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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 605

February 5, 2007

 Authored by Walker, Huntley, Sertich, Thissen, Rukavina and others

 The bill was read for the first time and referred to the Committee on Health and Human Services

March 20, 2007

 Committee Recommendation and Adoption of Report:

 To Pass as Amended and re-referred to the Committee on Finance

A bill for an act

relating to human services; modifying several MFIP and child care provisions; authorizing subpoena power; modifying eligibility criteria; requiring legislative approval; modifying co-payments; modifying food support benefits; modifying single caregiver employment plans; establishing a family stabilization services program; providing injury protection for community work experience participants; modifying employment assistance; directing the commissioner to simplify the food support program; appropriating money; amending Minnesota Statutes 2006, sections 119B.011, by adding a subdivision; 119B.05, subdivision 1; 119B.09, subdivision 1, by adding a subdivision; 119B.12, subdivision 2, by adding a subdivision; 256.01, subdivision 4; 256.015, subdivision 7; 256.0471, subdivision 1; 256.984, subdivision 1; 256J.01, by adding a subdivision; 256J.02, subdivisions 1, 4; 256J.021; 256J.08, subdivision 65; 256J.20, subdivision 3; 256J.21, subdivision 2; 256J.24, subdivisions 5, 10; 256J.30, subdivision 5; 256J.39, by adding a subdivision; 256J.42, subdivision 1; 256J.425, subdivisions 3, 4; 256J.49, subdivision 13; 256J.521, subdivisions 1, 2, by adding a subdivision; 256J.53, subdivision 2; 256J.531; 256J.55, subdivision 1; 256J.626, subdivisions 1, 2, 3, 4, 5, 6; 256J.751, subdivisions 2, 5; 256J.77; 256J.95, subdivisions 3, 13; proposing coding for new law in Minnesota Statutes, chapters 256D; 256J; repealing Minnesota Statutes 2006, sections 256B.0631; 256J.24, subdivision 6; 256J.29; 256J.37, subdivisions 3a, 3b; 256J.626, subdivisions 7, 9; 256J.68.

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

ARTICLE 1

PROGRAM INTEGRITY

Section 1. Minnesota Statutes 2006, section 256.01, subdivision 4, is amended to read:

 Subd. 4. **Duties as state agency.** (a) The state agency shall:

 (1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

2.1 ~~(2) may subpoena witnesses and administer oaths, make rules, and take such action~~
2.2 ~~as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter~~
2.3 ~~438. All rules made by the state agency shall be binding on the counties and shall be~~
2.4 ~~complied with by the respective county agencies;~~

2.5 ~~(3)~~ (2) establish adequate standards for personnel employed by the counties and the
2.6 state agency in the administration of Laws 1937, chapter 438, and make the necessary
2.7 rules to maintain such standards;

2.8 ~~(4)~~ (3) prescribe the form of and print and supply to the county agencies blanks
2.9 for applications, reports, affidavits, and such other forms as it may deem necessary and
2.10 advisable;

2.11 ~~(5)~~ (4) cooperate with the federal government and its public welfare agencies
2.12 in any reasonable manner as may be necessary to qualify for federal aid for temporary
2.13 assistance for needy families and in conformity with title I of Public Law 104-193, the
2.14 Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and successor
2.15 amendments, including the making of such reports and such forms and containing such
2.16 information as the Federal Social Security Board may from time to time require, and
2.17 comply with such provisions as such board may from time to time find necessary to assure
2.18 the correctness and verification of such reports;

2.19 ~~(6) may cooperate with other state agencies in establishing reciprocal agreements in~~
2.20 ~~instances where a child receiving Minnesota family investment program assistance moves~~
2.21 ~~or contemplates moving into or out of the state, in order that such child may continue to~~
2.22 ~~receive supervised aid from the state moved from until the child shall have resided for~~
2.23 ~~one year in the state moved to;~~

2.24 ~~(7)~~ (5) on or before October 1 in each even-numbered year make a biennial report
2.25 to the governor concerning the activities of the agency;

2.26 ~~(8)~~ (6) enter into agreements with other departments of the state as necessary to meet
2.27 all requirements of the federal government; and

2.28 ~~(9)~~ (7) cooperate with the commissioner of education to enforce the requirements
2.29 for program integrity and fraud prevention for investigation for child care assistance
2.30 under chapter 119B.

2.31 (b) The state agency may:

2.32 (1) subpoena witnesses and administer oaths, make rules, and take such action as
2.33 may be necessary or desirable for carrying out the provisions of Laws 1937, chapter 438.
2.34 All rules made by the state agency shall be binding on the counties and shall be complied
2.35 with by the respective county agencies;

3.1 (2) cooperate with other state agencies in establishing reciprocal agreements in
3.2 instances where a child receiving Minnesota family investment program assistance moves
3.3 or contemplates moving into or out of the state, in order that the child may continue
3.4 to receive supervised aid from the state moved from until the child has resided for one
3.5 year in the state moved to; and

3.6 (3) administer oaths and affirmations, take depositions, certify to official acts, and
3.7 issue subpoenas to compel the attendance of individuals and the production of documents
3.8 and other personal property necessary in connection with the administration of programs
3.9 administered by the Department of Human Services.

3.10 (c) The fees for service of a subpoena in paragraph (b), clause (3), must be paid in
3.11 the same manner as prescribed by law for a service of process issued by a district court.
3.12 Witnesses must receive the same fees and mileage as in civil actions.

3.13 (d) The subpoena in paragraph (b), clause (3), shall be enforceable through the
3.14 district court in the district where the subpoena is issued.

3.15 Sec. 2. Minnesota Statutes 2006, section 256.015, subdivision 7, is amended to read:

3.16 Subd. 7. **Cooperation required.** Upon the request of the Department of Human
3.17 Services, any state agency or third party payer shall cooperate with the department in
3.18 furnishing information to help establish a third party liability. Upon the request of the
3.19 Department of Human Services or county child support or human service agencies, any
3.20 employer or third party payer shall cooperate in furnishing information about group health
3.21 insurance plans or medical benefit plans available to its employees. For purposes of
3.22 section 176.191, subdivision 4, the Department of Labor and Industry may allow the
3.23 Department of Human Services and county agencies direct access and data matching on
3.24 information relating to workers' compensation claims in order to determine whether the
3.25 claimant has reported the fact of a pending claim and the amount paid to or on behalf of
3.26 the claimant to the Department of Human Services. The Department of Human Services
3.27 and county agencies shall limit its use of information gained from agencies, third party
3.28 payers, and employers to purposes directly connected with the administration of its public
3.29 assistance and child support programs. The provision of information by agencies, third
3.30 party payers, and employers to the department under this subdivision is not a violation of
3.31 any right of confidentiality or data privacy.

3.32 Sec. 3. Minnesota Statutes 2006, section 256.0471, subdivision 1, is amended to read:

3.33 Subdivision 1. **Qualifying overpayment.** Any overpayment for assistance granted
3.34 under chapter 119B, the MFIP program formerly codified under sections 256.031 to

4.1 256.0361, and the AFDC program formerly codified under sections 256.72 to 256.871;
4.2 chapters 256B, 256D, 256I, 256J, ~~and 256K~~, and 256L; and the food stamp or food support
4.3 program, except agency error claims, become a judgment by operation of law 90 days
4.4 after the notice of overpayment is personally served upon the recipient in a manner that
4.5 is sufficient under rule 4.03(a) of the Rules of Civil Procedure for district courts, or by
4.6 certified mail, return receipt requested. This judgment shall be entitled to full faith and
4.7 credit in this and any other state.

4.8 Sec. 4. Minnesota Statutes 2006, section 256.984, subdivision 1, is amended to read:

4.9 Subdivision 1. **Declaration.** Every application for public assistance under this
4.10 chapter or chapters 256B, 256D, 256J, and 256L; child care programs under chapter 119B;
4.11 and food stamps or food support under chapter 393 shall be in writing or reduced to
4.12 writing as prescribed by the state agency and shall contain the following declaration which
4.13 shall be signed by the applicant:

4.14 "I declare under the penalties of perjury that this application has been examined
4.15 by me and to the best of my knowledge is a true and correct statement of every
4.16 material point. I understand that a person convicted of perjury may be sentenced
4.17 to imprisonment of not more than five years or to payment of a fine of not more
4.18 than \$10,000, or both."

4.19 ARTICLE 2

4.20 CHILDREN AND ECONOMIC ASSISTANCE

4.21 Section 1. Minnesota Statutes 2006, section 119B.011, is amended by adding a
4.22 subdivision to read:

4.23 Subd. 13a. **Family stabilization services program.** "Family stabilization services
4.24 program" means the program under section 256J.575.

4.25 Sec. 2. Minnesota Statutes 2006, section 119B.05, subdivision 1, is amended to read:

4.26 Subdivision 1. **Eligible participants.** Families eligible for child care assistance
4.27 under the MFIP child care program are:

4.28 (1) MFIP participants who are employed or in job search and meet the requirements
4.29 of section 119B.10;

4.30 (2) persons who are members of transition year families under section 119B.011,
4.31 subdivision 20, and meet the requirements of section 119B.10;

5.1 (3) families who are participating in employment orientation or job search, or
5.2 other employment or training activities that are included in an approved employability
5.3 development plan under section 256J.95;

5.4 (4) MFIP families who are participating in work job search, job support,
5.5 employment, or training activities as required in their employment plan, or in appeals,
5.6 hearings, assessments, or orientations according to chapter 256J;

5.7 (5) MFIP families who are participating in social services activities under chapter
5.8 256J as required in their employment plan approved according to chapter 256J;

5.9 (6) families who are participating in services or activities that are included in an
5.10 approved family stabilization plan under section 256J.575;

5.11 (7) families who are participating in programs as required in tribal contracts under
5.12 section 119B.02, subdivision 2, or 256.01, subdivision 2; and

5.13 ~~(7)~~ (8) families who are participating in the transition year extension under section
5.14 119B.011, subdivision 20a.

5.15 Sec. 3. Minnesota Statutes 2006, section 119B.09, subdivision 1, is amended to read:

5.16 Subdivision 1. **General eligibility requirements for all applicants for child**
5.17 **care assistance.** (a) Child care services must be available to families who need child
5.18 care to find or keep employment or to obtain the training or education necessary to find
5.19 employment and who:

5.20 ~~(1) have household income less than or equal to 250 percent of the federal poverty~~
5.21 ~~guidelines, adjusted for family size, and meet the requirements of section 119B.05;~~
5.22 ~~receive MFIP assistance; and are participating in employment and training services under~~
5.23 ~~chapter 256J or 256K; or~~

5.24 ~~(2) have household income less than or equal to 175 percent of the federal poverty~~
5.25 ~~guidelines, adjusted for family size, at program entry and less than 250 percent of the~~
5.26 ~~federal poverty guidelines, adjusted for family size, at program exit 75 percent of the~~
5.27 ~~state median income.~~

5.28 (b) Child care services must be made available as in-kind services.

5.29 (c) All applicants for child care assistance and families currently receiving child care
5.30 assistance must be assisted and required to cooperate in establishment of paternity and
5.31 enforcement of child support obligations for all children in the family as a condition
5.32 of program eligibility. For purposes of this section, a family is considered to meet the
5.33 requirement for cooperation when the family complies with the requirements of section
5.34 256.741.

6.1 Sec. 4. Minnesota Statutes 2006, section 119B.09, is amended by adding a subdivision
6.2 to read:

6.3 Subd. 11. **Payment of other child care expenses.** Payment, by a source other
6.4 than the family, of part or all of a family's child care expenses not payable under this
6.5 chapter does not affect the family's eligibility for child care assistance, and the amount
6.6 paid is excluded from the family's income if the funds are paid directly to the family's
6.7 child care provider on behalf of the family. Child care providers who accept third-party
6.8 payments must maintain family-specific documentation of payment source, amount, type
6.9 of expenses, and time period covered.

6.10 Sec. 5. Minnesota Statutes 2006, section 119B.12, subdivision 2, is amended to read:

6.11 Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period
6.12 according to the schedule under subdivision 3. A family's parent fee must be a fixed
6.13 percentage of its annual gross income. Parent fees must apply to families eligible for child
6.14 care assistance under sections 119B.03 and 119B.05. Income must be as defined in section
6.15 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's
6.16 annual gross income to ~~100 percent of the annual federal poverty guidelines.~~ Parent fees
6.17 ~~must begin at 75 percent of the poverty level.~~ The minimum the state median income;
6.18 however, for incomes below 100 percent of the poverty level, there are no fees for incomes
6.19 at 74 percent of the poverty level and below, and the parent fees for families between 75
6.20 percent and 100 percent of poverty level must be \$10 \$5 per month. Parent fees must
6.21 provide for graduated movement to full payment for incomes above 100 percent of the
6.22 poverty level must be assessed according to the schedule under subdivision 3. Payment of
6.23 part or all of a family's parent fee directly to the family's child care provider on behalf
6.24 of the family by a source other than the family shall not affect the family's eligibility for
6.25 child care assistance, and the amount paid shall be excluded from the family's income.
6.26 Child care providers who accept third-party payments must maintain family specific
6.27 documentation of payment source, amount, and time period covered by the payment.

6.28 Sec. 6. Minnesota Statutes 2006, section 119B.12, is amended by adding a subdivision
6.29 to read:

6.30 Subd. 3. **Co-payment fee for families with annual incomes that exceed the**
6.31 **federal poverty level.** The monthly family co-payment fee for families with annual
6.32 incomes greater than the federal poverty level, adjusted for family size, is determined
6.33 as follows:

7.1 (a) The family's annual gross income is converted into a percentage of state median
 7.2 income (SMI) for a family of four, adjusted for family size, by dividing the family's annual
 7.3 gross income by 100 percent of the SMI for a family of four, adjusted for family size. The
 7.4 percentage must be carried out to the nearest 100th of a percent.

