



LEGISLATIVE UPDATE | JANUARY 31, 2023

Welcome to the latest Child Care Aware Legislative update. This narrative update, along with our Bill Tracker, will be posted each Tuesday (reflecting activity through the previous Friday) on the [Child Care Aware of Minnesota Website](#).

Each week we will provide action that has been taken at the committee level or on the floor, a brief overview of bills that have been introduced, and any other pertinent news related to early care and education and school-age care issues. If you have additions to recommend to the bill tracker, please contact [Ann McCully](#).

OVERVIEW

Governor Walz released the details of his budget on January 25. These proposals will be further incorporated into bill language that will be introduced for Legislative consideration in the next few weeks. There are proposals across multiple agencies including the Departments of Human Services (DHS), Health, Education, Employment and Economic Development, Higher Education, and Revenue/Taxes.

This update includes an overview of the early childhood and school-age system supports. Next week we will review proposals related to health, family support, and other early childhood and school-age areas of the budget.

GOVERNOR'S BUDGET PROPOSAL OVERVIEW

DHS PROPOSALS

Child Care Assistance Program Maximum Rate Update

The Governor recommends investing \$111.7 million from the general fund and \$30 million from the Child Care Development Fund (CCDF) in the fiscal year (FY) 2024-25 biennium for changes to the Child Care Assistance Program to update the maximum rates paid to child care providers to the 75th percentile of the most recent market survey. In the FY 2026-27 biennium, the Governor recommends \$229.7 million from the general fund and \$16 million from the CCDF. Updating the maximum rates supports families, children, and child care providers across the state.

Additionally, this proposal increases the average cost of child care, resulting in an increase in the cost of other child care proposals in the Governor's recommendations. This adds \$6.4 million in FY 2025, \$14.7 million in FY 2026, and \$15.6 million in FY 2027 to the general fund cost.

Permanent Reprioritization of the Child Care Assistance Program Basic Sliding Fee

The Governor recommends investing \$7.4 million in the FY 2024-2025 biennium and \$17.2 million in the FY 2026-2027 biennium from the federal Child Care Development Fund for changes to the Child Care Assistance Program to permanently reprioritize Basic Sliding Fee child care. Basic Sliding Fee child care was temporarily reprioritized during the 2021

Legislative Session and is currently set to revert to the previous prioritization order after May 31, 2024. This proposal would make the temporary reprioritization changes permanent.

Child Care Assistance Program Basic Sliding Fee Investments

The Governor recommends investing \$15 million from the general fund annually to support the CCAP Basic Sliding Fee. These additional funds ongoing will help local agencies to increase the number of families served by CCAP and reduce the existing Basic Sliding Fee waiting list.

Supporting the Child Care Industry and Workforce

The Governor recommends investing \$353 million in fiscal years 2024-2025 and \$345.535 million in fiscal years 2026-2027 from the general fund to address Minnesota's child care shortage and strengthen and expand the child care industry. This investment includes:

- Retention payments to child care programs to help ensure child care capacity is consistently available to families throughout Minnesota. These payments will include funding for child care programs to increase wages and benefits for early educators.
- Funding to provide ongoing training, recruitment, and higher education scholarships to increase the number of qualified early educators to work in child care programs and address the workforce shortage.
- Grants and supports to equip providers with information and tools to start up and effectively operate child care businesses, including local technical assistance for child care providers, family child care shared services alliances, and support for provider business practices through training, consultation, and technology access.

Critical Resources for Licensing

The Governor recommends investments to strengthen the core functions of licensing. This includes licensing and oversight of home and community-based services, child and adult foster care, child care centers, maltreatment investigations, and the department's responses to urgent program needs to ensure the continuity of services for vulnerable adults and children. The Licensing Division in the Office of Inspector General performs a critical role in ensuring the health and safety of vulnerable adults and children receiving services through licensing reviews and maltreatment investigations. Licensed programs and investigations have increased significantly while staffing has failed to keep pace with this growth.

Administrative Improvements for Child Care Providers

The Governor recommends investing \$1.1 million in the FY 2024-2025 biennium and \$1.4 million in the FY 2026-2027 biennium to centralize and streamline provider registration and renewals for the CCAP and remove duplicative background studies for Legal Non licensed (LNL) providers in CCAP.

