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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 1292

February 22, 2007

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to human services; amending provisions related to child care finance;
1.3 appropriating money; amending Minnesota Statutes 2006, sections 119B.09,
1.4 subdivisions 1, 7, by adding a subdivision; 119B.13, subdivision 6.

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

1.6 ARTICLE 1

1.7 HUMAN SERVICES APPROPRIATIONS

1.8 Section 1. SUMMARY OF APPROPRIATIONS.

1.9 The amounts shown in this section summarize direct appropriations, by fund, made
1.10 in this article.

Table with 4 columns: Category, 2008, 2009, Total. Rows include General, Federal TANF, and Total.

1.15 Sec. 2. HUMAN SERVICES APPROPRIATIONS.

1.16 The sums shown in the columns marked "Appropriations" are appropriated to the
1.17 agencies and for the purposes specified in this article. The appropriations are from the
1.18 general fund, or another named fund, and are available for the fiscal years indicated
1.19 for each purpose. The figures "2008" and "2009" used in this article mean that the
1.20 appropriations listed under them are available for the fiscal year ending June 30, 2008, or
1.21 June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal
1.22 year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal
1.23 year ending June 30, 2007, are effective the day following final enactment.

3.1 **Base Adjustment.** The general fund base is
 3.2 increased by \$21,000 in fiscal year 2010 and
 3.3 \$34,000 in fiscal year 2011 for basic sliding
 3.4 fee child care assistance grants.

3.5 **(c) Child Care Development Grants**

3.6 <u>General</u>	<u>1,515,000</u>	<u>1,515,000</u>
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3.7 **ARTICLE 2**
 3.8 **CHILD CARE**

3.9 Section 1. Minnesota Statutes 2006, section 119B.09, subdivision 1, is amended to read:

3.10 Subdivision 1. ~~General Eligibility requirements for all applicants for child~~
 3.11 **care assistance.** (a) Child care services must be available to families who need child
 3.12 care to find or keep employment or to obtain the training or education necessary to find
 3.13 employment and who:

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

3.18 (2) have household income less than or equal to 175 percent of the federal poverty
 3.19 guidelines, adjusted for family size, at program entry and less than 250 percent of the
 3.20 federal poverty guidelines, adjusted for family size, at program exit; or

3.21 (3) have household income less than or equal to 250 percent of the federal poverty
 3.22 guidelines, adjusted for family size, and were a family whose child care assistance was
 3.23 terminated due to insufficient funds under Minnesota Rules, part 3400.0183.

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

3.25 (c) All applicants for child care assistance and families currently receiving child care
 3.26 assistance must be assisted and required to cooperate in establishment of paternity and
 3.27 enforcement of child support obligations for all children in the family as a condition
 3.28 of program eligibility. For purposes of this section, a family is considered to meet the
 3.29 requirement for cooperation when the family complies with the requirements of section
 3.30 256.741.

3.31 **EFFECTIVE DATE.** This section is effective July 1, 2008.

3.32 Sec. 2. Minnesota Statutes 2006, section 119B.09, subdivision 7, is amended to read:

4.1 Subd. 7. **Date of eligibility for assistance.** (a) The date of eligibility for child
 4.2 care assistance under this chapter is the later of the date the application was signed; the
 4.3 beginning date of employment, education, or training; the date the infant is born for
 4.4 applicants to the at-home infant care program; or the date a determination has been made
 4.5 that the applicant is a participant in employment and training services under Minnesota
 4.6 Rules, part 3400.0080, ~~subpart 2a~~, or chapter 256J.

4.7 (b) Payment ceases for a family under the at-home infant child care program when a
 4.8 family has used a total of 12 months of assistance as specified under section 119B.035.
 4.9 Payment of child care assistance for employed persons on MFIP is effective the date of
 4.10 employment or the date of MFIP eligibility, whichever is later. Payment of child care
 4.11 assistance for MFIP or DWP participants in employment and training services is effective
 4.12 the date of commencement of the services or the date of MFIP or DWP eligibility,
 4.13 whichever is later. Payment of child care assistance for transition year child care must be
 4.14 made retroactive to the date of eligibility for transition year child care.

4.15 (c) Notwithstanding paragraph (b), payment of child care assistance for participants
 4.16 eligible under section 119B.05, may only be made retroactively for a maximum of six
 4.17 months from the date of application for child care assistance.

4.18 **EFFECTIVE DATE.** This section is effective July 1, 2008.