7.5 (b) If the family's annual gross income is less than or equal to 75 percent of the
 7.6 SMI for a family of four, adjusted for family size, the family's monthly co-payment fee
 7.7 is the fixed percentage established for the family's income range in clauses (1) to (60),
 7.8 multiplied by the highest possible income within that income range, divided by 12, and
 7.9 rounded to the nearest whole dollar.

- 7.10 (1) Less than 35.01 percent of SMI is 2.20%;
- 7.11 (2) 35.01 to 42.00 percent of SMI is 2.70%;
- 7.12 (3) 42.01 to 43.00 percent of SMI is 3.75%;
- 7.13 (4) 43.01 to 44.00 percent of SMI is 4.00%;
- 7.14 (5) 44.01 to 45.00 percent of SMI is 4.25%;
- 7.15 (6) 45.01 to 46.00 percent of SMI is 4.50%;
- 7.16 (7) 46.01 to 47.00 percent of SMI is 4.75%;
- 7.17 (8) 47.01 to 48.00 percent of SMI is 5.00%;
- 7.18 (9) 48.01 to 49.00 percent of SMI is 5.25%;
- 7.19 (10) 49.01 to 50.00 percent of SMI is 5.50%;
- 7.20 (11) 50.01 to 50.50 percent of SMI is 5.75%;
- 7.21 (12) 50.51 to 51.00 percent of SMI is 6.00%;
- 7.22 (13) 51.01 to 51.50 percent of SMI is 6.25%;
- 7.23 (14) 51.51 to 52.00 percent of SMI is 6.50%;
- 7.24 (15) 52.01 to 52.50 percent of SMI is 6.75%;
- 7.25 (16) 52.51 to 53.00 percent of SMI is 7.00%;
- 7.26 (17) 53.01 to 53.50 percent of SMI is 7.25%;
- 7.27 (18) 53.51 to 54.00 percent of SMI is 7.50%;
- 7.28 (19) 54.01 to 54.50 percent of SMI is 7.75%;
- 7.29 (20) 54.51 to 55.00 percent of SMI is 8.00%;
- 7.30 (21) 55.01 to 55.50 percent of SMI is 8.30%;
- 7.31 (22) 55.51 to 56.00 percent of SMI is 8.60%;
- 7.32 (23) 56.01 to 56.50 percent of SMI is 8.90%;
- 7.33 (24) 56.51 to 57.00 percent of SMI is 9.20%;
- 7.34 (25) 57.01 to 57.50 percent of SMI is 9.50%;
- 7.35 (26) 57.51 to 58.00 percent of SMI is 9.80%;
- 7.36 (27) 58.01 to 58.50 percent of SMI is 10.10%;

- 8.1 (28) 58.51 to 59.00 percent of SMI is 10.40%;
- 8.2 (29) 59.01 to 59.50 percent of SMI is 10.70%;
- 8.3 (30) 59.51 to 60.00 percent of SMI is 11.00%;
- 8.4 (31) 60.01 to 60.50 percent of SMI is 11.30%;
- 8.5 (32) 60.51 to 61.00 percent of SMI is 11.60%;
- 8.6 (33) 61.01 to 61.50 percent of SMI is 11.90%;
- 8.7 (34) 61.51 to 62.00 percent of SMI is 12.20%;
- 8.8 (35) 62.01 to 62.50 percent of SMI is 12.50%;
- 8.9 (36) 62.51 to 63.00 percent of SMI is 12.80%;
- 8.10 (37) 63.01 to 63.50 percent of SMI is 13.10%;
- 8.11 (38) 63.51 to 64.00 percent of SMI is 13.40%;
- 8.12 (39) 64.01 to 64.50 percent of SMI is 13.70%;
- 8.13 (40) 64.51 to 65.00 percent of SMI is 14.00%;
- 8.14 (41) 65.01 to 65.50 percent of SMI is 14.30%;
- 8.15 (42) 65.51 to 66.00 percent of SMI is 14.60%;
- 8.16 (43) 66.01 to 66.50 percent of SMI is 14.90%;
- 8.17 (44) 66.51 to 67.00 percent of SMI is 15.20%;
- 8.18 (45) 67.01 to 67.50 percent of SMI is 15.50%;
- 8.19 (46) 67.51 to 68.00 percent of SMI is 15.80%;
- 8.20 (47) 68.01 to 68.50 percent of SMI is 16.10%;
- 8.21 (48) 68.51 to 69.00 percent of SMI is 16.40%;
- 8.22 (49) 69.01 to 69.50 percent of SMI is 16.70%;
- 8.23 (50) 69.51 to 70.00 percent of SMI is 17.00%;
- 8.24 (51) 70.01 to 70.50 percent of SMI is 17.30%;
- 8.25 (52) 70.51 to 71.00 percent of SMI is 17.60%;
- 8.26 (53) 71.01 to 71.50 percent of SMI is 17.90%;
- 8.27 (54) 71.51 to 72.00 percent of SMI is 18.20%;
- 8.28 (55) 72.01 to 72.50 percent of SMI is 18.50%;
- 8.29 (56) 72.51 to 73.00 percent of SMI is 18.80%;
- 8.30 (57) 73.01 to 73.50 percent of SMI is 19.10%;
- 8.31 (58) 73.51 to 74.00 percent of SMI is 19.40%;
- 8.32 (59) 74.01 to 74.50 percent of SMI is 19.70%; and
- 8.33 (60) 74.51 to 75.00 percent of SMI is 20.00%.

8.34 **Sec. 7. [256D.0516] EXPIRATION OF FOOD SUPPORT BENEFITS AND**
 8.35 **REPORTING REQUIREMENTS.**

9.1 Subdivision 1. **Expiration of food support benefits.** Food support benefits shall
9.2 not be stored off line or expunged from a recipient's account unless the benefits have not
9.3 been accessed for 12 months after the month they were issued.

9.4 Subd. 2. **Food support reporting requirements.** The Department of Human
9.5 Services shall implement simplified reporting as permitted under the Food Stamp Act of
9.6 1977, as amended, and the food stamp regulations in Code of Federal Regulations, title
9.7 7, part 273. Food support recipient households required to report periodically shall not
9.8 be required to report more often than one time every six months. This provision shall
9.9 not apply to households receiving food benefits under the Minnesota family investment
9.10 program waiver.

9.11 Sec. 8. Minnesota Statutes 2006, section 256J.01, is amended by adding a subdivision
9.12 to read:

9.13 Subd. 6. **Legislative approval to move programs or activities.** The commissioner
9.14 shall not move programs or activities funded with MFIP or TANF maintenance of effort
9.15 funds to other funding sources without legislative approval.

9.16 Sec. 9. Minnesota Statutes 2006, section 256J.02, subdivision 1, is amended to read:

9.17 Subdivision 1. **Commissioner's authority to administer block grant funds.** The
9.18 commissioner of human services is authorized to receive, administer, and expend funds
9.19 available under the TANF block grant authorized under title I of Public Law 104-193, the
9.20 Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and under
9.21 Public Law 109-171, the Deficit Reduction Act of 2005.

9.22 Sec. 10. Minnesota Statutes 2006, section 256J.02, subdivision 4, is amended to read:

9.23 Subd. 4. **Authority to transfer.** Subject to limitations of title I of Public Law
9.24 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,
9.25 as amended, and under Public Law 109-171, the Deficit Reduction Act of 2005, the
9.26 legislature may transfer money from the TANF block grant to the child care fund under
9.27 chapter 119B, or the Title XX block grant.

9.28 Sec. 11. Minnesota Statutes 2006, section 256J.021, is amended to read:

9.29 **256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY**
9.30 **PROGRAMS.**

9.31 (a) Until October 1, ~~2006~~ 2007, the commissioner of human services must treat
9.32 MFIP expenditures made to or on behalf of any minor child under section 256J.02,

10.1 subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is
 10.2 part of a two-parent eligible household as expenditures under a ~~separately funded state~~
 10.3 ~~program and report those expenditures to the federal Department of Health and Human~~
 10.4 ~~Services as separate state program expenditures under Code of Federal Regulations, title~~
 10.5 ~~45, section 263.5~~ funded with state nonmaintenance of effort funds.

10.6 (b) Beginning October 1, ~~2006~~ 2007, and each year thereafter, the commissioner of
 10.7 human services must treat MFIP expenditures made to or on behalf of any minor child
 10.8 under section 256J.02, subdivision 2, clause (1), who is a resident of this state under
 10.9 section 256J.12, and who is part of a two-parent eligible household, as expenditures under
 10.10 a separately funded state program. These expenditures shall not count toward the state's
 10.11 maintenance of effort (MOE) requirements under the federal Temporary Assistance to
 10.12 Needy Families (TANF) program except if counting certain families would allow the
 10.13 commissioner to avoid a federal penalty. Families receiving assistance under this section
 10.14 must comply with all applicable requirements in this chapter.

10.15 Sec. 12. Minnesota Statutes 2006, section 256J.08, subdivision 65, is amended to read:

10.16 Subd. 65. **Participant.** (a) "Participant" means includes any of the following:

10.17 (1) a person who is currently receiving cash assistance or the food portion available
 10.18 through MFIP. A person who fails to withdraw or access electronically any portion of the
 10.19 person's cash and food assistance payment by the end of the payment month, who makes a
 10.20 written request for closure before the first of a payment month and repays cash and food
 10.21 assistance electronically issued for that payment month within that payment month, or
 10.22 who returns any uncashed assistance check and food coupons and withdraws from the
 10.23 program is not a participant.;

10.24 (2) a person who withdraws a cash or food assistance payment by electronic transfer
 10.25 or receives and cashes an MFIP assistance check or food coupons and is subsequently
 10.26 determined to be ineligible for assistance for that period of time is a participant, regardless
 10.27 whether that assistance is repaid. The term "participant" includes;

10.28 (3) the caregiver relative and the minor child whose needs are included in the
 10.29 assistance payment.;

10.30 (4) a person in an assistance unit who does not receive a cash and food assistance
 10.31 payment because the case has been suspended from MFIP is a participant.;

10.32 (5) a person who receives cash payments under the diversionary work program
 10.33 under section 256J.95 is a participant.; and

10.34 (6) a person who receives cash payments under the family stabilization services
 10.35 program under section 256J.575.

11.1 (b) "Participant" does not include a person who fails to withdraw or access
 11.2 electronically any portion of the person's cash and food assistance payment by the end of
 11.3 the payment month, who makes a written request for closure before the first of a payment
 11.4 month and repays cash and food assistance electronically issued for that payment month
 11.5 within that payment month, or who returns any uncashed assistance check and food
 11.6 coupons and withdraws from the program.

11.7 Sec. 13. Minnesota Statutes 2006, section 256J.20, subdivision 3, is amended to read:

11.8 Subd. 3. **Other property limitations.** To be eligible for MFIP, the equity value of
 11.9 all nonexcluded real and personal property of the assistance unit must not exceed \$2,000
 11.10 for applicants and \$5,000 for ongoing participants. The value of assets in clauses (1) to
 11.11 (19) must be excluded when determining the equity value of real and personal property:

11.12 ~~(1) a licensed vehicle up to a loan value of less than or equal to \$7,500. The county~~
 11.13 ~~agency shall apply any excess loan value as if it were equity value to the asset limit~~
 11.14 ~~described in this section.~~ If the assistance unit owns more than one licensed vehicle,
 11.15 the county agency shall ~~determine the vehicle with the highest loan value and count~~
 11.16 ~~only the loan value over \$7,500, excluding: (i) the value of one vehicle per physically~~
 11.17 ~~disabled person when the vehicle is needed to transport the disabled unit member; this~~
 11.18 ~~exclusion does not apply to mentally disabled people; (ii) the value of special equipment~~
 11.19 ~~for a disabled member of the assistance unit; and (iii) also exclude any vehicle used for~~
 11.20 long-distance travel, other than daily commuting, for the employment of a unit member.

11.21 The county agency shall count the ~~loan~~ value of all other vehicles and apply this
 11.22 amount ~~as if it were equity value~~ to the asset limit described in this section. To establish the
 11.23 ~~loan~~ value of vehicles, a county agency must use the N.A.D.A. Official Used Car Guide,
 11.24 Midwest Edition, for newer model cars. When a vehicle is not listed in the guidebook,
 11.25 or when the applicant or participant disputes the ~~loan~~ value listed in the guidebook as
 11.26 unreasonable given the condition of the particular vehicle, the county agency may require
 11.27 the applicant or participant document the ~~loan~~ value by securing a written statement from
 11.28 a motor vehicle dealer licensed under section 168.27, stating the amount that the dealer
 11.29 would pay to purchase the vehicle. The county agency shall reimburse the applicant or
 11.30 participant for the cost of a written statement that documents a lower ~~loan~~ value;

11.31 (2) the value of life insurance policies for members of the assistance unit;

11.32 (3) one burial plot per member of an assistance unit;

11.33 (4) the value of personal property needed to produce earned income, including
 11.34 tools, implements, farm animals, inventory, business loans, business checking and
 11.35 savings accounts used at least annually and used exclusively for the operation of a

- 12.1 self-employment business, and any motor vehicles if at least 50 percent of the vehicle's use
12.2 is to produce income and if the vehicles are essential for the self-employment business;
- 12.3 (5) the value of personal property not otherwise specified which is commonly
12.4 used by household members in day-to-day living such as clothing, necessary household
12.5 furniture, equipment, and other basic maintenance items essential for daily living;
- 12.6 (6) the value of real and personal property owned by a recipient of Supplemental
12.7 Security Income or Minnesota supplemental aid;
- 12.8 (7) the value of corrective payments, but only for the month in which the payment
12.9 is received and for the following month;
- 12.10 (8) a mobile home or other vehicle used by an applicant or participant as the
12.11 applicant's or participant's home;
- 12.12 (9) money in a separate escrow account that is needed to pay real estate taxes or
12.13 insurance and that is used for this purpose;
- 12.14 (10) money held in escrow to cover employee FICA, employee tax withholding,
12.15 sales tax withholding, employee worker compensation, business insurance, property rental,
12.16 property taxes, and other costs that are paid at least annually, but less often than monthly;
- 12.17 (11) monthly assistance payments for the current month's or short-term emergency
12.18 needs under section 256J.626, subdivision 2;
- 12.19 (12) the value of school loans, grants, or scholarships for the period they are
12.20 intended to cover;
- 12.21 (13) payments listed in section 256J.21, subdivision 2, clause (9), which are held
12.22 in escrow for a period not to exceed three months to replace or repair personal or real
12.23 property;
- 12.24 (14) income received in a budget month through the end of the payment month;
- 12.25 (15) savings from earned income of a minor child or a minor parent that are set aside
12.26 in a separate account designated specifically for future education or employment costs;
- 12.27 (16) the federal earned income credit, Minnesota working family credit, state and
12.28 federal income tax refunds, state homeowners and renters credits under chapter 290A,
12.29 property tax rebates and other federal or state tax rebates in the month received and the
12.30 following month;
- 12.31 (17) payments excluded under federal law as long as those payments are held in a
12.32 separate account from any nonexcluded funds;
- 12.33 (18) the assets of children ineligible to receive MFIP benefits because foster care or
12.34 adoption assistance payments are made on their behalf; and
- 12.35 (19) the assets of persons whose income is excluded under section 256J.21,
12.36 subdivision 2, clause (43).

