

[H.F. 4459](#) / [S.F. 4572](#) – Children and Family Services Policy Bill

This bill is from the Department of Human Services, Children and Family Services Administration. It contains policy, technical, and housekeeping updates to statutes related to child care, child welfare, economic assistance programs, and adoption records. The provisions in this bill are policy-only with no fiscal impacts.

Article 1 – Child Care

Child Care Assistance Program Provider Policy and Technical Changes – Notices (Sections 1-3, 5)

Beginning in 2024, child care providers can select whether they want to receive notices through the online provider licensing and reporting hub or mail. Currently, section [119B.16, subd. 1c](#) mandates that some notices be mailed to providers. Without a statute change, providers who select to receive notices online will unnecessarily receive some notices via mail in addition to online. Language in sections 1-3 and 5 changes statute to allow providers to elect whether they want to receive notices electronically, via mail, or both. This change could impact the approximately 3,660 providers registered with the Child Care Assistance Program (CCAP).

Current law gives providers appeal rights if they disagree with a payment amount, but it does not address how an agency notifies a provider of their appeal rights related to payment amounts. Additionally, statute does not address how to notify a provider of their appeal rights for adverse actions, such as registration closures and overpayments. Language in section 2 clarifies and defines specific child care provider appeal notification requirements when a provider disagrees with a payment amount.

Correction of Statute Expanding One-Star Parent Aware Ratings to All Licensed Providers (Section 4)

During the 2023 legislative session section [124D.142, subd. 2](#) was amended automatically granting all licensed child care providers with a One-Star Parent Aware rating. The 2023 legislation failed to include an effective date, meaning that the default July 1, 2023 effective date applied. That effective date is not achievable due to the need for systems changes and policy updates. Section 4 amends [124D.142, subd. 2](#) to add July 1, 2026 as the date when the automatic One-Star rating and opt-out option will become available. The automatic Parent Aware rating was added to expand the number of child care programs eligible to receive Early Learning Scholarships given additional investments in that program.

Article 2 – Child Welfare

Exception to the Moratorium on Licensing of Child Foster Care Residence Settings (Section 1)

Minnesota Statutes section [245A.03, subd. 7](#) establishes a moratorium on new child and adult foster care licenses for settings where the license holder does not live in the home. Foster residence settings are shift staffed homes licensed for up to 6 children. The moratorium is a process to manage waived service programs serving individuals with a disability, but inadvertently risks state compliance with federal Family First Prevention Services Act, or FFPSA, requirements that children in residential placements be in one of four specialized placement settings to support the complex needs of children and youth in foster care or receiving child welfare services who have behavioral and/or mental health care needs, who have been or are at risk of being sexually exploited/trafficked, who are pregnant and parenting, or who are preparing for independent living. While

exceptions to the moratorium exist in statute, they do not apply to child welfare. Accordingly, foster residence settings are currently eligible to become FFPSA-certified to provide those specialized services but because of the moratorium, new programs cannot become licensed to serve these populations. This section amends [245A.03, subd. 7](#) to allow foster residence settings to be included in the exceptions from the moratorium for facilities seeking certification as an FFPSA specialized setting.

Child Welfare Technical, Housekeeping and Policy Updates (Sections 2-21)

Sections 2 through 21 make technical fixes and align existing practice with requirements in child protection statutes that support child safety and well-being in out-of-home placement and permanency.

Changes include:

- Removing an incorrect reference to adoption/kinship assistance benefit agreement expiration dates (there are no expiration dates for benefit agreements).
- Clarifying extended foster care payment procedures for youth in supervised independent living settings, including vendor payment options for youth at risk of financial exploitation.
- Aligning statute with existing department policy allowing kinship assistance benefits to be transferred to court-appointed guardians when a named successor is not available or is not willing to become the permanent guardian upon a relative custodian's death or incapacity.
- Addressing background study requirements and commissioner authority in making foster care, kinship, and adoptive placements to support child safety and well-being.
- Clarifying that children in foster care cannot be placed in a family foster home when there is a known permanent disqualification to child foster care licensing.
- Clarifying that any party to an existing Adoption Placement Agreement can terminate it, including the commissioner, who may rescind an Adoption Placement Agreement when warranted. For example, if it is determined that a case did not comply with the Indian Child Welfare Act or the Minnesota Indian Family Preservation Act (see [sections 260.751 to 260.835](#)) during a case.
- Amending various sections of [Chapter 260C](#) to clarify protective supervision case plan and court review requirements.
- Clarifying and separating petition requirements and court processes for transfers of permanent legal and physical custody to a relative and to a parent.
- Removing the termination of parental rights condition that is based solely on a parent's failure to financially support their child.