4.19 Sec. 3. Minnesota Statutes 2006, section 119B.09, is amended by adding a subdivision
 4.20 to read:

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

4.28 Sec. 4. Minnesota Statutes 2006, section 119B.13, subdivision 6, is amended to read:

4.29 Subd. 6. **Provider payments.** (a) Counties or the state shall make vendor payments
 4.30 to the child care provider or pay the parent directly for eligible child care expenses.

4.31 (b) If payments for child care assistance are made to providers, the provider shall
 4.32 bill the county for services provided within ten days of the end of the service period. If
 4.33 bills are submitted within ten days of the end of the service period, a county or the state
 4.34 shall issue payment to the provider of child care under the child care fund within 30 days

5.1 of receiving a bill from the provider. Counties or the state may establish policies that
5.2 make payments on a more frequent basis.

5.3 (c) ~~All bills~~ If a provider has received an authorization of care and has been issued a
5.4 billing form for an eligible family, the bill must be submitted within 60 days of the last
5.5 date of service on the bill. A county may pay a bill submitted more than 60 days after
5.6 the last date of service if the provider shows good cause why the bill was not submitted
5.7 within 60 days. Good cause must be defined in the county's child care fund plan under
5.8 section 119B.08, subdivision 3, and the definition of good cause must include county
5.9 error. A county may not pay any bill submitted more than a year after the last date of
5.10 service on the bill.

5.11 (d) If a provider provided care for a time period without receiving an authorization
5.12 of care and a billing form for an eligible family, payment of child care assistance may only
5.13 be made retroactively for a maximum of six months from the date the provider is issued
5.14 an authorization of care and billing form.

5.15 ~~(d)~~ (e) A county may stop payment issued to a provider or may refuse to pay a
5.16 bill submitted by a provider if:

5.17 (1) the provider admits to intentionally giving the county materially false information
5.18 on the provider's billing forms; or

5.19 (2) a county finds by a preponderance of the evidence that the provider intentionally
5.20 gave the county materially false information on the provider's billing forms.

5.21 ~~(e)~~ (f) A county's payment policies must be included in the county's child care plan
5.22 under section 119B.08, subdivision 3. If payments are made by the state, in addition to
5.23 being in compliance with this subdivision, the payments must be made in compliance
5.24 with section 16A.124.

5.25 **Sec. 5. SCHOOL READINESS SERVICE AGREEMENTS.**

5.26 Subdivision 1. **Overview.** (a) Effective July 1, 2007, funds must be made available
5.27 to allow the commissioner to enter into school readiness service agreements (SRSA's)
5.28 with up to 50 child care providers for the dual purposes of supporting:

5.29 (1) improved school readiness for children; and

5.30 (2) economic stability for parents.

5.31 (b) A provider may be paid a rate above that currently allowed under Minnesota
5.32 Statutes, section 119B.13, if:

5.33 (1) the provider has entered into an SRSA with the commissioner;

5.34 (2) a family using that provider receives child care assistance under any provision in
5.35 Minnesota Statutes, chapter 119B, except Minnesota Statutes, section 119B.035;

6.1 (3) the family using that provider meets the criteria in this section; and

6.2 (4) funding is available under this section.

6.3 Subd. 2. **Provider eligibility.** (a) To be considered for an SRSA, a provider shall
 6.4 apply to the commissioner. To be eligible to apply for an SRSA, a provider shall:

6.5 (1) be eligible for child care assistance payments under Minnesota Statutes, chapter
 6.6 119B;

6.7 (2) have at least 25 percent of the children enrolled with the provider subsidized
 6.8 through the child care assistance program;

6.9 (3) provide full-time, full-year child care services; and

6.10 (4) serve at least one child who is subsidized through the child care assistance
 6.11 program and who is expected to enter kindergarten within the following 30 months.

6.12 (b) The commissioner may waive the 25 percent requirement in paragraph (a), clause
 6.13 (2), if necessary to achieve geographic distribution of SRSA providers and diversity of
 6.14 types of care provided by SRSA providers.

6.15 (c) An eligible provider who would like to enter into an SRSA with the commissioner
 6.16 shall submit an SRSA application. To determine whether to enter into an SRSA with a
 6.17 provider, the commissioner shall evaluate the following factors:

6.18 (1) the qualifications of the provider and the provider's staff;

6.19 (2) the provider's staff-child ratios;

6.20 (3) the provider's curriculum;

6.21 (4) the provider's current or planned parent education activities;

6.22 (5) the provider's current or planned social service and employment linkages;

6.23 (6) the provider's child development assessment plan;

6.24 (7) the geographic distribution needed for SRSA providers;

6.25 (8) the inclusion of a variety of child care delivery models; and

6.26 (9) other related factors determined by the commissioner.