13.1 Sec. 14. Minnesota Statutes 2006, section 256J.21, subdivision 2, is amended to read:

13.2 Subd. 2. **Income exclusions.** The following must be excluded in determining a
13.3 family's available income:

13.4 (1) payments for basic care, difficulty of care, and clothing allowances received for
13.5 providing family foster care to children or adults under Minnesota Rules, parts 9555.5050
13.6 to 9555.6265, 9560.0521, and 9560.0650 to 9560.0655, and payments received and used
13.7 for care and maintenance of a third-party beneficiary who is not a household member;

13.8 (2) reimbursements for employment training received through the Workforce
13.9 Investment Act of 1998, United States Code, title 20, chapter 73, section 9201;

13.10 (3) reimbursement for out-of-pocket expenses incurred while performing volunteer
13.11 services, jury duty, employment, or informal carpooling arrangements directly related to
13.12 employment;

13.13 (4) all educational assistance, except the county agency must count graduate student
13.14 teaching assistantships, fellowships, and other similar paid work as earned income and,
13.15 after allowing deductions for any unmet and necessary educational expenses, shall
13.16 count scholarships or grants awarded to graduate students that do not require teaching
13.17 or research as unearned income;

13.18 (5) loans, regardless of purpose, from public or private lending institutions,
13.19 governmental lending institutions, or governmental agencies;

13.20 (6) loans from private individuals, regardless of purpose, provided an applicant or
13.21 participant documents that the lender expects repayment;

13.22 (7)(i) state income tax refunds; and

13.23 (ii) federal income tax refunds;

13.24 (8)(i) federal earned income credits;

13.25 (ii) Minnesota working family credits;

13.26 (iii) state homeowners and renters credits under chapter 290A; and

13.27 (iv) federal or state tax rebates;

13.28 (9) funds received for reimbursement, replacement, or rebate of personal or real
13.29 property when these payments are made by public agencies, awarded by a court, solicited
13.30 through public appeal, or made as a grant by a federal agency, state or local government,
13.31 or disaster assistance organizations, subsequent to a presidential declaration of disaster;

13.32 (10) the portion of an insurance settlement that is used to pay medical, funeral, and
13.33 burial expenses, or to repair or replace insured property;

13.34 (11) reimbursements for medical expenses that cannot be paid by medical assistance;

13.35 (12) payments by a vocational rehabilitation program administered by the state
13.36 under chapter 268A, except those payments that are for current living expenses;

- 14.1 (13) in-kind income, including any payments directly made by a third party to a
14.2 provider of goods and services;
- 14.3 (14) assistance payments to correct underpayments, but only for the month in which
14.4 the payment is received;
- 14.5 (15) payments for short-term emergency needs under section 256J.626, subdivision
14.6 2;
- 14.7 (16) funeral and cemetery payments as provided by section 256.935;
- 14.8 (17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in
14.9 a calendar month;
- 14.10 (18) any form of energy assistance payment made through Public Law 97-35,
14.11 Low-Income Home Energy Assistance Act of 1981, payments made directly to energy
14.12 providers by other public and private agencies, and any form of credit or rebate payment
14.13 issued by energy providers;
- 14.14 (19) Supplemental Security Income (SSI), including retroactive SSI payments and
14.15 other income of an SSI recipient, except as described in section 256J.37, subdivision 3b;
- 14.16 (20) Minnesota supplemental aid, including retroactive payments;
- 14.17 (21) proceeds from the sale of real or personal property;
- 14.18 (22) state adoption assistance payments under section 259.67, and up to an equal
14.19 amount of county adoption assistance payments;
- 14.20 (23) state-funded family subsidy program payments made under section 252.32
14.21 to help families care for children with developmental disabilities, consumer support
14.22 grant funds under section 256.476, and resources and services for a disabled household
14.23 member under one of the home and community-based waiver services programs under
14.24 chapter 256B;
- 14.25 (24) interest payments and dividends from property that is not excluded from and
14.26 that does not exceed the asset limit;
- 14.27 (25) rent rebates;
- 14.28 (26) income earned by a minor caregiver, minor child through age 6, or a minor
14.29 child who is at least a half-time student in an approved elementary or secondary education
14.30 program;
- 14.31 (27) income earned by a caregiver under age 20 who is at least a half-time student in
14.32 an approved elementary or secondary education program;
- 14.33 (28) MFIP child care payments under section 119B.05;
- 14.34 (29) all other payments made through MFIP to support a caregiver's pursuit of
14.35 greater economic stability;
- 14.36 (30) income a participant receives related to shared living expenses;

- 15.1 (31) reverse mortgages;
- 15.2 (32) benefits provided by the Child Nutrition Act of 1966, United States Code, title
15.3 42, chapter 13A, sections 1771 to 1790;
- 15.4 (33) benefits provided by the women, infants, and children (WIC) nutrition program,
15.5 United States Code, title 42, chapter 13A, section 1786;
- 15.6 (34) benefits from the National School Lunch Act, United States Code, title 42,
15.7 chapter 13, sections 1751 to 1769e;
- 15.8 (35) relocation assistance for displaced persons under the Uniform Relocation
15.9 Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title
15.10 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States
15.11 Code, title 12, chapter 13, sections 1701 to 1750jj;
- 15.12 (36) benefits from the Trade Act of 1974, United States Code, title 19, chapter
15.13 12, part 2, sections 2271 to 2322;
- 15.14 (37) war reparations payments to Japanese Americans and Aleuts under United
15.15 States Code, title 50, sections 1989 to 1989d;
- 15.16 (38) payments to veterans or their dependents as a result of legal settlements
15.17 regarding Agent Orange or other chemical exposure under Public Law 101-239, section
15.18 10405, paragraph (a)(2)(E);
- 15.19 (39) income that is otherwise specifically excluded from MFIP consideration in
15.20 federal law, state law, or federal regulation;
- 15.21 (40) security and utility deposit refunds;
- 15.22 (41) American Indian tribal land settlements excluded under Public Laws 98-123,
15.23 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech
15.24 Lake, and Mille Lacs reservations and payments to members of the White Earth Band,
15.25 under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;
- 15.26 (42) all income of the minor parent's parents and stepparents when determining the
15.27 grant for the minor parent in households that include a minor parent living with parents or
15.28 stepparents on MFIP with other children;
- 15.29 (43) income of the minor parent's parents and stepparents equal to 200 percent of the
15.30 federal poverty guideline for a family size not including the minor parent and the minor
15.31 parent's child in households that include a minor parent living with parents or stepparents
15.32 not on MFIP when determining the grant for the minor parent. The remainder of income is
15.33 deemed as specified in section 256J.37, subdivision 1b;
- 15.34 (44) payments made to children eligible for relative custody assistance under section
15.35 257.85;

- 16.1 (45) vendor payments for goods and services made on behalf of a client unless the
- 16.2 client has the option of receiving the payment in cash; ~~and~~
- 16.3 (46) the principal portion of a contract for deed payment; and
- 16.4 (47) cash payments to individuals enrolled for full-time service as a volunteer under
- 16.5 AmeriCorps programs including AmeriCorps VISTA, AmeriCorps State, AmeriCorps
- 16.6 National, and AmeriCorps NCCC.

16.7 Sec. 15. Minnesota Statutes 2006, section 256J.24, subdivision 5, is amended to read:

16.8 Subd. 5. **MFIP transitional standard.** (a) The MFIP transitional standard is based
16.9 on the number of persons in the assistance unit eligible for both food and cash assistance
16.10 unless the restrictions in subdivision 6 on the birth of a child apply. The following table
16.11 represents the transitional standards effective October 1, 2004.

16.12	Number of Eligible	Transitional		
16.13	People	Standard	Cash Portion	Food Portion
16.14	1	\$379:	\$250	\$129
16.15	2	\$675:	\$437	\$238
16.16	3	\$876:	\$532	\$344
16.17	4	\$1,036:	\$621	\$415
16.18	5	\$1,180:	\$697	\$483
16.19	6	\$1,350:	\$773	\$577
16.20	7	\$1,472:	\$850	\$622
16.21	8	\$1,623:	\$916	\$707
16.22	9	\$1,772:	\$980	\$792
16.23	10	\$1,915:	\$1,035	\$880
16.24	over 10	add \$142:	\$53	\$89

16.25 per additional member.

16.26 The commissioner shall annually publish in the State Register the transitional
16.27 standard for an assistance unit sizes 1 to 10 including a breakdown of the cash and food
16.28 portions.

16.29 (b) The commissioner shall increase the existing transitional standard by ten percent
16.30 effective July 1, 2007, to be distributed in the cash portion of the grant.

16.31 Sec. 16. Minnesota Statutes 2006, section 256J.24, subdivision 10, is amended to read:

16.32 Subd. 10. **MFIP exit level.** The commissioner shall adjust the MFIP earned income
16.33 disregard to ensure that most participants do not lose eligibility for MFIP until their
16.34 income reaches at least ~~45~~ 175 percent of the federal poverty guidelines in effect in
16.35 October of each fiscal year. The adjustment to the disregard shall be based on a household
16.36 size of three, and the resulting earned income disregard percentage must be applied to all

17.1 household sizes. The adjustment under this subdivision must be implemented at the same
17.2 time as the October food stamp or food support cost-of-living adjustment is reflected in
17.3 the food portion of MFIP transitional standard as required under subdivision 5a.

17.4 Sec. 17. Minnesota Statutes 2006, section 256J.30, subdivision 5, is amended to read:

17.5 Subd. 5. **Monthly MFIP household reports.** Each assistance unit with a member
17.6 who has earned income ~~or a recent work history~~, and each assistance unit that has income
17.7 deemed to it from a financially responsible person, must complete ~~a monthly~~ an MFIP
17.8 household report form every six months. ~~"Recent work history" means the individual~~
17.9 ~~received earned income in the report month or any of the previous three calendar months~~
17.10 ~~even if the earnings are excluded.~~ To be complete, the MFIP household report form must
17.11 be signed and dated by the caregivers no earlier than the last day of the reporting period.
17.12 All questions required to determine assistance payment eligibility must be answered, and
17.13 documentation of earned income must be included.

17.14 Sec. 18. Minnesota Statutes 2006, section 256J.39, is amended by adding a subdivision
17.15 to read:

17.16 Subd. 1a. **Prohibited purchases.** MFIP recipients are prohibited from using MFIP
17.17 monthly cash assistance payments issued in the form of an electronic benefits transfer to
17.18 purchase tobacco products, alcoholic beverages, or lottery tickets.

17.19 Sec. 19. Minnesota Statutes 2006, section 256J.42, subdivision 1, is amended to read:

17.20 Subdivision 1. **Time limit.** (a) Except as otherwise provided for in this section, an
17.21 assistance unit in which any adult caregiver has received 60 months of cash assistance
17.22 funded in whole or in part by the TANF block grant in this or any other state or
17.23 United States territory, or from a tribal TANF program, MFIP, the AFDC program
17.24 formerly codified in sections 256.72 to 256.87, or the family general assistance program
17.25 formerly codified in sections 256D.01 to 256D.23, funded in whole or in part by state
17.26 appropriations, is ineligible to receive MFIP. Any cash assistance funded with TANF
17.27 dollars in this or any other state or United States territory, or from a tribal TANF program,
17.28 or MFIP assistance funded in whole or in part by state appropriations, that was received
17.29 by the unit on or after the date TANF was implemented, including any assistance received
17.30 in states or United States territories of prior residence, counts toward the 60-month
17.31 limitation. Months during which any cash assistance is received by an assistance unit
17.32 with a mandatory member who is disqualified for wrongfully obtaining public assistance
17.33 under section 256.98, subdivision 8, counts toward the time limit for the disqualified

18.1 member. The 60-month limit applies to a minor caregiver except under subdivision 5. The
18.2 60-month time period does not need to be consecutive months for this provision to apply.

18.3 (b) The months before July 1998 in which individuals received assistance as part of
18.4 the field trials as an MFIP, MFIP-R, or MFIP or MFIP-R comparison group family are
18.5 not included in the 60-month time limit.

18.6 **EFFECTIVE DATE.** This section is effective October 1, 2007.