Family Child Care Continuous Licenses

The Governor recommends implementing a continuous license process for family child care license holders to reduce redundant application requirements. This proposal has a one-time cost to the general fund of \$708 thousand in FY 2024 and will not impact the Licensing Division's base budget. This recommendation would support the infrastructure needed to transition to a continuous license, including IT systems costs. To help with this transition, the department proposes to cover initial application and annual licensing fees for family child care license holders for two years.

Grow Your Own Expansion

The Governor recommends \$17.5 million annually beginning in FY 2024 for the existing Grow Your Own (GYO) program and the creation of two new GYO programs. \$6 million per year will fund an expansion of the GYO grant program under Minnesota Statutes, section 122A.73, from base funding of \$6.5 million to \$12.5 million in FY 2024 and beyond.

Additionally, a new GYO program for early childhood education (ECE) professionals will be funded at \$1.5 million annually, and a new GYO program focusing on teacher licensure shortage areas with an emphasis on special education licenses will be funded at \$10 million annually.

Addressing Teacher Shortage in Early Childhood Education

The Governor recommends \$490,000 in FY 2024 and FY 2025 to address a licensed teacher shortage in Minnesota’s school-based early childhood and family education programs. Funds will be used for student scholarships to Institutions of Higher Education (IHE) in Minnesota that offer licensure programs in early childhood education and/or parent and family education.

Targeted Mixed Delivery Early Learning Model

The Governor recommends \$24.664 million in FY 2024 and \$25.882 million in FY 2025 for a forecasted full-day public prekindergarten program for eligible four-year-old children using a mixed delivery model comprised of school-based, Head Start, licensed community-based center, and family child care programs. Implementation of the new targeted prekindergarten model would occur during the next biennium at a cost of \$434 million in FY 2026 and FY 2027 to serve over 22,000 young learners per year. Funding in FY 2024 and FY 2025 will support an implementation plan for the new model and maintain the 4,000 seats that are set to expire under the voluntary prekindergarten and school readiness plus programs at the end of FY 2023.

Early Learning Scholarships Expansion

The Governor recommends \$90 million per year to be allocated to the Early Learning Scholarship program. This would expand eligibility for 8,500 scholarships to children and provide \$5 million in increased administrative funds for a 3rd party administrator of the scholarships, and for the state to monitor the increased volume of scholarships, including 4.2 full-time equivalent positions. Separately, the Pathway II scholarship allocation of \$28.2 million would transition to be embedded into the redefined mixed delivery public prekindergarten model.

BOLD Literacy: A Birth-Grade 12 Action Plan

The Governor recommends \$35 million annually to implement BOLD Literacy, Minnesota’s birth through grade 12 action plan for literacy achievement. Funding will provide supports for teachers; including policy, assessments, parent notification strategies, instruction, and intervention strategies; all delivered through the Minnesota Multitiered System of Support (MnMTSS) Framework. Additionally, the proposal includes comprehensive early literacy reforms and policy changes to address the literacy achievement gap.

Early Childhood Health and Developmental Screening Aid Increase

The Governor recommends \$1.05 million in fiscal year (FY) 2024 and \$1.083 million in FY 2025 to increase reimbursement rates by 30 percent for Early Childhood Screening state aid. Funds will cover increased costs to administer the program at the local level and provide administrative funding, including funds to improve information technology, and for the Minnesota Department of Education (MDE) to support local school districts and charters who elect to provide the screening program.

After School Community Learning Grant Program

The Governor recommends one-time funding of \$45 million in fiscal year (FY) 2024 to reestablish the After School Community Learning grant program that expired in FY 2009 in order to meet the needs for expanded learning opportunities in communities across the state. The funding will provide grants that connect schools and communities so that they can offer culturally affirming and enriching after-school programs that meet the needs of students and their families. Incorporated are changes to the existing program to include funding to support organizational capacity building and professional development activities.

DEED PROPOSALS

Child Care Economic Development Grants

The Governor is requesting \$7.5 million in FY 2024, \$7.5 million in FY 2025, and \$1.5 million thereafter for Child Care Economic Development Grants and for a direct appropriation to the Minnesota Initiative Foundations to support their child care development activities in Greater Minnesota.

