



LEGISLATIVE SESSION UPDATE | January 21, 2025

Welcome to the first Legislative Update for 2025!

Starting on January 28, our Bill Tracker will be posted each Tuesday (reflecting activity through the previous Friday) on the [Child Care Aware of Minnesota Website](#). If you have suggested additions to the bill tracker, please contact [Cara Luebke](#).

On that same page, we will also post a link to a short video update that will provide a brief overview of bills that have been introduced, action that has been taken at the committee level or on the floor, and any other pertinent news related to early education and school-age care issues. We will provide additional written updates as needed.

OVERVIEW

This update will focus on the recently released Governor's budget recommendations. We hope to provide more bill updates and committee action once bill introduction and committee hearings are fully underway and there has been some additional clarity on the House of Representatives proceedings.

GOVERNOR'S BUDGET PROPOSAL

On Tuesday, January 16, Governor Tim Walz and Lieutenant Governor Peggy Flanagan released the state budget recommendations for the next biennium. More information, including full budget proposals by agency, can be found on the [Minnesota Management and Budget](#) website.

The following proposed "change items" are changes to existing programs or new policy proposals. These are included in the Department of Children, Youth and Families budget and would impact related services.

Change Item: Child Care Assistance Program – Federal Compliance

The Governor recommends \$13.6 million in fiscal year (FY) 2026 -27 and \$20.1 million in FY 2028 -29 from federal funds, as well as \$193,000 in FY 2026 -27 and \$64,000 in FY 2028 -29 from the general fund for changes to the Child Care Assistance Program (CCAP) to address federal compliance.

In Spring 2024 the Federal Office of Child Care (OCC) announced changes to rules and regulations for the federal Child Care Development Fund (CCDF) which partially funds CCAP payments for Minnesota families. Minnesota is developing options to meet these requirements and will likely pursue legislative changes in the future. These changes must be implemented by August 1, 2026, to ensure a penalty from OCC is not issued. The following components would make changes to CCAP and partially bring Minnesota into federal compliance for CCDF requirements and avoids penalties:

- **Reduced Copayments:** This component would restructure CCAP copayment tiers to a cap of 7% of a family's income. In addition to reducing families' copayment, the new tier restructuring would be easier to administer and less burdensome for both families and providers. Capping family copayments at 7% of a family's income aligns with federal requirements as well as the Minnesota Great Start Scholarships Program established by the 2023 Legislature. Currently CCAP families spend up to 14% of their income on copayments for child care. This component would be effective October 13, 2025.
- **Legal Nonlicensed (LNL) Provider Health and Safety Training Requirement:** To come into compliance with Federal rule, Minnesota must require legal nonlicensed providers to take annual health and safety training. This training will help ensure that providers are trained to safely serve Minnesota's children and families. This component has no cost and is effective October 1, 2025.
- **Redetermination Dates for Families When a Child is Added to the Family:** Currently, when new eligible children are added to a family, the new children are also entitled to at least 12 months of eligibility which can create multiple redetermination dates for a family. This change would reset the redetermination date for all eligible children in a family when a new eligible child is added. This component is effective May 25, 2026.
- **Eliminate the "Schedule Reporter" Designation from CCAP:** This component would remove the category of schedule reporters, resulting in all children being on the same 12 -month of eligibility cycle of redetermination. Currently, families who meet at least one of the following criteria must report information more frequently than families on a 12 -month eligibility cycle:
 - 1) A parent in the family is employed by any child care center that is licensed by the Department
 - 2) At least one child in the family is authorized for care with a legal nonlicensed provider
 - 3) At least one child is authorized for care with more than one provider

Change Item: Electronic Statewide Attendance Tracking

This proposal provides \$3.779 million in FY 2026 and \$1.115 million annually beginning in FY 2027 to develop a statewide electronic attendance recordkeeping system for CCAP. This will improve fraud prevention and program integrity immediately and is required infrastructure to implement forthcoming federal regulations with fidelity and integrity.

Electronic attendance recordkeeping is also a step towards early care and education program coordination and alignment. The Great Start Compensation Support Payment Program (GSCSPP) already has requirements for providers to start using electronic attendance records, and Early Learning Scholarships (ELS) are moving in this direction.

Change Item: Great Start Compensation Support Payment Program Updates Proposal

The Governor recommends budget neutral changes to the Great Start Compensation Support Payment Program (GSCSPP), which provides payments to Minnesota child care providers to support increased compensation for the child care workforce. These include:

- Expanding eligibility for the 10% increase to GSCSPP payments in Access Equity Areas to include Tribal reservation land and making any Tribally licensed program (some of which are located outside of reservation lands) eligible.
- Transfer the GSCSPP into a special revenue fund to allow the program to manage fluctuation in the base appropriation and provide stable funding to providers. Current statute provides for ongoing carryforward of funding, however, transferring the general fund appropriation into a special revenue fund will align this authority with the typical accounting structure. This reduces administrative complexity and increases transparency for the program.

Change Item: T.E.A.C.H. Higher Education Scholarship Statute Updates

The Governor recommends budget neutral policy updates to the Teacher Education and Compensation Helps (T.E.A.C.H.) Early Childhood® Minnesota program, a higher education scholarship program for early educators. These include:

- Allowing future maximum scholarship amounts to be adjusted consistent with the national T.E.A.C.H. program requirements without requiring a statutory change.
- Making individuals employed by certified child care and early education programs eligible.
- Making individuals employed by Head Start programs eligible. Head Start programs were previously eligible because they were also licensed child care programs. When the certification process became available, Head Start programs became certified rather than licensed.
- Reducing the amount scholarship recipients who work in family child care settings must contribute as a match to 10%, matching the amount that other child care setting sponsors pay.