18.7 Sec. 20. Minnesota Statutes 2006, section 256J.425, subdivision 3, is amended to read:

18.8 Subd. 3. **Hard-to-employ participants.** An assistance unit subject to the time
18.9 limit in section 256J.42, subdivision 1, is eligible to receive months of assistance under
18.10 a hardship extension if the participant who reached the time limit belongs to any of the
18.11 following groups:

18.12 (1) a person who is diagnosed by a licensed physician, psychological practitioner,
18.13 or other qualified professional, as developmentally disabled or mentally ill, and that
18.14 condition prevents the person from obtaining or retaining unsubsidized employment;

18.15 (2) a person who:

18.16 (i) has been assessed by a vocational specialist or the county agency to be
18.17 unemployable for purposes of this subdivision; or

18.18 (ii) has an IQ below 80 who has been assessed by a vocational specialist or a county
18.19 agency to be employable, but not at a level that makes the participant eligible for an
18.20 extension under subdivision 4. The determination of IQ level must be made by a qualified
18.21 professional. In the case of a non-English-speaking person: (A) the determination must
18.22 be made by a qualified professional with experience conducting culturally appropriate
18.23 assessments, whenever possible; (B) the county may accept reports that identify an
18.24 IQ range as opposed to a specific score; (C) these reports must include a statement of
18.25 confidence in the results;

18.26 (3) a person who is determined by a qualified professional to be learning disabled,
18.27 and the disability severely limits the person's ability to obtain, perform, or maintain
18.28 suitable employment. For purposes of the initial approval of a learning disability
18.29 extension, the determination must have been made or confirmed within the previous 12
18.30 months. In the case of a non-English-speaking person: (i) the determination must be made
18.31 by a qualified professional with experience conducting culturally appropriate assessments,
18.32 whenever possible; and (ii) these reports must include a statement of confidence in the
18.33 results. If a rehabilitation plan for a participant extended as learning disabled is developed
18.34 or approved by the county agency, the plan must be incorporated into the employment

19.1 plan. However, a rehabilitation plan does not replace the requirement to develop and
 19.2 comply with an employment plan under section 256J.521; ~~or~~

19.3 (4) a person who has been granted a family violence waiver, and who is complying
 19.4 with an employment plan under section 256J.521, subdivision 3; or

19.5 (5) a participant under section 256J.561, subdivision 2, paragraph (d), who is
 19.6 complying with an employment plan tailored to recognize the special circumstances of
 19.7 the caregivers and family, including limitations due to illness or disability, and caregiving
 19.8 needs.

19.9 Sec. 21. Minnesota Statutes 2006, section 256J.425, subdivision 4, is amended to read:

19.10 Subd. 4. **Employed participants.** (a) An assistance unit subject to the time limit
 19.11 under section 256J.42, subdivision 1, is eligible to receive assistance under a hardship
 19.12 extension if the participant who reached the time limit belongs to:

19.13 (1) a one-parent assistance unit in which the participant is participating in work
 19.14 activities for at least 30 hours per week, ~~of which an average of at least 25 hours per week~~
 19.15 ~~every month are spent participating in employment;~~

19.16 (2) a two-parent assistance unit in which the participants are participating in work
 19.17 activities for at least 55 hours per week, ~~of which an average of at least 45 hours per week~~
 19.18 ~~every month are spent participating in employment;~~ or

19.19 (3) an assistance unit in which a participant is participating in employment for fewer
 19.20 hours than those specified in clause (1) or (2), and the participant submits verification from
 19.21 a qualified professional, in a form acceptable to the commissioner, stating that the number
 19.22 of hours the participant may work is limited due to illness or disability, as long as the
 19.23 participant is participating in employment for at least the number of hours specified by the
 19.24 qualified professional. The participant must be following the treatment recommendations
 19.25 of the qualified professional providing the verification. The commissioner shall develop a
 19.26 form to be completed and signed by the qualified professional, documenting the diagnosis
 19.27 and any additional information necessary to document the functional limitations of the
 19.28 participant that limit work hours. If the participant is part of a two-parent assistance unit,
 19.29 the other parent must be treated as a one-parent assistance unit for purposes of meeting the
 19.30 work requirements under this subdivision.

19.31 (b) ~~For purposes of this section, employment means:~~

19.32 ~~(1) unsubsidized employment under section 256J.49, subdivision 13, clause (1);~~

19.33 ~~(2) subsidized employment under section 256J.49, subdivision 13, clause (2);~~

19.34 ~~(3) on-the-job training under section 256J.49, subdivision 13, clause (2);~~

19.35 ~~(4) an apprenticeship under section 256J.49, subdivision 13, clause (1);~~

20.1 ~~(5) supported work under section 256J.49, subdivision 13, clause (2);~~
20.2 ~~(6) a combination of clauses (1) to (5); or~~
20.3 ~~(7) child care under section 256J.49, subdivision 13, clause (7), if it is in combination~~
20.4 ~~with paid employment.~~

20.5 ~~(e)~~ If a participant is complying with a child protection plan under chapter 260C,
20.6 the number of hours required under the child protection plan count toward the number
20.7 of hours required under this subdivision.

20.8 ~~(d)~~ (c) The county shall provide the opportunity for subsidized employment to
20.9 participants needing that type of employment within available appropriations.

20.10 ~~(e)~~ (d) To be eligible for a hardship extension for employed participants under this
20.11 subdivision, a participant must be in compliance for at least ten out of the 12 months
20.12 the participant received MFIP immediately preceding the participant's 61st month on
20.13 assistance. If ten or fewer months of eligibility for TANF assistance remain at the time the
20.14 participant from another state applies for assistance, the participant must be in compliance
20.15 every month.

20.16 ~~(f)~~ (e) The employment plan developed under section 256J.521, subdivision 2, for
20.17 participants under this subdivision must contain at least the minimum number of hours
20.18 specified in paragraph (a) for the purpose of meeting the requirements for an extension
20.19 under this subdivision. The job counselor and the participant must sign the employment
20.20 plan to indicate agreement between the job counselor and the participant on the contents
20.21 of the plan.

20.22 ~~(g)~~ (f) Participants who fail to meet the requirements in paragraph (a), without
20.23 good cause under section 256J.57, shall be sanctioned or permanently disqualified under
20.24 subdivision 6. Good cause may only be granted for that portion of the month for which
20.25 the good cause reason applies. Participants must meet all remaining requirements in the
20.26 approved employment plan or be subject to sanction or permanent disqualification.

20.27 ~~(h)~~ (g) If the noncompliance with an employment plan is due to the involuntary loss
20.28 of employment, the participant is exempt from the hourly employment requirement under
20.29 this subdivision for one month. Participants must meet all remaining requirements in the
20.30 approved employment plan or be subject to sanction or permanent disqualification. This
20.31 exemption is available to each participant two times in a 12-month period.

20.32 Sec. 22. Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

20.33 Subd. 13. **Work activity.** "Work activity" means any activity in a participant's
20.34 approved employment plan that leads to employment. For purposes of the MFIP program,

21.1 this includes activities that meet the definition of work activity under the participation
21.2 requirements of TANF. Work activity includes:

21.3 (1) unsubsidized employment, including work study and paid apprenticeships or
21.4 internships;

21.5 (2) subsidized private sector or public sector employment, including grant diversion
21.6 as specified in section 256J.69, on-the-job training as specified in section 256J.66,
21.7 the self-employment investment demonstration program (SEID) as specified in section
21.8 256J.65, paid work experience, and supported work when a wage subsidy is provided;

21.9 (3) unpaid work experience, including community service, volunteer work,
21.10 the community work experience program as specified in section 256J.67, unpaid
21.11 apprenticeships or internships, and supported work when a wage subsidy is not provided.

21.12 Unpaid work performed in return for cash assistance is prohibited and does not count
21.13 as a work activity, unless the participant voluntarily agrees, in writing, to engage in
21.14 unpaid work in return for cash assistance. The participant may terminate the unpaid
21.15 work arrangement, in writing, at any time;

21.16 (4) job search including job readiness assistance, job clubs, job placement,
21.17 job-related counseling, and job retention services;

21.18 (5) job readiness education, including English as a second language (ESL) or
21.19 functional work literacy classes as limited by the provisions of section 256J.531,
21.20 subdivision 2, general educational development (GED) course work, high school
21.21 completion, and adult basic education as limited by the provisions of section 256J.531,
21.22 subdivision 1;

21.23 (6) job skills training directly related to employment, including education and
21.24 training that can reasonably be expected to lead to employment, as limited by the
21.25 provisions of section 256J.53;

21.26 (7) providing child care services to a participant who is working in a community
21.27 service program;

21.28 (8) activities included in the employment plan that is developed under section
21.29 256J.521, subdivision 3; and

21.30 (9) preemployment activities including chemical and mental health assessments,
21.31 treatment, and services; learning disabilities services; child protective services; family
21.32 stabilization services; or other programs designed to enhance employability.

21.33 Sec. 23. Minnesota Statutes 2006, section 256J.521, subdivision 1, is amended to read:

21.34 Subdivision 1. **Assessments.** (a) For purposes of MFIP employment services,
21.35 assessment is a continuing process of gathering information related to employability

22.1 for the purpose of identifying both participant's strengths and strategies for coping with
22.2 issues that interfere with employment. The job counselor must use information from the
22.3 assessment process to develop and update the employment plan under subdivision 2 or 3,
22.4 as appropriate, ~~and~~ to determine whether the participant qualifies for a family violence
22.5 waiver including an employment plan under subdivision 3, and to determine whether the
22.6 participant should be referred to the family stabilization services program under section
22.7 256J.575.

22.8 (b) The scope of assessment must cover at least the following areas:

22.9 (1) basic information about the participant's ability to obtain and retain employment,
22.10 including: a review of the participant's education level; interests, skills, and abilities; prior
22.11 employment or work experience; transferable work skills; child care and transportation
22.12 needs;

22.13 (2) identification of personal and family circumstances that impact the participant's
22.14 ability to obtain and retain employment, including: any special needs of the children, the
22.15 level of English proficiency, family violence issues, and any involvement with social
22.16 services or the legal system;

22.17 (3) the results of a mental and chemical health screening tool designed by the
22.18 commissioner and results of the brief screening tool for special learning needs. Screening
22.19 tools for mental and chemical health and special learning needs must be approved by the
22.20 commissioner and may only be administered by job counselors or county staff trained in
22.21 using such screening tools. The commissioner shall work with county agencies to develop
22.22 protocols for referrals and follow-up actions after screens are administered to participants,
22.23 including guidance on how employment plans may be modified based upon outcomes
22.24 of certain screens. Participants must be told of the purpose of the screens and how the
22.25 information will be used to assist the participant in identifying and overcoming barriers to
22.26 employment. Screening for mental and chemical health and special learning needs must
22.27 be completed by participants who are unable to find suitable employment after six weeks
22.28 of job search under subdivision 2, paragraph (b), and participants who are determined to
22.29 have barriers to employment under subdivision 2, paragraph (d). Failure to complete the
22.30 screens will result in sanction under section 256J.46; and

22.31 (4) a comprehensive review of participation and progress for participants who have
22.32 received MFIP assistance and have not worked in unsubsidized employment during the
22.33 past 12 months. The purpose of the review is to determine the need for additional services
22.34 and supports, including placement in subsidized employment or unpaid work experience
22.35 under section 256J.49, subdivision 13, or referral to the family stabilization services
22.36 program under section 256J.575.

23.1 (c) Information gathered during a caregiver's participation in the diversionary work
23.2 program under section 256J.95 must be incorporated into the assessment process.

23.3 (d) The job counselor may require the participant to complete a professional chemical
23.4 use assessment to be performed according to the rules adopted under section 254A.03,
23.5 subdivision 3, including provisions in the administrative rules which recognize the cultural
23.6 background of the participant, or a professional psychological assessment as a component
23.7 of the assessment process, when the job counselor has a reasonable belief, based on
23.8 objective evidence, that a participant's ability to obtain and retain suitable employment
23.9 is impaired by a medical condition. The job counselor may assist the participant with
23.10 arranging services, including child care assistance and transportation, necessary to meet
23.11 needs identified by the assessment. Data gathered as part of a professional assessment
23.12 must be classified and disclosed according to the provisions in section 13.46.

23.13 Sec. 24. Minnesota Statutes 2006, section 256J.521, subdivision 2, is amended to read:

23.14 Subd. 2. **Employment plan; contents.** (a) Based on the assessment under
23.15 subdivision 1, the job counselor and the participant must develop an employment plan
23.16 that includes participation in activities and hours that meet the requirements of section
23.17 256J.55, subdivision 1. The purpose of the employment plan is to identify for each
23.18 participant the most direct path to unsubsidized employment and any subsequent steps that
23.19 support long-term economic stability. The employment plan should be developed using
23.20 the highest level of activity appropriate for the participant. Activities must be chosen from
23.21 clauses (1) to (6), which are listed in order of preference. Notwithstanding this order of
23.22 preference for activities, priority must be given for activities related to a family violence
23.23 waiver when developing the employment plan. The employment plan must also list the
23.24 specific steps the participant will take to obtain employment, including steps necessary
23.25 for the participant to progress from one level of activity to another, and a timetable for
23.26 completion of each step. Levels of activity include:

23.27 (1) unsubsidized employment;

23.28 (2) job search;

23.29 (3) subsidized employment or unpaid work experience;

23.30 (4) unsubsidized employment and job readiness education or job skills training;

23.31 (5) unsubsidized employment or unpaid work experience and activities related to
23.32 a family violence waiver or preemployment needs; and

23.33 (6) activities related to a family violence waiver or preemployment needs.

23.34 (b) Participants who are determined to possess sufficient skills such that the
23.35 participant is likely to succeed in obtaining unsubsidized employment must job search at

24.1 least 30 hours per week for up to six weeks and accept any offer of suitable employment.

24.2 The remaining hours necessary to meet the requirements of section 256J.55, subdivision

24.3 1, may be met through participation in other work activities under section 256J.49,

24.4 subdivision 13. The participant's employment plan must specify, at a minimum: (1)

24.5 whether the job search is supervised or unsupervised; (2) support services that will

24.6 be provided; and (3) how frequently the participant must report to the job counselor.