This article also amends two sections of [Chapter 260C](#) to further support relative adoptions when children cannot be reunified with their parents:

- First, it allows the use of a child foster care home study associated with an active child foster care license to meet adoption home study requirements, even if the commissioner issued a sanction or conditional license order within the last 3 years, if the commissioner determines it to be in the child's best interests upon review of the agency's adoptive placement decision.
- Second, it prohibits adoptions of children in foster care from finalizing when there is an active appeal involving a contested adoptive placement under section [260C.607, subd. 6](#).

Article 3 – Economic Assistance

Minnesota Family Investment Program Correction to Rental Income Definition (Sections 1, 4-5)

Current law contains contradictions regarding the treatment of rental income as earned or unearned income. Minnesota Family Investment Program (MFIP) statute ([256J.37, subd. 8](#)) specifies that rental income is subject to the requirements of section [256P.05](#), or self-employment income. Minnesota Statutes, section [256P.01, subdivisions 3 and 7](#) further establish that “net profit from self-employment activities” should be considered earned income. However, a separate section of statute governing MFIP ([256P.06, subd. 3\(2\)\(iii\)](#)) defines rental income as unearned income. Current policy treats rental income as self-employment earned income. Sections 4 and 5 clarify the MFIP policy of treating rental income as self-employment earned income and eliminate rental income from the list of unearned income under 256P.06, subd. 3(2)(iii), to resolve the contradiction. Section 1 also adds a cross-reference for the Minnesota Rule governing self-employment earnings to Child Care Assistance Program (CCAP) statute ([119B.011, subd. 15](#)) to clarify how rental income is counted for CCAP.

Minnesota Family Investment Program Update to Family Violence Waiver Definition (Section 2)

Section 2 makes a technical update to the definition of “family violence” in the Minnesota Family Investment Program (MFIP) statute (section [256J.08, subd. 34a\(a\)\(2\)](#)). The Family Violence Waiver ensures that MFIP participants experiencing family violence receive employment plans and services that make their safety a priority. The current definition of “family violence” includes “the infliction of fear of imminent physical harm, bodily injury, or assault” committed against or by a family or household member. The current definition creates confusion and requires interpretation by frontline workers. This technical change to the definition of “family violence” deletes the word “imminent” from statute, which aligns with current guidance to allow a Family Violence Waiver without trying to determine whether the physical harm, bodily injury, or assault is “imminent.”

Supplemental Nutrition Assistance Program Federal Compliance (Sections 3, 6)

Sections 3 and 6 make technical statutory updates to ensure there is no conflict between state statute and federal Supplemental Nutrition Assistance Program (SNAP) regulations regarding the expedited service of SNAP benefits. Under federal regulations ([7 CFR 273.2\(i\)](#)), for households eligible for expedited service, SNAP benefits must be posted to a household's Electronic Benefit Transfer card no later than the seventh calendar day following the date an application was filed. State statute ([256J.28, subd. 1](#) and [393.07, subd. 10a](#)) does not describe countable income and allowable expenses at the level of detail required to make expedited SNAP determinations. Sections 3 and 6 strike outdated and incomplete language from state statute to ensure that state statute is no longer out of date or out of compliance with federal SNAP requirements.

Article 4 – Adoption Records

Adoption Records – Conforming Changes (Sections 1-8)

With the recent law changes related to data privacy classification of, and access to, an adopted person's original birth records, there may be contradictory data classifications and access between adoption records and original birth records once the law changes go into effect on July 1, 2024. The provisions in this article align adoption-related records laws to ensure consistency and clarity around data privacy, access, and content, while taking into consideration the perspectives of those involved in adoption. The provisions also clarify the continued coordination between the Minnesota Department of Health and the Minnesota Department of Human Services to fully execute [144.2252 subd. 2](#), [144.2253](#) and [259.79 subd. 1](#). These provisions were reviewed by advocates who supported the 2023 law changes, as well as the Minnesota Department of Health, and no concerns were raised.