
3.2 assigned by the United States Postal Service, who has received developmental screening
3.3 under sections 142D.09 to 142D.093, who intends to enroll in a Minnesota school district,
3.4 and whose family meets the criteria of paragraph (a) is eligible for a scholarship under this
3.5 section.

3.6 (d) A child who receives a scholarship under this section, is at least three years old, and
3.7 has not completed development screening under sections 142D.09 to 142D.093, must
3.8 complete that screening within 90 days of first attending an eligible program.

3.9 Subd. 3. **Early care and learning program eligibility.** (a) To be eligible to accept a
3.10 scholarship under this section, an early care and learning program must participate in the
3.11 quality rating and improvement system under section 142D.13.

3.12 (b) An early care and learning program accepting a scholarship under this section must
3.13 use the revenue to supplement and not supplant federal funding.

3.14 Subd. 4. **Administration.** (a) The commissioner shall establish application timelines
3.15 and procedures that meet the operational needs of eligible families.

3.16 (b) A scholarship is awarded for a 12-month period. To continue to receive a scholarship
3.17 for an eligible child, a family must renew a scholarship prior to the end of the award period.
3.18 The commissioner must establish a process by which a family may request a modification
3.19 in scholarship amount due to changes in the family's circumstances prior to renewing a
3.20 scholarship.

3.21 (c) The commissioner must cancel a scholarship for an eligible child under the following
3.22 conditions:

3.23 (1) the child has not been accepted and subsequently enrolled in an eligible program
3.24 within three months of the scholarship award;

3.25 (2) the child moves out of state;

3.26 (3) the child no longer has scholarship-eligible costs, fees, or tuition;

3.27 (4) the child's family is unresponsive for more than 30 days; or

3.28 (5) the child's family declines to continue to receive the scholarship.

3.29 Subd. 5. **Scholarship amounts.** The commissioner must establish a schedule of monthly,
3.30 per-child scholarship amounts based on family income. The minimum per-child scholarship
3.31 amount allowed under this section is \$100 per month.

4.1 Subd. 6. **Payment practices.** (a) The commissioner must establish a system to make
4.2 scholarship payments to an eligible program selected by a scholarship recipient's family.
4.3 The payment system must:

4.4 (1) ensure that a program receives payment for services in accordance with a written
4.5 agreement completed by the program and the scholarship recipient's family that identifies
4.6 amounts awarded under this section as a state-provided benefit;

4.7 (2) make scholarship payments in advance of or at the beginning of the delivery of
4.8 services;

4.9 (3) make payments based on a child's enrollment rather than attendance; and

4.10 (4) include a process for transferring scholarship awards between eligible programs,
4.11 when initiated by a scholarship recipient. Under the process, the commissioner:

4.12 (i) may adjust scholarship payment schedules for eligible programs to account for changes
4.13 in a scholarship recipient's enrollment; and

4.14 (ii) must specify a period of time for which scholarship payments must continue to an
4.15 eligible program for a scholarship recipient who transfers to a different eligible program.

4.16 (b) Payments to eligible programs for scholarships awarded under this section must start
4.17 no later than July 1, 2026.

4.18 Subd. 7. **Family notifications.** (a) The commissioner must notify families in the state
4.19 about potential eligibility and the opportunity to apply for scholarships under this section.

4.20 (b) An eligible program must identify the portion of a scholarship recipient's tuition that
4.21 is paid for under this section as state-provided assistance on any tuition billing statements
4.22 provided to the recipient's family.

4.23 Subd. 8. **Great start affordability scholarship account.** (a) A great start affordability
4.24 scholarship account is established in the special revenue fund. Money appropriated for great
4.25 start affordability scholarships under this section must be transferred to the account in the
4.26 special revenue fund.

4.27 (b) Money in the account is annually appropriated to the commissioner for great start
4.28 affordability scholarships under this section. Any returned money is available to be regranted.

4.29 (c) The commissioner may use up to seven percent of the money under paragraph (b)
4.30 for costs associated with administering and monitoring the scholarships, including but not
4.31 limited to making payments to eligible programs for the administrative costs associated
4.32 with accepting scholarships under this section. The payment to an eligible program for

- 5.1 administrative costs must be based on a percentage, as determined by the commissioner, of
- 5.2 the total scholarship payment made to the eligible program.