24.7 Participants who are unable to find suitable employment after six weeks must meet

24.8 with the job counselor to determine whether other activities in paragraph (a) should be

24.9 incorporated into the employment plan. Job search activities which are continued after six

24.10 weeks must be structured and supervised.

24.11 (c) Beginning July 1, 2004, activities and hourly requirements in the employment

24.12 plan may be adjusted as necessary to accommodate the personal and family circumstances

24.13 of participants identified under section 256J.561, subdivision 2, paragraph (d). Participants

24.14 who no longer meet the provisions of section 256J.561, subdivision 2, paragraph (d),

24.15 must meet with the job counselor within ten days of the determination to revise the

24.16 employment plan.

24.17 (d) Participants who are determined to have barriers to obtaining or retaining

24.18 employment that will not be overcome during six weeks of job search under paragraph (b)

24.19 must work with the job counselor to develop an employment plan that addresses those

24.20 barriers by incorporating appropriate activities from paragraph (a), clauses (1) to (6).

24.21 The employment plan must include enough hours to meet the participation requirements

24.22 in section 256J.55, subdivision 1, unless a compelling reason to require fewer hours

24.23 is noted in the participant's file.

24.24 (e) The job counselor and the participant must sign the employment plan to indicate

24.25 agreement on the contents. Failure to develop or comply with activities in the plan, or

24.26 voluntarily quitting suitable employment without good cause, will result in the imposition

24.27 of a sanction under section 256J.46.

24.28 (f) Employment plans must be reviewed at least every three months to determine

24.29 whether activities and hourly requirements should be revised. The job counselor is

24.30 encouraged to allow participants who are participating in at least 20 hours of work

24.31 activities to also participate in employment and training activities in order to meet the

24.32 federal hourly participation rates.

24.33 Sec. 25. Minnesota Statutes 2006, section 256J.521, is amended by adding a

24.34 subdivision to read:

25.1 Subd. 7. **Employment plan; nonmaintenance of effort; single caregivers.** (a)
 25.2 When a single caregiver is moved to the nonmaintenance of effort state-funded program
 25.3 under section 256J.021, paragraphs (a) and (b), the single caregiver shall develop or revise
 25.4 the employment plan as specified in this subdivision with a job counselor or county. The
 25.5 plan must address issues interfering with employment, including physical and mental
 25.6 health, substance use, and social service issues of the caregiver and the caregiver's family.
 25.7 Job search and employment must also be included in the plan to the extent possible.

25.8 (b) Counties must coordinate services by ensuring that all workers involved with
 25.9 the family communicate on a regular basis, and that expectations for the family across
 25.10 service areas lead to common goals.

25.11 (c) Activities and hourly requirements in the employment plan may be adjusted as
 25.12 necessary to accommodate the personal and family circumstances of the participant.
 25.13 Participants who no longer meet the criteria for the nonmaintenance of effort state-funded
 25.14 program shall meet with the job counselor or county within ten days of the determination
 25.15 to revise the employment plan.

25.16 Sec. 26. Minnesota Statutes 2006, section 256J.53, subdivision 2, is amended to read:

25.17 **Subd. 2. Approval of postsecondary education or training.** ~~(a) In order for a~~
 25.18 ~~postsecondary education or training program to be an approved activity in an employment~~
 25.19 ~~plan, the participant must be working in unsubsidized employment at least 20 hours per~~
 25.20 ~~week.~~

25.21 ~~(b)~~ Participants seeking approval of a postsecondary education or training plan
 25.22 must provide documentation that:

25.23 (1) the employment goal can only be met with the additional education or training;

25.24 (2) there are suitable employment opportunities that require the specific education or
 25.25 training in the area in which the participant resides or is willing to reside;

25.26 (3) the education or training will result in significantly higher wages for the
 25.27 participant than the participant could earn without the education or training;

25.28 (4) the participant can meet the requirements for admission into the program; and

25.29 (5) there is a reasonable expectation that the participant will complete the training
 25.30 program based on such factors as the participant's MFIP assessment, previous education,
 25.31 training, and work history; current motivation; and changes in previous circumstances.

25.32 ~~(c) The hourly unsubsidized employment requirement does not apply for intensive~~
 25.33 ~~education or training programs lasting 12 weeks or less when full-time attendance is~~
 25.34 ~~required.~~

26.1 ~~(d)~~ (b) Participants with an approved employment plan in place on July 1, 2003,
26.2 which includes more than 12 months of postsecondary education or training shall be
26.3 allowed to complete that plan provided that hourly requirements in section 256J.55,
26.4 subdivision 1, and conditions specified in paragraph ~~(b)~~ (a), and subdivisions 3 and 5 are
26.5 met. A participant whose case is subsequently closed for three months or less for reasons
26.6 other than noncompliance with program requirements and who returns to MFIP shall
26.7 be allowed to complete that plan provided that hourly requirements in section 256J.55,
26.8 subdivision 1, and conditions specified in paragraph ~~(b)~~ (a) and subdivisions 3 and 5 are
26.9 met.

26.10 Sec. 27. Minnesota Statutes 2006, section 256J.531, is amended to read:

26.11 **256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.**

26.12 Subdivision 1. **Approval of adult basic education.** With the exception of classes
26.13 related to obtaining a general educational development credential (GED), a participant
26.14 must have reading or mathematics proficiency below a ninth grade level in order for adult
26.15 basic education classes to be an approved work activity. ~~The employment plan must also~~
26.16 ~~specify that the participant fulfill no more than one-half of the participation requirements~~
26.17 ~~in section 256J.55, subdivision 1, through attending adult basic education or general~~
26.18 ~~educational development classes.~~

26.19 Subd. 2. **Approval of English as a second language.** In order for English as a
26.20 second language (ESL) classes to be an approved work activity in an employment plan, a
26.21 participant must be below a spoken language proficiency level of SPL6 or its equivalent,
26.22 as measured by a nationally recognized test. In approving ESL as a work activity, the job
26.23 counselor must give preference to enrollment in a functional work literacy program,
26.24 if one is available, over a regular ESL program. A participant may not be approved
26.25 for more than a combined total of 24 months of ESL classes while participating in the
26.26 diversionary work program and the employment and training services component of
26.27 MFIP. ~~The employment plan must also specify that the participant fulfill no more than~~
26.28 ~~one-half of the participation requirements in section 256J.55, subdivision 1, through~~
26.29 ~~attending ESL classes. For participants enrolled in functional work literacy classes, no~~
26.30 ~~more than two-thirds of the participation requirements in section 256J.55, subdivision 1,~~
26.31 ~~may be met through attending functional work literacy classes.~~

26.32 **EFFECTIVE DATE.** This section is effective October 1, 2007.

26.33 Sec. 28. Minnesota Statutes 2006, section 256J.55, subdivision 1, is amended to read:

27.1 Subdivision 1. **Participation requirements.** (a) All caregivers must participate
27.2 in employment services under sections 256J.515 to 256J.57 concurrent with receipt of
27.3 MFIP assistance.

27.4 (b) Until July 1, 2004, participants who meet the requirements of section 256J.56 are
27.5 exempt from participation requirements.

27.6 (c) Participants under paragraph (a) must develop and comply with an employment
27.7 plan under section 256J.521 or section 256J.54 in the case of a participant under the age of
27.8 20 who has not obtained a high school diploma or its equivalent.

27.9 (d) With the exception of participants under the age of 20 who must meet the
27.10 education requirements of section 256J.54, all participants must meet the hourly
27.11 participation requirements of TANF or the hourly requirements listed in clauses (1) to
27.12 (3), whichever is higher.

27.13 (1) In single-parent families with no children under six years of age, the job
27.14 counselor and the caregiver must develop an employment plan that includes 30 ~~to 35~~
27.15 hours per week of work activities.

27.16 (2) In single-parent families with a child under six years of age, the job counselor
27.17 and the caregiver must develop an employment plan that includes 20 ~~to 35~~ hours per
27.18 week of work activities.

27.19 (3) In two-parent families, the job counselor and the caregivers must develop
27.20 employment plans which result in a combined total of at least 55 hours per week of work
27.21 activities.

27.22 (e) Failure to participate in employment services, including the requirement to
27.23 develop and comply with an employment plan, including hourly requirements, without
27.24 good cause under section 256J.57, shall result in the imposition of a sanction under section
27.25 256J.46.

27.26 Sec. 29. **[256J.575] FAMILY STABILIZATION SERVICES PROGRAM.**

27.27 Subdivision 1. Purpose. (a) The family stabilization services program is
27.28 Minnesota's cash assistance program to serve families who are not making significant
27.29 progress within the Minnesota family investment program (MFIP) due to a variety of
27.30 barriers to employment.

27.31 (b) The goal of this program is to stabilize and improve the lives of families at risk
27.32 of long-term welfare dependency or family instability due to employment barriers such
27.33 as physical disability, mental disability, age, or providing care for a disabled household
27.34 member. This program provides services to promote and support families to achieve the
27.35 greatest possible degree of self-sufficiency.

28.1 Subd. 2. **Definitions.** The terms used in this section have the meanings given them
28.2 in paragraphs (a) to (d).

28.3 (a) "Family stabilization services program" means the program established under
28.4 this section.

28.5 (b) "Case management" means the services provided by or through the county agency
28.6 to participating families, including assessment, information, referrals, and assistance in the
28.7 preparation and implementation of a family stabilization plan under subdivision 5.

28.8 (c) "Family stabilization plan" means a plan developed by a case manager and
28.9 the participant, which identifies the participant's most appropriate path to unsubsidized
28.10 employment, family stability, and barrier reduction, taking into account the family's
28.11 circumstances.

28.12 (d) "Family stabilization services" means programs, activities, and services in this
28.13 section that provide participants and their family members with assistance regarding,
28.14 but not limited to:

28.15 (1) obtaining and retaining unsubsidized employment;

28.16 (2) family stability;

28.17 (3) economic stability; and

28.18 (4) barrier reduction.

28.19 The goal of the program is to achieve the greatest degree of economic self-sufficiency
28.20 and family well-being possible for the family under the circumstances.

28.21 Subd. 3. **Eligibility.** (a) The following MFIP or diversionary work program (DWP)
28.22 participants are eligible for the program under this section:

28.23 (1) a participant identified under section 256J.561, subdivision 2, paragraph (d), who
28.24 has or is eligible for an employment plan developed under section 256J.521, subdivision
28.25 2, paragraph (c);

28.26 (2) a participant identified under section 256J.95, subdivision 12, paragraph (b), as
28.27 unlikely to benefit from the DWP;

28.28 (3) a participant who meets the requirements for or has been granted a hardship
28.29 extension under section 256J.425, subdivision 2 or 3;

28.30 (4) a participant who is applying for supplemental security income or Social Security
28.31 disability insurance; and

28.32 (5) a participant who is a noncitizen who has been in the state for six or fewer months.

28.33 (b) Families must meet all other eligibility requirements for MFIP established in
28.34 this chapter. Families are eligible for financial assistance to the same extent as if they
28.35 were participating in MFIP.

29.1 Subd. 4. **Universal participation.** All caregivers must participate in family
29.2 stabilization services as defined in subdivision 2.

29.3 Subd. 5. **Case management; family stabilization plans; coordinated services.**

29.4 (a) The county agency shall provide family stabilization services to families through a
29.5 case management model. A case manager shall be assigned to each participating family
29.6 within 30 days after the family begins to receive financial assistance as a participant of
29.7 the family stabilization services program. The case manager, with the full involvement
29.8 of the family, shall recommend, and the county agency shall establish and modify as
29.9 necessary, a family stabilization plan for each participating family. If a participant is
29.10 already assigned to a county case manager or a county-contracted case manager in social
29.11 services or disability services, that case manager already assigned is the case manager for
29.12 purposes of this program.

29.13 (b) The family stabilization plan must include:

29.14 (1) each participant's plan for long-term self-sufficiency, including an employment
29.15 goal where applicable;

29.16 (2) an assessment of each participant's strengths and barriers, and any special
29.17 circumstances of the participant's family that impact, or are likely to impact, the
29.18 participant's progress towards the goals in the plan; and

29.19 (3) an identification of the services, supports, education, training, and
29.20 accommodations needed to reduce or overcome any barriers to enable the family to
29.21 achieve self-sufficiency and to fulfill each caregiver's personal and family responsibilities.

29.22 (c) The case manager and the participant shall meet within 30 days of the family's
29.23 referral to the case manager. The initial family stabilization plan must be completed within
29.24 30 days of the first meeting with the case manager. The case manager shall establish a
29.25 schedule for periodic review of the family stabilization plan that includes personal contact
29.26 with the participant at least once per month. In addition, the case manager shall review
29.27 and, if necessary, modify the plan under the following circumstances:

29.28 (1) there is a lack of satisfactory progress in achieving the goals of the plan;

29.29 (2) the participant has lost unsubsidized or subsidized employment;

29.30 (3) a family member has failed or is unable to comply with a family stabilization
29.31 plan requirement;

29.32 (4) services, supports, or other activities required by the plan are unavailable;

29.33 (5) changes to the plan are needed to promote the well-being of the children; or

29.34 (6) the participant and case manager determine that the plan is no longer appropriate
29.35 for any other reason.

30.1 Subd. 6. Cooperation with program requirements. (a) To be eligible, a participant
30.2 shall comply with paragraphs (b) to (e).

30.3 (b) Participants shall engage in family stabilization plan services for the appropriate
30.4 number of hours per week that the activities are scheduled and available, unless good
30.5 cause exists for not doing so, as defined in section 256J.57, subdivision 1. The appropriate
30.6 number of hours must be based on the participant's plan.

30.7 (c) The case manager shall review the participant's progress toward the goals in the
30.8 family stabilization plan every six months to determine whether conditions have changed,
30.9 including whether revisions to the plan are needed.