- \$5 million per year would be for Child Care Economic Development Grant program to provide grants to communities to increase the supply of quality child care in order to reduce regional child care shortages, support increased workforce participation, business expansion and retention, and new business development.
- \$2.5 million per year would be for the Minnesota Initiative Foundations' child care development programming. This increase would position the agency to better meet the demand for these funds and to increase the impact of this program to address child care shortages across the state.

Office of Child Care and Community Partnerships

The Governor recommends \$500,000 in FY 2024 and each year thereafter to support a new Office of Child Care and Community Partners in the Department of Employment and Economic Development. This office will take ownership of the existing child care programs at DEED and will focus on organizing and marketing these existing efforts while planning for future opportunities to address this issue.

Importantly, this office would not seek to “own” this issue for the enterprise – leadership of both the Children’s Cabinet and the Department of Human Services remain central. But it would seek to create a central force for these efforts within economic development & workforce development work streams, and further create momentum of child care as a central economic development issue for our state.

HIGHER EDUCATION PROPOSALS

Transparent Pathway to Academic Credit for Child Development Associate®

The Governor recommends a one-time \$475,000 direct appropriation to the Board of Trustees of the Minnesota State Colleges and Universities to work with Minnesota State Faculty, Minnesota Department of Education, OHE, the Children’s Cabinet, and other stakeholders to develop a transparent pathway for current Child Development Associate® Credential holders to be awarded academic credit that aligns with related academic certificate, diploma, and degree programs at Minnesota State.

COMMITTEE/FLOOR ACTIVITY

Here are the committee discussions that took place during the week of January 23-27:

- **The House Ways and Means Committee** heard HF 150-Pinto, which modifies child care stabilization base grants. This bill was passed and sent to General Register.
- **The House Education Policy Committee** heard HF 320-Hassan, which strengthens the Teachers of Color Act. The bill passed as amended and re-referred to the Committee on Education Finance.
- **The House Tax Committee** heard HF 9-Kotyza-Witthuhn, which expands the Dependent Care Credit. This was laid over for possible inclusion in the Tax Omnibus bill.
- **The House Workforce Development Committee** heard HF 2-Richardson; paid family and medical leave. The bill was passed and re-referred to Judiciary, Finance, and Civil Law.
- **The House Judiciary, Finance, and Civil Law Committee** heard HF 19-Olson, L., which provides earned sick and safe time. The bill passed and was re-referred to the Committee on Ways and Means.
- **The Senate Health and Human Services Committee** heard:
 - SF 2-Mann for paid family and medical leave; recommended to pass and referred to the State and Local Government and Veteran’s Committee
 - SF 53-Wiklund, the stabilization grants emergency bill; recommended to pass as amended and referred to the Education Finance Committee
 - SF 14-Wiklund, which modifies the child care assistance rates; recommended to pass as amended and referred to the Finance Committee
- **The Senate Higher Education Committee** heard SF 267-Fateh, which strengthens the Increase Teacher of Color Act in higher education. This bill was laid over for possible inclusion in the omnibus bill.

BILL INTRODUCTIONS

The following bills were introduced during the week of January 23-27. For more information about bills introduced to date, or to see all of the bills introduced, please download our weekly [Bill Tracker](#).

- Teachers of Color Act strengthened, percentage of teachers of color and American Indian teachers in Minnesota increased (HF 320-Hassan/SF 619-Kunesh)
- Child care center and family child care provider allowed to adopt policy regarding immunizations (HF 367-Freiberg/SF 610-Boldon)
- Expansion of voluntary prekindergarten and school readiness plus program made permanent (HF 456-Perez-Vega/SF 615-Kunesh)
- Community solutions establishment and appropriation for healthy child development grant (HF 639-Bahner/SF 402-Kunesh)
- Individual income tax provisions modified, and working family credit expanded (HF 721-Stephenson)
- Support staff persons required for early childhood family education programs (HF 862-Wolgamott)
- Head Start appropriation use and distribution methods modified, and money appropriated (HF 874-Kotyza-Witthuhn)

UPCOMING EVENTS

- **March 22** - Advocacy Day for Children

DEADLINES

- **Friday, March 10** - Committees must act favorably on bills in the house of origin
- **Friday, March 24** - Committees must act favorably on bills, or companions of bills, which met the first deadline in the other body
- **Tuesday, April 4 by 5 p.m.** - Committees must act favorably on major appropriation and finance bills
- **April 4-April 10** - Legislative Recess
- **May 22** - Last day of session