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State of Minnesota

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# HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH  
SESSION**

**HOUSE FILE No. 3376**

February 25, 2008

Authored by Walker, Slawik and Bly

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

March 10, 2008

Committee Recommendation and Adoption of Report:

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

March 31, 2008

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act  
1.2 relating to human services; amending the MFIP work participation program;  
1.3 changing child care assistance provisions; changing the child care assistance  
1.4 sliding fee scale; establishing a child care advisory task force; requiring a  
1.5 mandated report; making technical changes; amending Minnesota Statutes  
1.6 2006, sections 119B.011, subdivision 17; 119B.03, subdivisions 1, 6; 119B.09,  
1.7 subdivisions 1, 9; 119B.125, by adding a subdivision; 119B.21, subdivision  
1.8 10; 256E.30, subdivision 1; 256E.35, subdivision 7; 256J.24, subdivision 5;  
1.9 256J.425, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivisions 2, 5;  
1.10 256J.545; Minnesota Statutes 2007 Supplement, sections 119B.12; 119B.125,  
1.11 subdivision 2; 119B.13, subdivisions 1, 7; 119B.21, subdivision 5; 119B.231,  
1.12 subdivision 5; 245A.1435; 245C.08, subdivision 2; 256E.35, subdivision 2;  
1.13 256J.20, subdivision 3; 256J.49, subdivision 13; 256J.626, subdivisions 3, 7;  
1.14 256J.95, subdivision 3; repealing Minnesota Statutes 2006, section 256K.25.

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

1.16 **ARTICLE 1**

1.17 **MFIP WORK PARTICIPATION**

1.18 Section 1. Minnesota Statutes 2006, section 256J.425, subdivision 1, is amended to  
1.19 read:

1.20 Subdivision 1. **Eligibility.** (a) To be eligible for a hardship extension, a participant  
1.21 in an assistance unit subject to the time limit under section 256J.42, subdivision 1, must  
1.22 be in compliance in the participant's 60th counted month. For purposes of determining  
1.23 eligibility for a hardship extension, a participant is in compliance in any month that the  
1.24 participant has not been sanctioned. In order to maintain eligibility for any of the hardship  
1.25 extension categories a participant shall develop and comply with either an employment  
1.26 plan or a family stabilization services plan, whichever is appropriate.

1.27 (b) If one participant in a two-parent assistance unit is determined to be ineligible for  
1.28 a hardship extension, the county shall give the assistance unit the option of disqualifying

2.1 the ineligible participant from MFIP. In that case, the assistance unit shall be treated as a  
2.2 one-parent assistance unit and the assistance unit's MFIP grant shall be calculated using  
2.3 the shared household standard under section 256J.08, subdivision 82a.

2.4 (c) Prior to denying an extension, the county must review the sanction status and  
2.5 determine whether the sanction is appropriate or if good cause exists under section 256J.57.  
2.6 If the sanction was inappropriately applied or the participant is granted a good cause  
2.7 exception before the end of month 60, the participant shall be considered for an extension.

2.8 Sec. 2. Minnesota Statutes 2007 Supplement, section 256J.626, subdivision 3, is  
2.9 amended to read:

2.10 Subd. 3. **Eligibility for services.** Families with a minor child, a pregnant woman,  
2.11 or a noncustodial parent of a minor child receiving assistance, with incomes below 200  
2.12 percent of the federal poverty guideline for a family of the applicable size, are eligible for  
2.13 services funded under the consolidated fund. Counties and tribes must give priority to  
2.14 families currently receiving MFIP, the diversionary work program, or family stabilization  
2.15 services, and families at risk of receiving MFIP or diversionary work program. A county  
2.16 or tribe shall not impose a residency requirement on families, except for the residency  
2.17 requirement under section 256J.12.