30.10 (d) When the participant has increased participation in work-related activities
30.11 sufficient to meet the federal participation requirements of TANF, the county agency shall
30.12 refer the participant to the MFIP program and assign the participant to a job counselor.
30.13 The participant and the job counselor shall meet within 15 days of referral to the MFIP
30.14 program to develop an employment plan under section 256J.521. No reapplication is
30.15 necessary and financial assistance continues without interruption.

30.16 (e) A participant's requirement to comply with any or all family stabilization plan
30.17 requirements under this subdivision is excused when the case management services,
30.18 training and educational services, and family support services identified in the participant's
30.19 family stabilization plan are unavailable for reasons beyond the control of the participant,
30.20 including when money appropriated is not sufficient to provide the services.

30.21 Subd. 7. Sanctions. (a) The financial assistance grant of a participating family is
30.22 reduced according to section 256J.46 if a participating adult fails without good cause to
30.23 comply or continue to comply with the family stabilization plan requirements in this
30.24 subdivision, unless compliance has been excused under subdivision 6, paragraph (e).

30.25 (b) Given the purpose of the family stabilization services program in this section and
30.26 the nature of the underlying family circumstances that act as barriers to both employment
30.27 and full compliance with program requirements, sanctions are appropriate only when it is
30.28 clear that there is both the ability to comply and willful noncompliance by the participant,
30.29 as confirmed by a behavioral health or medical professional.

30.30 (c) Prior to the imposition of a sanction, the county agency shall review the
30.31 participant's case to determine if the family stabilization plan is still appropriate and meet
30.32 with the participant face-to-face. The participant may bring an advocate to the face-to-face
30.33 meeting. During the face-to-face meeting, the county agency must:

30.34 (1) determine whether the continued noncompliance can be explained and mitigated
30.35 by providing a needed family stabilization service, as defined in subdivision 2, paragraph
30.36 (d);

31.1 (2) determine whether the participant qualifies for a good cause exemption under
31.2 section 256J.57, or if the sanction is for noncooperation with child support requirements,
31.3 determine if the participant qualifies for a good cause exemption under section 256.741,
31.4 subdivision 10;

31.5 (3) determine whether activities in the family stabilization plan are appropriate
31.6 based on the family's circumstances;

31.7 (4) explain the consequences of continuing noncompliance;

31.8 (5) identify other resources that may be available to the participant to meet the
31.9 needs of the family; and

31.10 (6) inform the participant of the right to appeal under section 256J.40.

31.11 If the lack of an identified activity or service can explain the noncompliance, the
31.12 county shall work with the participant to provide the identified activity.

31.13 (d) If the participant fails to come to the face-to-face meeting, the case manager or a
31.14 designee shall attempt at least one home visit. If a face-to-face meeting is not conducted,
31.15 the county agency shall send the participant a written notice that includes the information
31.16 under paragraph (c).

31.17 (e) After the requirements of paragraphs (c) and (d) are met and prior to imposition
31.18 of a sanction, the county agency shall provide a notice of intent to sanction under section
31.19 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section
31.20 256J.31.

31.21 (f) Section 256J.57 applies to this section except to the extent that it is modified
31.22 by this subdivision.

31.23 **Sec. 30. [256J.621] WORK PARTICIPATION TRANSITIONAL ASSISTANCE**
31.24 **PAYMENT.**

31.25 (a) Upon exiting the diversionary work program (DWP) or upon terminating MFIP
31.26 cash assistance with earnings, a participant who is employed and working 24 hours per
31.27 week may be eligible for transitional assistance of \$100 per month to assist in meeting the
31.28 family's basic needs as the participant continues to move toward self-sufficiency.

31.29 (b) To be eligible for a transitional assistance payment, the participant shall not
31.30 receive MFIP cash assistance or diversionary work program assistance during the
31.31 month and shall be employed an average of at least 24 hours per week to be determined
31.32 prospectively. If a holiday falls on a day during a participant's normal work shift, that
31.33 holiday counts as a work shift for purposes of calculating hours. When determining a
31.34 monthly average, the week that contains the first of the month is counted in the month
31.35 in which the following Friday falls. Transitional assistance is available for a maximum

32.1 of 12 months from the date the participant exited the diversionary work program or
 32.2 terminated MFIP cash assistance.

32.3 (c) The commissioner shall establish minimal policies and develop forms to verify
 32.4 eligibility for transitional assistance. The commissioner is authorized to change or
 32.5 modify the provisions of this section in order to comply with federal rules or regulations
 32.6 promulgated as a result of federal legislation passed in February 2006.

32.7 (d) Expenditures on the transitional assistance program are maintenance of effort
 32.8 state funds. Months in which a participant receives transitional assistance under this
 32.9 section do not count toward the participant's MFIP 60-month time limit.

32.10 Sec. 31. Minnesota Statutes 2006, section 256J.626, subdivision 1, is amended to read:

32.11 Subdivision 1. **Consolidated fund.** The consolidated fund is established to support
 32.12 counties and tribes in meeting their duties under this chapter. Counties and tribes must use
 32.13 funds from the consolidated fund to develop programs and services that are designed to
 32.14 improve participant outcomes as measured in section 256J.751, subdivision 2. Counties
 32.15 may use the funds for any allowable expenditures under subdivision 2, and to provide case
 32.16 management services to participants of the family stabilization services program. Tribes
 32.17 may use the funds for any allowable expenditures under subdivision 2, except those in
 32.18 subdivision 2, paragraph (a), clauses (1) and (6).

32.19 Sec. 32. Minnesota Statutes 2006, section 256J.626, subdivision 2, is amended to read:

32.20 Subd. 2. **Allowable expenditures.** (a) The commissioner must restrict expenditures
 32.21 under the consolidated fund to benefits and services allowed under title IV-A of the federal
 32.22 Social Security Act. Allowable expenditures under the consolidated fund may include, but
 32.23 are not limited to:

32.24 (1) short-term, nonrecurring shelter and utility needs that are excluded from the
 32.25 definition of assistance under Code of Federal Regulations, title 45, section 260.31, for
 32.26 families who meet the residency requirement in section 256J.12, subdivisions 1 and 1a.
 32.27 Payments under this subdivision are not considered TANF cash assistance and are not
 32.28 counted towards the 60-month time limit;

32.29 (2) transportation needed to obtain or retain employment or to participate in other
 32.30 approved work activities or activities under a family stabilization plan;

32.31 (3) direct and administrative costs of staff to deliver employment services for
 32.32 MFIP ~~or~~ the diversionary work program, or the family stabilization services program;
 32.33 to administer financial assistance; and to provide specialized services intended to assist

33.1 hard-to-employ participants to transition to work or transition from the family stabilization
 33.2 services program to MFIP;

33.3 (4) costs of education and training including functional work literacy and English as
 33.4 a second language;

33.5 (5) cost of work supports including tools, clothing, boots, telephone service, and
 33.6 other work-related expenses;

33.7 (6) county administrative expenses as defined in Code of Federal Regulations, title
 33.8 45, section 260(b);

33.9 (7) services to parenting and pregnant teens;

33.10 (8) supported work;

33.11 (9) wage subsidies;

33.12 (10) child care needed for MFIP ~~or~~, the diversionary work program, or the family
 33.13 stabilization services program participants to participate in social services;

33.14 (11) child care to ensure that families leaving MFIP or diversionary work program
 33.15 will continue to receive child care assistance from the time the family no longer qualifies
 33.16 for transition year child care until an opening occurs under the basic sliding fee child
 33.17 care program; ~~and~~

33.18 (12) services to help noncustodial parents who live in Minnesota and have minor
 33.19 children receiving MFIP or DWP assistance, but do not live in the same household as the
 33.20 child, obtain or retain employment; and

33.21 (13) services to help families participating in the family stabilization services
 33.22 program achieve the greatest possible degree of self-sufficiency.

33.23 (b) Administrative costs that are not matched with county funds as provided in
 33.24 subdivision 8 may not exceed 7.5 percent of a county's or 15 percent of a tribe's allocation
 33.25 under this section. The commissioner shall define administrative costs for purposes of
 33.26 this subdivision.

33.27 (c) The commissioner may waive the cap on administrative costs for a county or tribe
 33.28 that elects to provide an approved supported employment, unpaid work, or community
 33.29 work experience program for a major segment of the county's or tribe's MFIP population.
 33.30 The county or tribe must apply for the waiver on forms provided by the commissioner. In
 33.31 no case shall total administrative costs exceed the TANF limits.

33.32 Sec. 33. Minnesota Statutes 2006, section 256J.626, subdivision 3, is amended to read:

33.33 Subd. 3. **Eligibility for services.** Families with a minor child, a pregnant woman,
 33.34 or a noncustodial parent of a minor child receiving assistance, with incomes below 200
 33.35 percent of the federal poverty guideline for a family of the applicable size, are eligible

34.1 for services funded under the consolidated fund. Counties and tribes must give priority
34.2 to families currently receiving MFIP ~~or, the~~ diversionary work program, or the family
34.3 stabilization services program, and families at risk of receiving MFIP or diversionary
34.4 work program.

34.5 Sec. 34. Minnesota Statutes 2006, section 256J.626, subdivision 4, is amended to read:

34.6 Subd. 4. **County and tribal biennial service agreements.** (a) Effective January 1,
34.7 2004, and each two-year period thereafter, each county and tribe must have in place an
34.8 approved biennial service agreement related to the services and programs in this chapter.
34.9 In counties with a city of the first class with a population over 300,000, the county must
34.10 consider a service agreement that includes a jointly developed plan for the delivery of
34.11 employment services with the city. Counties may collaborate to develop multicounty,
34.12 multitribal, or regional service agreements.

34.13 (b) The service agreements will be completed in a form prescribed by the
34.14 commissioner. The agreement must include:

34.15 (1) a statement of the needs of the service population and strengths and resources
34.16 in the community;

34.17 (2) numerical goals for participant outcomes measures to be accomplished during
34.18 the biennial period. The commissioner may identify outcomes from section 256J.751,
34.19 subdivision 2, as core outcomes for all counties and tribes;

34.20 (3) strategies the county or tribe will pursue to achieve the outcome targets.
34.21 Strategies must include specification of how funds under this section will be used and may
34.22 include community partnerships that will be established or strengthened; ~~and~~

34.23 (4) strategies the county or tribe will pursue under the family stabilization services
34.24 program; and

34.25 (5) other items prescribed by the commissioner in consultation with counties and
34.26 tribes.

34.27 (c) The commissioner shall provide each county and tribe with information needed
34.28 to complete an agreement, including: (1) information on MFIP cases in the county or
34.29 tribe; (2) comparisons with the rest of the state; (3) baseline performance on outcome
34.30 measures; and (4) promising program practices.

34.31 (d) The service agreement must be submitted to the commissioner by October 15,
34.32 2003, and October 15 of each second year thereafter. The county or tribe must allow
34.33 a period of not less than 30 days prior to the submission of the agreement to solicit
34.34 comments from the public on the contents of the agreement.

35.1 (e) The commissioner must, within 60 days of receiving each county or tribal service
35.2 agreement, inform the county or tribe if the service agreement is approved. If the service
35.3 agreement is not approved, the commissioner must inform the county or tribe of any
35.4 revisions needed prior to approval.

35.5 (f) The service agreement in this subdivision supersedes the plan requirements
35.6 of section 116L.88.

35.7 Sec. 35. Minnesota Statutes 2006, section 256J.626, subdivision 5, is amended to read:

35.8 Subd. 5. **Innovation projects.** Beginning January 1, 2005, no more than \$3,000,000
35.9 of the funds annually appropriated to the commissioner for use in the consolidated
35.10 fund shall be available to the commissioner for projects testing innovative approaches
35.11 to improving outcomes for MFIP participants, family stabilization services program
35.12 participants, and persons at risk of receiving MFIP as detailed in subdivision 3, and
35.13 for providing incentives to counties and tribes that exceed performance. Projects shall
35.14 be targeted to geographic areas with poor outcomes as specified in section 256J.751,
35.15 subdivision 5, or to subgroups within the MFIP case load who are experiencing poor
35.16 outcomes. For purposes of an incentive, a county or tribe exceeds performance if the
35.17 county or tribe is above the top of the county's or tribe's annualized range of expected
35.18 performance on the three-year self-support index under section 256J.751, subdivision 2,
35.19 clause (7), and achieves a 50 percent TANF participation rate under section 256J.751,
35.20 subdivision 2, clause (7), as averaged across the four quarterly measurements for the most
35.21 recent year for which the measurements are available.

35.22 Sec. 36. Minnesota Statutes 2006, section 256J.626, subdivision 6, is amended to read:

35.23 Subd. 6. **Base allocation to counties and tribes; definitions.** (a) For purposes of
35.24 this section, the following terms have the meanings given.

35.25 (1) "2002 historic spending base" means the commissioner's determination of
35.26 the sum of the reimbursement related to fiscal year 2002 of county or tribal agency
35.27 expenditures for the base programs listed in clause (6), items (i) through (iv), and earnings
35.28 related to calendar year 2002 in the base program listed in clause (6), item (v), and the
35.29 amount of spending in fiscal year 2002 in the base program listed in clause (6), item (vi),
35.30 issued to or on behalf of persons residing in the county or tribal service delivery area.

35.31 (2) "Adjusted caseload factor" means a factor weighted:

35.32 (i) 47 percent on the MFIP cases in each county at four points in time in the most
35.33 recent 12-month period for which data is available multiplied by the county's caseload
35.34 difficulty factor; and

36.1 (ii) 53 percent on the count of adults on MFIP in each county and tribe at four points
36.2 in time in the most recent 12-month period for which data is available multiplied by the
36.3 county or tribe's caseload difficulty factor.

36.4 (3) "Caseload difficulty factor" means a factor determined by the commissioner for
36.5 each county and tribe based upon the self-support index described in section 256J.751,
36.6 subdivision 2, clause (7).

36.7 (4) "Initial allocation" means the amount potentially available to each county or tribe
36.8 based on the formula in paragraphs (b) through (h).

