

Number
#25-68-19

Date
July 17, 2025

Of interest to

County and Tribal Nation
Directors
Social Services Supervisors and
Staff
Child Care Assistance Program
Administrative and Client
Access Contacts
County and Tribal Attorneys
County and Tribal FPI
Supervisors and Investigators
Child Care Aware Agencies

Action/due date
Please read information and
prepare for implementation

Expiration date
July 17, 2027

Child Care Assistance Program 2025 Legislative Changes

Topic

Child Care Assistance Program (CCAP) changes resulting from legislative action during the 2025 legislative session.

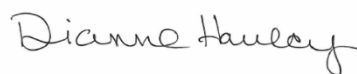
Purpose

Provide information and instructions for legislative changes

Contact

Contact your Child Care Assistance Program policy specialist or submit questions through PolicyQuest.

Signed



DIANNE HAULCY
Assistance Commissioner
Early Childhood Administration

Terminology notice

The terminology used to describe people we serve has changed over time. The Department of Children, Youth, and Families (DCYF) supports the use of "People First" language.

I. Background

In state fiscal year 2024, the Child Care Assistance Program (CCAP) helps approximately 12,000 families and 23,000 children receive child care throughout Minnesota.

During the 2025 legislative session, changes were made to CCAP policy. Some of these changes were made to meet or align with federal requirements.

Changes include:

- Adding annual training requirements for legal nonlicensed (LNL) providers that care for unrelated children
- Eliminating the “Schedule Reporter” designation for families on CCAP
- Extending 12-month eligibility when a new child is added to a CCAP family
- Implementing an electronic recordkeeping system for providers to verify children’s enrollment and attendance
- Capping copayments for CCAP families at 7% of a family’s annual income
- Excluding some new types of payments from income when determining CCAP eligibility
- Establishing state penalties for paying or receiving a kickback in exchange for obtaining or attempting to obtain CCAP benefits.

This bulletin introduces these changes. The Department of Children, Youth, and Families (DCYF) will provide guidance in the CCAP Policy Manual, bulletins and memos, including policy details and information about MEC² changes.

II. Policy Changes

A. Legal Nonlicensed Health and Safety Training Changes

1. Current Law

Currently, [Minnesota Statutes, section 142E.16](#) outlines training required for legal nonlicensed (LNL) providers to receive payments from CCAP.

2. New Law

Beginning October 1, 2025, LNL providers who are not related to the child they care for must complete at least two hours of annual training in caring for children as approved by DCYF.

B. Eliminating the “Schedule Reporter” Designation

1. Current Law

Families who receive CCAP are considered either 12-month reporters or Schedule Reporters. Schedule Reporters are parents who meet at least one of the criteria below:

- Families who request care from more than one provider
- Families who request care from a legal nonlicensed provider
- Applicants who are employed by any child care center that is licensed by the Department of Children, Youth, and Families.

Schedule Reporters must report changes to their activity schedule. CCAP agencies may adjust authorized hours of care for children in the family which can result in decreased benefits within their 12-month eligibility period.

2. New Law

Beginning March 2, 2026, all families receiving CCAP are 12-month reporters and will be subject to the same reporting requirements.

C. Extend Authorization When a Child is Added to the Family

1. Current Law

When a new child is added to a family, the family maintains their current redetermination date based on their 12-month eligibility resulting in the new child not receiving 12 months of eligibility.

2. New Law

Beginning May 25, 2026, if a child is added to a family and has care authorized, the redetermination of eligibility for the family will be extended to 12 months from the eligible child’s arrival date.

D. Electronic Recordkeeping, Enrollment, and Attendance

1. Current Law

As a condition of payment, providers must:

- Complete accurate daily attendance records for children receiving child care assistance that include the date, child’s first and last name, and sign in and out times.

- Keep records at the site where services are delivered for six years after the date of service.
- Make those records available immediately upon the request of the county, Tribe, or state staff.

The law also says, “To the extent possible, the times that the child was dropped off to and picked up from the child care provider must be entered by the person dropping off or picking up the child.” The law doesn’t specify what format providers use to keep attendance, if records meet legal requirements. These records may be maintained on paper or electronically.