2.18 Sec. 3. Minnesota Statutes 2007 Supplement, section 256J.626, subdivision 7, is  
2.19 amended to read:

2.20 Subd. 7. **Performance base funds.** (a) ~~Beginning~~ For calendar year ~~2008~~ 2009  
2.21 and yearly thereafter, each county and tribe will be allocated 95 percent of their initial  
2.22 calendar year allocation. Counties and tribes will be allocated additional funds based on  
2.23 performance as follows:

2.24 (1) ~~for calendar year 2008 and yearly thereafter~~, a county or tribe that achieves a  
2.25 50 percent ~~MFIP~~ TANF participation rate or a five percentage point improvement over  
2.26 the previous year's ~~MFIP~~ TANF participation rate under section 256J.751, subdivision 2,  
2.27 clause (7), as averaged across ~~the four quarterly measurements~~ 12 consecutive months for  
2.28 the most recent year for which the measurements are available, will receive an additional  
2.29 allocation equal to 2.5 percent of its initial allocation; and

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

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

3.5 ~~(4) for calendar years 2008 and thereafter,~~ (3) a county or tribe that does not achieve  
3.6 a 50 percent ~~MFHP~~ TANF participation rate or a five percentage point improvement over  
3.7 the previous year's ~~MFHP~~ TANF participation rate under section 256J.751, subdivision 2,  
3.8 clause (7), as averaged across ~~the four quarterly measurements~~ 12 consecutive months  
3.9 for the most recent year for which the measurements are available, will not receive  
3.10 an additional 2.5 percent of its initial allocation until after negotiating a multiyear  
3.11 improvement plan with the commissioner; or

3.12 ~~(5) for calendar years 2008 and thereafter,~~ (4) a county or tribe that does not  
3.13 perform within or above its range of expected performance on the annualized three-year  
3.14 self-support index under section 256J.751, subdivision 2, clause (6), will not receive an  
3.15 additional allocation equal to 2.5 percent of its initial allocation until after negotiating a  
3.16 multiyear improvement plan with the commissioner.

3.17 (b) For calendar year 2009 and yearly thereafter, performance-based funds for a  
3.18 federally approved tribal TANF program in which the state and tribe have in place a  
3.19 contract under section 256.01, addressing consolidated funding, will be allocated as  
3.20 follows:

3.21 ~~(1) for calendar year 2006 and yearly thereafter,~~ a tribe that achieves the participation  
3.22 rate approved in its federal TANF plan using the average of ~~four quarterly measurements~~  
3.23 12 consecutive months for the most recent year for which the measurements are available,  
3.24 will receive an additional allocation equal to 2.5 percent of its initial allocation; and

3.25 ~~(2) for calendar years 2006 and thereafter,~~ a tribe that performs above the top of its  
3.26 ~~annualized range of expected performance on the three-year self-support index under~~  
3.27 ~~section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal~~  
3.28 ~~to five percent of its initial allocation; or~~

3.29 ~~(3) for calendar years 2006 and thereafter,~~ a tribe that performs within or above its  
3.30 range of expected performance on the annualized three-year self-support index under  
3.31 section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal  
3.32 to 2.5 percent of its initial allocation; or

3.33 ~~(4) for calendar year 2008 and yearly thereafter,~~ (3) a tribe that does not achieve the  
3.34 participation rate approved in its federal TANF plan using the average of ~~four quarterly~~  
3.35 ~~measurements~~ 12 consecutive months for the most recent year for which the measurements

4.1 are available, will not receive an additional allocation equal to 2.5 percent of its initial  
4.2 allocation until after negotiating a multiyear improvement plan with the commissioner; or  
4.3 ~~(5) for calendar year 2008 and yearly thereafter,~~ (4) a tribe that does not perform  
4.4 within or above its range of expected performance on the annualized three-year  
4.5 self-support index under section 256J.751, subdivision 2, clause (6), will not receive an  
4.6 additional allocation equal to 2.5 percent until after negotiating a multiyear improvement  
4.7 plan with the commissioner.