36.9 (5) "Final allocation" means the amount available to each county or tribe based on
36.10 the formula in paragraphs (b) through (h), ~~after adjustment by subdivision 7.~~

36.11 (6) "Base programs" means the:

36.12 (i) MFIP employment and training services under Minnesota Statutes 2002, section
36.13 256J.62, subdivision 1, in effect June 30, 2002;

36.14 (ii) bilingual employment and training services to refugees under Minnesota Statutes
36.15 2002, section 256J.62, subdivision 6, in effect June 30, 2002;

36.16 (iii) work literacy language programs under Minnesota Statutes 2002, section
36.17 256J.62, subdivision 7, in effect June 30, 2002;

36.18 (iv) supported work program authorized in Laws 2001, First Special Session chapter
36.19 9, article 17, section 2, in effect June 30, 2002;

36.20 (v) administrative aid program under section 256J.76 in effect December 31, 2002;
36.21 and

36.22 (vi) emergency assistance program under Minnesota Statutes 2002, section 256J.48,
36.23 in effect June 30, 2002.

36.24 (b) The commissioner shall:

36.25 (1) beginning July 1, 2003, determine the initial allocation of funds available under
36.26 this section according to clause (2);

36.27 (2) allocate all of the funds available for the period beginning July 1, 2003, and
36.28 ending December 31, 2004, to each county or tribe in proportion to the county's or tribe's
36.29 share of the statewide 2002 historic spending base;

36.30 (3) determine for calendar year 2005 the initial allocation of funds to be made
36.31 available under this section in proportion to the county or tribe's initial allocation for the
36.32 period of July 1, 2003, to December 31, 2004;

36.33 (4) determine for calendar year 2006 the initial allocation of funds to be made
36.34 available under this section based 90 percent on the proportion of the county or tribe's
36.35 share of the statewide 2002 historic spending base and ten percent on the proportion of
36.36 the county or tribe's share of the adjusted caseload factor;

37.1 (5) determine for calendar year 2007 the initial allocation of funds to be made
 37.2 available under this section based 70 percent on the proportion of the county or tribe's
 37.3 share of the statewide 2002 historic spending base and 30 percent on the proportion of the
 37.4 county or tribe's share of the adjusted caseload factor; and

37.5 (6) determine for calendar year 2008 and subsequent years the initial allocation of
 37.6 funds to be made available under this section based 50 percent on the proportion of the
 37.7 county or tribe's share of the statewide 2002 historic spending base and 50 percent on the
 37.8 proportion of the county or tribe's share of the adjusted caseload factor.

37.9 (c) With the commencement of a new or expanded tribal TANF program or an
 37.10 agreement under section 256.01, subdivision 2, paragraph (g), in which some or all of
 37.11 the responsibilities of particular counties under this section are transferred to a tribe,
 37.12 the commissioner shall:

37.13 (1) in the case where all responsibilities under this section are transferred to a tribal
 37.14 program, determine the percentage of the county's current caseload that is transferring to a
 37.15 tribal program and adjust the affected county's allocation accordingly; and

37.16 (2) in the case where a portion of the responsibilities under this section are
 37.17 transferred to a tribal program, the commissioner shall consult with the affected county or
 37.18 counties to determine an appropriate adjustment to the allocation.

37.19 ~~(d) Effective January 1, 2005, counties and tribes will have their final allocations~~
 37.20 ~~adjusted based on the performance provisions of subdivision 7.~~

37.21 Sec. 37. **[256J.678] INJURY PROTECTION FOR COMMUNITY WORK**
 37.22 **EXPERIENCE PARTICIPANTS.**

37.23 Subdivision 1. Authority. The Department of Administration, in consultation with
 37.24 the Department of Human Services, shall contract with an approved insurance carrier to
 37.25 provide coverage for injuries or death resulting from a person's participation in paid and
 37.26 unpaid community work experience programs authorized by the commissioner for persons
 37.27 applying for or receiving DWP, MFIP, or food stamps, and participating in the Minnesota
 37.28 parent's fair share program in a county with an approved community investment program
 37.29 for obligors.

37.30 Subd. 2. Claims. Claims that are subject to this section must be reported to the
 37.31 insurance carrier in a format approved by the carrier by the department of the state, county
 37.32 agency, or tribal program responsible for supervising the work.

37.33 Subd. 3. Exclusive procedure. The procedure established by this section
 37.34 is exclusive of all other legal, equitable, and statutory remedies against the state,
 37.35 employees of the state, or the state's political subdivisions. The claimant is not entitled

38.1 to seek damages from any other state, county, tribal, or reservation insurance policy or
38.2 self-insurance program.

38.3 Subd. 4. **Requirements for worksites.** The department of the state, county agency,
38.4 or tribal program responsible for supervising the work shall ensure that no participant is
38.5 assigned to a worksite which is in violation of federal Occupational Safety and Health
38.6 Administration and state Department of Labor and Industry safety standards or is under
38.7 investigation to determine if those violations have occurred. All participants must be
38.8 given the same safety information and training given to a paid employee performing
38.9 similar work at that worksite.

38.10 Sec. 38. Minnesota Statutes 2006, section 256J.751, subdivision 2, is amended to read:

38.11 Subd. 2. **Quarterly comparison report.** The commissioner shall report quarterly to
38.12 all counties on each county's performance on the following measures:

38.13 (1) percent of MFIP caseload working in paid employment;

38.14 (2) percent of MFIP caseload receiving only the food portion of assistance;

38.15 (3) number of MFIP cases that have left assistance;

38.16 (4) median placement wage rate;

38.17 (5) caseload by months of TANF assistance;

38.18 (6) percent of MFIP and diversionary work program (DWP) cases off cash assistance

38.19 or working 30 or more hours per week at one-year, two-year, and three-year follow-up

38.20 points from a baseline quarter. This measure is called the self-support index. The

38.21 commissioner shall report quarterly an expected range of performance for each county,

38.22 county grouping, and tribe on the self-support index. The expected range shall be derived

38.23 by a statistical methodology developed by the commissioner in consultation with the

38.24 counties and tribes. The statistical methodology shall control differences across counties

38.25 in economic conditions and demographics of the MFIP and DWP case load; and

38.26 (7) the ~~MFIP~~ TANF work participation rate, defined as the participation requirements

38.27 ~~specified in title 1 of Public Law 104-193 applied to all MFIP cases except child only~~

38.28 ~~cases~~ under Public Law 109-171, the Deficit Reduction Act of 2005.

38.29 Sec. 39. Minnesota Statutes 2006, section 256J.751, subdivision 5, is amended to read:

38.30 Subd. 5. **Failure to meet federal performance standards.** (a) If sanctions occur

38.31 for failure to meet the performance standards specified in title 1 of Public Law 104-193

38.32 of the Personal Responsibility and Work Opportunity Act of 1996, and under Public

38.33 Law 109-171, the Deficit Reduction Act of 2005, the state shall pay 88 percent of the

38.34 sanction. The remaining 12 percent of the sanction will be paid by the counties. The

39.1 county portion of the sanction will be distributed across all counties in proportion to each
39.2 county's percentage of the MFIP average monthly caseload during the period for which
39.3 the sanction was applied.

39.4 (b) If a county fails to meet the performance standards specified in title 1 of Public
39.5 Law 104-193 of the Personal Responsibility and Work Opportunity Act of 1996, and
39.6 Public Law 109-171, the Deficit Reduction Act of 2005, for any year, the commissioner
39.7 shall work with counties to organize a joint state-county technical assistance team to work
39.8 with the county. The commissioner shall coordinate any technical assistance with other
39.9 departments and agencies including the Departments of Employment and Economic
39.10 Development and Education as necessary to achieve the purpose of this paragraph.

39.11 (c) For state performance measures, a low-performing county is one that:

39.12 (1) performs below the bottom of their expected range for the measure in subdivision
39.13 2, clause ~~(7)~~ (6), in an annualized measurement reported in October of each year; or

39.14 (2) performs below 40 percent for the measure in subdivision 2, clause ~~(8)~~ (7), as
39.15 averaged across the four quarterly measurements for the year, or the ten counties with the
39.16 lowest rates if more than ten are below 40 percent.

39.17 (d) Low-performing counties under paragraph (c) must engage in corrective action
39.18 planning as defined by the commissioner. The commissioner may coordinate technical
39.19 assistance as specified in paragraph (b) for low-performing counties under paragraph (c).

39.20 Sec. 40. Minnesota Statutes 2006, section 256J.77, is amended to read:

39.21 **256J.77 AGING EXPIRATION OF CASH BENEFITS.**

39.22 Cash benefits under chapters 256D, 256J, and 256K, except food stamp benefits
39.23 under chapter 256D, by warrants or electronic benefit transfer that have not been accessed
39.24 within 90 days of issuance shall be canceled. Cash benefits may be replaced after they are
39.25 canceled, for up to one year after the date of issuance, if failure to do so would place the
39.26 client or family at risk. For purposes of this section, "accessed" means cashing a warrant
39.27 or making at least one withdrawal from benefits deposited in an electronic benefit account.

39.28 Sec. 41. Minnesota Statutes 2006, section 256J.95, subdivision 3, is amended to read:

39.29 Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories
39.30 of family units listed below, all family units who apply for cash benefits and who
39.31 meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must
39.32 participate in the diversionary work program. Family units that are not eligible for the
39.33 diversionary work program include:

39.34 (1) child only cases;

40.1 (2) a single-parent family unit that includes a child under 12 weeks of age. A parent
40.2 is eligible for this exception once in a parent's lifetime and is not eligible if the parent
40.3 has already used the previously allowed child under age one exemption from MFIP
40.4 employment services;

40.5 (3) a minor parent without a high school diploma or its equivalent;

40.6 (4) an 18- or 19-year-old caregiver without a high school diploma or its equivalent
40.7 who chooses to have an employment plan with an education option;

40.8 (5) a caregiver age 60 or over;

40.9 (6) family units with a caregiver who received DWP benefits in the 12 months prior
40.10 to the month the family applied for DWP, except as provided in paragraph (c);

40.11 (7) family units with a caregiver who received MFIP within the 12 months prior to
40.12 the month the family unit applied for DWP;

40.13 (8) a family unit with a caregiver who received 60 or more months of TANF
40.14 assistance; and

40.15 (9) a family unit with a caregiver who is disqualified from DWP or MFIP due to
40.16 fraud.

40.17 (b) A two-parent family must participate in DWP unless both caregivers meet the
40.18 criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit
40.19 includes a parent who meets the criteria in paragraph (a), clause (6), (7), (8), or (9).

40.20 (c) Once DWP eligibility is determined, the four months run consecutively. If a
40.21 participant leaves the program for any reason and reapplies during the four-month period,
40.22 the county must redetermine eligibility for DWP.

40.23 (d) Newly arrived refugees and asylees as defined in Code of Federal Regulations,
40.24 title 45, chapter IV, section 400.13, who (1) have been assigned to a local refugee
40.25 resettlement agency, (2) have a case manager, or (3) are enrolled in the federal matching
40.26 grant program under United States Code, title 8, chapter 12, section 1522, are exempt from
40.27 participating in the diversionary work program and may enroll directly into the family
40.28 stabilization services program. Refugees must have the option of being assigned to an
40.29 agency that has employees who are familiar with their culture, speak their language, and
40.30 have more than one year of experience in assisting refugees in finding employment.

40.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

40.32 Sec. 42. Minnesota Statutes 2006, section 256J.95, subdivision 13, is amended to read:

40.33 Subd. 13. **Immediate referral to employment services.** Within one working day of
40.34 determination that the applicant is eligible for the diversionary work program, but before
40.35 benefits are issued to or on behalf of the family unit, the county shall refer all caregivers to

41.1 employment services. The referral to the DWP employment services must be in writing
41.2 and must contain the following information:

41.3 (1) notification that, as part of the application process, applicants are required to
41.4 develop an employment plan or the DWP application will be denied;

41.5 (2) the employment services provider name and phone number;

41.6 ~~(3) the date, time, and location of the scheduled employment services interview;~~

41.7 ~~(4)~~ (3) the immediate availability of supportive services, including, but not limited
41.8 to, child care, transportation, and other work-related aid; and

41.9 ~~(5)~~ (4) the rights, responsibilities, and obligations of participants in the program,
41.10 including, but not limited to, the grounds for good cause, the consequences of refusing or
41.11 failing to participate fully with program requirements, and the appeal process.

41.12 Sec. 43. **MINNESOTA FOOD SUPPORT PROGRAM SIMPLIFIED**
41.13 **APPLICATION.**

41.14 The Department of Human Services shall create a simplified application for the
41.15 Minnesota food support program for persons over the age of 60 and persons with
41.16 disabilities. The application must be no longer than three pages in length.

41.17 Sec. 44. **SUPPORTED WORK.**

41.18 Funds appropriated to the commissioner under section 45, subdivision 4, must be
41.19 allocated to counties based on the criteria under this section. Supported work under this
41.20 section must be modeled after the mental health supported work model, which provides
41.21 an intensive continuum of employment assistance, including outreach and recruitment,
41.22 program orientation and intake, testing and assessment, job development and marketing,
41.23 preworksite training, supported worksite experience, job coaching, and postplacement
41.24 follow-up in addition to extensive case management and referral services.

41.25 A county is eligible to receive an allocation under section 45, subdivision 4, if:

41.26 (1) the county is not meeting the federal work participation rate;

41.27 (2) the county has participants who are required to perform work activities under
41.28 Minnesota Statutes, chapter 256J, but are not meeting hourly work requirements; and

41.29 (3) the county has assessed participants who have completed six weeks of job search
41.30 or are required to perform work activities and are not meeting the hourly requirements,
41.31 and the county has determined that the participant would benefit from working in a
41.32 supported work environment.