2. New Law

Beginning June 22, 2026:

- Existing attendance record keeping requirements will not change.
- The commissioner may specify how providers submit data on child enrollment and attendance. Providers will be required to use an electronic attendance system. This requirement aligns with the Great Start Compensation Support Payment Program.

E. Cap CCAP Family Copayments at 7% of a Family’s Income

1. Current Law

Currently, families pay a copayment based on a percentage of their adjusted gross income. The current sliding fee scale can be found in [Minnesota Statutes, section 142E.15](#). Under this scale, families pay up to 14% of their household income toward child care copayments. Copayments are determined using the highest possible income within the specified income range.

2. New Law

Beginning October 9, 2028, the CCAP copay scale will be adjusted so no family will pay more than 7% of their income for their child care copayments. Additionally, copayments will be based on the lowest possible income within an income range.

F. Exempt Stipend Payments from Income Calculations

1. Previous Law

There previously was no reference to stipend payments for Service Employees International Union (SEIU) members.

2. New Law

Effective June 15, 2025, new stipend payments from SEIU should not count as an asset or be included in income calculations for CCAP. This specific type of income should be entered on the Earned Income page using “Other, not counted.”

G. Exempt Grant Payments from Income Calculations

1. Previous Law

Previously, there was no program for grants that subsidize child care costs for child care providers through a grant program funded by the state and administered by the Greater Twin Cities United Way.

2. New Law

Beginning July 1, 2025, through June 30, 2028, individuals who receive funds from the Greater Twin Cities United Way through this program should not have this grant money counted as income or assets when determining eligibility for CCAP. This specific type of income should be entered on the Lump Sum page using “Other, not counted.”

H. Prohibit “Kickbacks”

For CCAP, a “kickback” is when a child care provider gives cash or another reward to someone (e.g., a CCAP applicant or recipient) to persuade them to receive services.

1. Current Law

Pre-existing federal laws included anti-kickback provisions. However, prior to August 1, 2025, state laws:

- Prohibit child care centers from recruiting or hiring employees on the condition that the employee has children that are receiving or eligible for CCAP under [Minnesota Statutes, section 142E.51, subdivisions 1 and 6](#).
- Make it a felony under [Minn. Stat. § 609.816](#) to wrongfully employ a parent of a child who receives CCAP.
- Require DCYF-OIG to immediately suspend a child center’s CCAP payments and revoke a child care center’s license if a provider recruits employees on the condition they receive CCAP under [Minn. Stat. § 142E.51, subd. 7\(d\)](#).
- Did not include specific regulations or enforcement mechanisms to deter people from paying or receiving kickbacks while using public funds.

2. New Law

Effective August 1, 2025:

- Existing provisions for prohibited hiring and recruiting practices at child care centers under [Minnesota Statutes, sections 142E.51, subdivisions 1, 6, and 7\(d\)](#) and [609.816](#) remain in effect.
- Under state law, individuals (including CCAP applicants, recipients, and providers):
 - Are prohibited from paying or receiving a kickback in exchange for:
 - Obtaining or attempting to obtain CCAP benefits.
 - Directing a person’s child care assistance to a particular child care provider.
- Can be charged with a felony and/or disqualified from CCAP for attempting to buy or sell a family’s access to CCAP.

Note: Anti-kickback laws do not apply to:

- Marketing or promotional offerings that directly benefit a family that receives child care services from the provider.
- Wages paid by an employer to an employee within the typical scope of employment.
- Discounts, scholarships, or other financial assistance allowed under [Minn. Stat. § 142E.17, subd. 7](#).

III. Legal References

[Minnesota Statutes, Chapter 142E](#)

[Minnesota Statutes, section 256.98](#)

[Laws of Minnesota 2025, chapter 3](#)

[Laws of Minnesota 2025, chapter 6](#)

[Laws of Minnesota 2025, chapter 9](#)

[Laws of Minnesota 2025, chapter 13](#)

[Laws of Minnesota 2025, chapter 38, articles 1 – 3, 27, and 32](#)

Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling (651) 431-3809 (voice) or by using your preferred relay service. For other information on disability rights and protections, contact the agency’s ADA coordinator.