4.8 (c) Funds remaining unallocated after the performance-based allocations in  
4.9 paragraph (a) are available to the commissioner for innovation projects under subdivision  
4.10 5.

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

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

4.19 **ARTICLE 2**  
4.20 **CHILD CARE**

4.21 Section 1. Minnesota Statutes 2006, section 119B.03, subdivision 6, is amended to read:

4.22 Subd. 6. **Allocation formula.** The basic sliding fee state and federal funds shall be  
4.23 allocated on a calendar year basis. Funds shall be allocated first in amounts equal to each  
4.24 county's guaranteed floor according to subdivision 8, with any remaining available funds  
4.25 allocated according to the following formula:

4.26 (a) One-fourth of the funds shall be allocated in proportion to each county's total  
4.27 expenditures for the basic sliding fee child care program reported during the most recent  
4.28 fiscal year completed at the time of the notice of allocation.

4.29 (b) Up to one-fourth of the funds shall be allocated based on in proportion to the  
4.30 number of families participating in the transition year child care program as reported  
4.31 during and averaged over the most recent ~~quarter~~ six months completed at the time of the  
4.32 notice of allocation. Funds in excess of the amount necessary to serve all families in this  
4.33 category shall be allocated according to paragraph (f).

4.34 (c) Up to one-fourth of the funds shall be allocated in proportion to the average of  
4.35 each county's most ~~recently~~ recent six months of reported first, second, and third priority

5.1 waiting list as defined in subdivision 2 and the reinstatement list of those families whose  
5.2 assistance was terminated with the approval of the commissioner under Minnesota Rules,  
5.3 part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in  
5.4 this category shall be allocated according to paragraph (f).

5.5 (d) Up to one-fourth of the funds ~~must~~ shall be allocated in proportion to the average  
5.6 of each county's most ~~recently~~ recent six months of reported waiting list as defined in  
5.7 subdivision 2 and the reinstatement list of those families whose assistance was terminated  
5.8 with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart  
5.9 1. Funds in excess of the amount necessary to serve all families in this category shall  
5.10 be allocated according to paragraph (f).

5.11 (e) The amount necessary to serve all families in paragraphs (b), (c), and (d) shall be  
5.12 calculated based on the basic sliding fee average cost of care per family in the county with  
5.13 the highest cost in the most recently completed calendar year.

5.14 (f) Funds in excess of the amount necessary to serve all families in paragraphs (b),  
5.15 (c), and (d) shall be allocated in proportion to each county's total expenditures for the basic  
5.16 sliding fee child care program reported during the most recent fiscal year completed at the  
5.17 time of the notice of allocation.

5.18 Sec. 2. Minnesota Statutes 2006, section 119B.09, subdivision 9, is amended to read:

5.19 Subd. 9. **Licensed and legal nonlicensed family child care providers; assistance.**  
5.20 Licensed and legal nonlicensed family child care providers and their employees are not  
5.21 eligible to receive child care assistance subsidies under this chapter for their own children  
5.22 or children in their family during the hours they are providing child care or being paid to  
5.23 provide child care. Child care providers and their employees are eligible to receive child  
5.24 care assistance subsidies for their children when they are engaged in other activities that  
5.25 meet the requirements of this chapter and for which child care assistance can be paid. The  
5.26 hours for which the provider or their employee receives a child care subsidy for their own  
5.27 children must not overlap with the hours the provider provides child care services.

5.28 Sec. 3. Minnesota Statutes 2007 Supplement, section 119B.231, subdivision 5, is  
5.29 amended to read:

5.30 Subd. 5. **Relationship to current law.** (a) The following provisions in chapter 119B  
5.31 must be waived or modified for families receiving services under this section.