41.33 Sec. 45. **APPROPRIATIONS.**

42.1 Subdivision 1. **Work study.** \$1,500,000 is appropriated from the TANF reserve
42.2 account to the Minnesota Office of Higher Education for the biennium beginning July 1,
42.3 2007, for work study grants under Minnesota Statutes, section 136A.233, specifically for
42.4 low-income individuals who receive assistance under Minnesota Statutes, chapter 256J.

42.5 Subd. 2. **Car loans and car repairs.** \$3,000,000 is appropriated from the TANF
42.6 reserve account to the commissioner of human services for the biennium beginning July
42.7 1, 2007, for programs that provide car loans and car repairs to individuals who receive
42.8 assistance under Minnesota Statutes, chapter 256J.

42.9 Subd. 3. **Integrated service projects.** \$3,000,000 is appropriated from the TANF
42.10 reserve account to the commissioner of human services for the biennium beginning July 1,
42.11 2007, to fund the integrated services project for MFIP families.

42.12 Subd. 4. **Supported work.** \$..... is appropriated from the TANF reserve account
42.13 to the commissioner of human services for the biennium beginning July 1, 2007, for
42.14 supported work for MFIP participants. The funds appropriated under this section are
42.15 specifically for counties that are not meeting the work participation rates and must be
42.16 allocated according to section 1.

42.17 **Sec. 46. REPEALER.**

42.18 Minnesota Statutes 2006, sections 256B.0631; 256J.24, subdivision 6; 256J.29;
42.19 256J.37, subdivisions 3a and 3b; 256J.626, subdivisions 7 and 9; and 256J.68, are repealed.

256B.0631 MEDICAL ASSISTANCE CO-PAYMENTS.

Subdivision 1. **Co-payments.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after October 1, 2003:

(1) \$3 per nonpreventive visit. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) \$3 for eyeglasses;

(3) \$6 for nonemergency visits to a hospital-based emergency room; and

(4) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness.

(b) Recipients of medical assistance are responsible for all co-payments in this subdivision.

Subd. 2. **Exceptions.** Co-payments shall be subject to the following exceptions:

(1) children under the age of 21;

(2) pregnant women for services that relate to the pregnancy or any other medical condition that may complicate the pregnancy;

(3) recipients expected to reside for at least 30 days in a hospital, nursing home, or intermediate care facility for the developmentally disabled;

(4) recipients receiving hospice care;

(5) 100 percent federally funded services provided by an Indian health service;

(6) emergency services;

(7) family planning services;

(8) services that are paid by Medicare, resulting in the medical assistance program paying for the coinsurance and deductible; and

(9) co-payments that exceed one per day per provider for nonpreventive visits, eyeglasses, and nonemergency visits to a hospital-based emergency room.

Subd. 3. **Collection.** The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment, except that reimbursement for prescription drugs shall not be reduced once a recipient has reached the \$12 per month maximum for prescription drug co-payments. The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment, except as provided in subdivision 4.

Subd. 4. **Uncollected debt.** If it is the routine business practice of a provider to refuse service to an individual with uncollected debt, the provider may include uncollected co-payments under this section. A provider must give advance notice to a recipient with uncollected debt before services can be denied.

256J.24 FAMILY COMPOSITION; ASSISTANCE STANDARDS; EXIT LEVEL.

Subd. 6. **Family cap.** (a) MFIP assistance units shall not receive an increase in the cash portion of the transitional standard as a result of the birth of a child, unless one of the conditions under paragraph (b) is met. The child shall be considered a member of the assistance unit according to subdivisions 1 to 3, but shall be excluded in determining family size for purposes of determining the amount of the cash portion of the transitional standard under subdivision 5. The child shall be included in determining family size for purposes of determining the food portion of the transitional standard. The transitional standard under this subdivision shall be the total of the cash and food portions as specified in this paragraph. The family wage level under this subdivision shall be based on the family size used to determine the food portion of the transitional standard.

(b) A child shall be included in determining family size for purposes of determining the amount of the cash portion of the MFIP transitional standard when at least one of the following conditions is met:

(1) for families receiving MFIP assistance on July 1, 2003, the child is born to the adult parent before May 1, 2004;

(2) for families who apply for the diversionary work program under section 256J.95 or MFIP assistance on or after July 1, 2003, the child is born to the adult parent within ten months of the date the family is eligible for assistance;

(3) the child was conceived as a result of a sexual assault or incest, provided that the incident has been reported to a law enforcement agency;

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(4) the child's mother is a minor caregiver as defined in section 256J.08, subdivision 59, and the child, or multiple children, are the mother's first birth; or

(5) any child previously excluded in determining family size under paragraph (a) shall be included if the adult parent or parents have not received benefits from the diversionary work program under section 256J.95 or MFIP assistance in the previous ten months. An adult parent or parents who reapply and have received benefits from the diversionary work program or MFIP assistance in the past ten months shall be under the ten-month grace period of their previous application under clause (2).

(c) Income and resources of a child excluded under this subdivision, except child support received or distributed on behalf of this child, must be considered using the same policies as for other children when determining the grant amount of the assistance unit.

(d) The caregiver must assign support and cooperate with the child support enforcement agency to establish paternity and collect child support on behalf of the excluded child. Failure to cooperate results in the sanction specified in section 256J.46, subdivisions 2 and 2a. Current support paid on behalf of the excluded child shall be distributed according to section 256.741, subdivision 15.

(e) County agencies must inform applicants of the provisions under this subdivision at the time of each application and at recertification.

(f) Children excluded under this provision shall be deemed MFIP recipients for purposes of child care under chapter 119B.

256J.29 INELIGIBILITY FOR STATE-FUNDED PROGRAMS.

Beginning July 1, 2007, legal noncitizens ineligible for federally funded cash or food benefits due to 1996 changes in federal law and subsequent relevant enactments, who are eligible for state-funded MFIP cash or food assistance, will be ineligible for state-funded MFIP under this chapter.

256J.37 TREATMENT OF INCOME AND LUMP SUMS.

Subd. 3a. **Rental subsidies; unearned income.** (a) Effective July 1, 2003, the county agency shall count \$50 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income to the cash portion of the MFIP grant. The full amount of the subsidy must be counted as unearned income when the subsidy is less than \$50. The income from this subsidy shall be budgeted according to section 256J.34.

(b) The provisions of this subdivision shall not apply to an MFIP assistance unit which includes a participant who is:

(1) age 60 or older;

(2) a caregiver who is suffering from an illness, injury, or incapacity that has been certified by a qualified professional when the illness, injury, or incapacity is expected to continue for more than 30 days and prevents the person from obtaining or retaining employment; or

(3) a caregiver whose presence in the home is required due to the illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household when the illness or incapacity and the need for the participant's presence in the home has been certified by a qualified professional and is expected to continue for more than 30 days.

(c) The provisions of this subdivision shall not apply to an MFIP assistance unit where the parental caregiver is an SSI recipient.

(d) Prior to implementing this provision, the commissioner must identify the MFIP participants subject to this provision and provide written notice to these participants at least 30 days before the first grant reduction. The notice must inform the participant of the basis for the potential grant reduction, the exceptions to the provision, if any, and inform the participant of the steps necessary to claim an exception. A person who is found not to meet one of the exceptions to the provision must be notified and informed of the right to a fair hearing under section 256J.40. The notice must also inform the participant that the participant may be eligible for a rent reduction resulting from a reduction in the MFIP grant and encourage the participant to contact the local housing authority.

Subd. 3b. **Treatment of Supplemental Security Income.** The county shall reduce the cash portion of the MFIP grant by up to \$125 for an MFIP assistance unit that includes one or more SSI recipients who reside in the household, and who would otherwise be included in the MFIP assistance unit under section 256J.24, subdivision 2, but are excluded solely due to the SSI recipient status under section 256J.24, subdivision 3, paragraph (a), clause (1). If the SSI recipient

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or recipients receive less than \$125 of SSI, only the amount received shall be used in calculating the MFIP cash assistance payment. This provision does not apply to relative caregivers who could elect to be included in the MFIP assistance unit under section 256J.24, subdivision 4, unless the caregiver's children or stepchildren are included in the MFIP assistance unit.

256J.626 MFIP CONSOLIDATED FUND.

Subd. 7. Performance base funds. (a) Beginning calendar year 2005, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) for calendar year 2005, a county or tribe that achieves a 30 percent rate or higher on the MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar year 2006, a county or tribe that achieves a 40 percent rate or a five percentage point improvement over the previous year's MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(3) for calendar year 2007, a county or tribe that achieves a 50 percent rate or a five percentage point improvement over the previous year's MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) for calendar year 2008 and yearly thereafter, a county or tribe that achieves a 50 percent MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(5) for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to five percent of its initial allocation; or

(6) for calendar years 2005 and thereafter, a county or tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(b) Performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) for calendar year 2006 and yearly thereafter, a tribe that achieves the participation rate approved in its federal TANF plan using the average of four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to five percent of its initial allocation; or

(3) for calendar years 2006 and thereafter, a tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d)(1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.

(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

Subd. 9. Report. The commissioner shall, in consultation with counties and tribes:

(1) determine how performance-based allocations under subdivision 7, paragraph (a), clauses (2) and (3), will be allocated to groupings of counties and tribes when groupings are used

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to measure expected performance ranges for the self-support index under section 256J.751, subdivision 2, clause (7); and

(2) determine how performance-based allocations under subdivision 7, paragraph (a), clauses (2) and (3), will be allocated to tribes.

The commissioner shall report to the legislature on the formulas developed in clauses (1) and (2) by January 1, 2004.

256J.68 INJURY PROTECTION FOR WORK EXPERIENCE PARTICIPANTS.

Subdivision 1. **Applicability.** (a) This section must be used to determine payment of any claims resulting from an alleged injury or death of a person participating in a county or a tribal community work experience program that is approved by the commissioner and is operated by:

(i) the county agency;

(ii) the tribe;

(iii) a department of the state; or

(iv) a community-based organization under contract, prior to April 1, 1997, with a county agency to provide a community work experience program or a food stamp community work experience program, provided the organization has not experienced any individual injury loss or claim greater than \$1,000.

(b) This determination method is available to the community-based organization under paragraph (a), clause (iv), only for claims incurred by participants in the community work experience program or the food stamp community work experience program.

(c) This determination method applies to work experience programs authorized by the commissioner for persons applying for or receiving cash assistance and food stamps, and to the Minnesota parent's fair share program and the community service program under section 518.551, subdivision 5a, in a county with an approved community investment program for obligors.

Subd. 2. **Investigation of the claim.** Claims that are subject to this section must be investigated by the county agency or the tribal program responsible for supervising the work to determine whether the claimed injury occurred, whether the claimed medical expenses are reasonable, and whether the loss is covered by the claimant's insurance. If insurance coverage is established, the county agency or tribal program shall submit the claim to the appropriate insurance entity for payment. The investigating county agency or tribal program shall submit all valid claims, in the amount net of any insurance payments, to the Department of Human Services.

Subd. 3. **Submission of claim.** The commissioner shall submit all claims for permanent partial disability compensation to the commissioner of labor and industry. The commissioner of labor and industry shall review all submitted claims and recommend to the Department of Human Services an amount of compensation comparable to that which would be provided under the permanent partial disability compensation schedule of section 176.101, subdivision 2a.

Subd. 4. **Claims less than \$1,000.** The commissioner shall approve a claim of \$1,000 or less for payment if appropriated funds are available, if the county agency or tribal program responsible for supervising the work has made the determinations required by this section, and if the work program was operated in compliance with the safety provisions of this section. The commissioner shall pay the portion of an approved claim of \$1,000 or less that is not covered by the claimant's insurance within three months of the date of submission. On or before February 1 of each year, the commissioner shall submit to the appropriate committees of the senate and the house of representatives a list of claims of \$1,000 or less paid during the preceding calendar year and shall be reimbursed by legislative appropriation for any claims that exceed the original appropriation provided to the commissioner to operate this program. Any unspent money from this appropriation shall carry over to the second year of the biennium, and any unspent money remaining at the end of the second year shall be returned to the state general fund.

Subd. 5. **Claims more than \$1,000.** On or before February 1 of each year, the commissioner shall submit to the appropriate committees of the senate and the house of representatives a list of claims in excess of \$1,000 and a list of claims of \$1,000 or less that were submitted to but not paid by the commissioner, together with any recommendations of appropriate compensation. These claims shall be heard and determined by the appropriate committees of the senate and house of representatives and, if approved, must be paid under the legislative claims procedure.

Subd. 6. **Compensation for certain costs.** Compensation paid under this section is limited to reimbursement for reasonable medical expenses and permanent partial disability compensation for disability in like amounts as allowed in section 176.101, subdivision 2a. Compensation for injuries resulting in death shall include reasonable medical expenses and burial expenses in addition to payment to the participant's estate in an amount up to \$200,000. No

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compensation shall be paid under this section for pain and suffering, lost wages, or other benefits provided in chapter 176. Payments made under this section shall be reduced by any proceeds received by the claimant from any insurance policy covering the loss. For the purposes of this section, "insurance policy" does not include the medical assistance program authorized under chapter 256B or the general assistance medical care program authorized under chapter 256D.

Subd. 7. **Exclusive procedure.** The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, its political subdivisions, or employees of the state or its political subdivisions. The claimant shall not be entitled to seek damages from any state, county, tribal, or reservation insurance policy or self-insurance program.

Subd. 8. **Invalid claims.** A claim is not valid for purposes of this section if the county agency responsible for supervising the work cannot verify to the commissioner:

(1) that appropriate safety training and information is provided to all persons being supervised by the agency under this section; and

(2) that all programs involving work by those persons comply with federal Occupational Safety and Health Administration and state Department of Labor and Industry safety standards. A claim that is not valid because of failure to verify safety training or compliance with safety standards will not be paid by the Department of Human Services or through the legislative claims process and must be heard, decided, and paid, if appropriate, by the local government unit or tribal program responsible for supervising the work of the claimant.