6.27 Subd. 3. **Family and child eligibility.** (a) A family eligible to choose an SRSA
 6.28 provider for their children shall:

6.29 (1) be eligible to receive child care assistance under any provision in Minnesota
 6.30 Statutes, chapter 119B, except Minnesota Statutes, section 119B.035;

6.31 (2) be in an authorized activity for an average of at least 35 hours per week when
 6.32 initial eligibility is determined; and

6.33 (3) include a child who has not yet entered kindergarten.

6.34 (b) A family who is determined to be eligible to choose an SRSA provider remains
 6.35 eligible to be paid at a higher rate through the SRSA provider when the following
 6.36 conditions exist:

7.1 (1) the child attends child care with the SRSA provider a minimum of 25 hours per
 7.2 week, on average;

7.3 (2) the family has a child who has not yet entered kindergarten; and

7.4 (3) the family maintains eligibility under Minnesota Statutes, chapter 119B, except
 7.5 Minnesota Statutes, section 119B.035.

7.6 (c) For the 12 months after initial eligibility has been determined, a decrease in
 7.7 the family's authorized activities to an average of less than 35 hours per week does not
 7.8 result in ineligibility for the SRSA rate.

7.9 (d) A family that moves between counties but continues to use the same SRSA
 7.10 provider shall continue to receive SRSA funding for the increased payments.

7.11 Subd. 4. **Requirements of providers.** All SRSA's must include assessment,
 7.12 evaluation, and reporting requirements that promote the goals of improved school
 7.13 readiness and movement toward appropriate child development milestones. A provider
 7.14 who enters into an SRSA shall comply with the assessment, evaluation, and reporting
 7.15 requirements in the SRSA.

7.16 Subd. 5. **Relationship to current law.** (a) The following provisions in Minnesota
 7.17 Statutes, chapter 119B, must be waived or modified for families receiving services under
 7.18 this section.

7.19 (b) Notwithstanding Minnesota Statutes, section 119B.13, subdivisions 1 and 1a,
 7.20 maximum weekly rates under this section are 125 percent of the existing maximum
 7.21 weekly rate for like-care. Providers eligible for a differential rate under Minnesota
 7.22 Statutes, section 119B.13, subdivision 3a, remain eligible for the differential above the
 7.23 rate identified in this section. Only care for children who have not yet entered kindergarten
 7.24 may be paid at the maximum rate under this section. The provider's charge for service
 7.25 provided through an SRSA may not exceed the rate that the provider charges a private-pay
 7.26 family for like-care arrangements.

7.27 (c) A family or child care provider may not be assessed an overpayment for care
 7.28 provided through an SRSA unless:

7.29 (1) there was an error in the amount of care authorized for the family; or

7.30 (2) the family or provider did not timely report a change as required under the law.

7.31 (d) Care provided through an SRSA is authorized on a weekly basis.

7.32 (e) Funds appropriated under this section to serve families eligible under Minnesota
 7.33 Statutes, section 119B.03, are not allocated through the basic sliding fee formula under
 7.34 Minnesota Statutes, section 119B.03. Funds appropriated under this section are used to
 7.35 offset increased costs when payments are made under SRSA's.

8.1 (f) Notwithstanding Minnesota Statutes, section 119B.09, subdivision 6, the
8.2 maximum amount of child care assistance that may be authorized for a child receiving
8.3 care through an SRSA in a two-week period is 160 hours per child.

8.4 Subd. 6. **Establishment of service agreements.** (a) The commissioner shall
8.5 approve SRSA's for up to 50 providers that represent diverse parts of the state and a
8.6 variety of child care delivery models. Entering into a service agreement does not guarantee
8.7 that a provider will receive payment at a higher rate for families receiving child care
8.8 assistance. A family eligible under this section shall choose a provider participating in an
8.9 SRSA in order for a higher rate to be paid. Payments through SRSA's are also limited by
8.10 the availability of SRSA funds.

8.11 (b) Nothing in this section shall be construed to limit parent choice as defined in
8.12 Minnesota Statutes, section 119B.09, subdivision 5.

8.13 (c) The commissioner may allow for startup time for some providers if failing to
8.14 do so would limit geographic diversity of SRSA providers or a variety of child care
8.15 delivery models.