5.32 (b) Notwithstanding section 119B.13, subdivisions 1 and 1a, maximum weekly rates  
5.33 under this section are 125 percent of the existing maximum weekly rate for like-care.  
5.34 Providers eligible for a differential rate under section 119B.13, subdivision 3a, remain

6.1 eligible for the differential above the rate identified in this section. Only care for children  
6.2 who have not yet entered kindergarten may be paid at the maximum rate under this  
6.3 section. The provider's charge for service provided through an SRSA may not exceed the  
6.4 rate that the provider charges a private-pay family for like-care arrangements.

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

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

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

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

6.10 (e) Funds appropriated under this section to serve families eligible under section  
6.11 119B.03 are not allocated through the basic sliding fee formula under section 119B.03.  
6.12 Funds appropriated under this section are used to offset increased costs when payments  
6.13 are made under SRSA's.

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

6.17 (g) Effective upon date of enactment, absent day payment limits under section  
6.18 119B.13, subdivision 7, do not apply to children for care paid through SRSA's provided  
6.19 the family remains eligible under subdivision 3.

6.20 Sec. 4. Minnesota Statutes 2007 Supplement, section 245A.1435, is amended to read:

6.21 **245A.1435 REDUCTION OF RISK OF SUDDEN INFANT DEATH**  
6.22 **SYNDROME IN LICENSED PROGRAMS.**

6.23 When a license holder is placing an infant to sleep, the license holder must place  
6.24 the infant on the infant's back, unless the parent provides the license holder ~~has~~ with  
6.25 documentation from the infant's ~~parent~~ parent doctor directing an alternative sleeping position  
6.26 for the infant, and must place the infant in a crib with a firm mattress. The license holder  
6.27 must not place pillows, quilts, comforters, sheepskin, pillow-like stuffed toys, or other  
6.28 soft products in the crib with the infant. Licensed child care providers must meet the  
6.29 crib requirements under section 245A.146.

6.30 Sec. 5. **CHILD CARE ADVISORY TASK FORCE.**

6.31 Subdivision 1. **Establishment.** The commissioner of human services shall establish  
6.32 a Child Care Advisory Task Force of stakeholders to review and make recommendations  
6.33 to the legislature to remove barriers facing families applying for and receiving child care  
6.34 assistance under Minnesota Statutes, chapter 119B.

7.1 Subd. 2. **Membership.** The commissioner of human services shall appoint Child  
7.2 Care Advisory Task Force members. The Child Care Advisory Task Force shall include,  
7.3 but is not limited to, representatives from:

7.4 (1) the Department of Human Services;

7.5 (2) counties and nonprofit organizations administering the child care assistance  
7.6 programs;

7.7 (3) a parent receiving child care assistance;

7.8 (4) the child care advocacy community; and

7.9 (5) the antipoverty advocacy community.

7.10 Subd. 3. **Duties.** The Child Care Advisory Task Force shall review child care  
7.11 assistance laws, rules, and policies and make recommendations to remove barriers facing  
7.12 families applying for child care assistance or completing reauthorization for child care  
7.13 assistance to the legislative committees with jurisdiction over the child care assistance  
7.14 programs under Minnesota Statutes, chapter 119B. Barriers to review include, but are  
7.15 not limited to:

7.16 (1) length of application forms;

7.17 (2) consistency of application and reauthorization forms statewide;

7.18 (3) documentation requirements, including frequency of producing documentation;

7.19 (4) barriers facing parents with limited English; and

7.20 (5) length of reauthorization periods.

7.21 Subd. 4. **Report.** By January 15, 2010, the Department of Human Services shall  
7.22 report to the legislative committees with jurisdiction over the child care assistance  
7.23 programs with the Child Care Advisory Task Force recommendations to remove the  
7.24 barriers facing families in applying for and receiving child care assistance.

7.25 Subd. 5. **Task force expenses.** Notwithstanding Minnesota Statutes, section 15.059,  
7.26 task force members must not be paid a per diem or reimbursed for any expenses associated  
7.27 with their membership on the task force.

7.28 Subd. 6. **Expiration.** The Child Care Advisory Task Force expires June 30, 2010.

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

### 7.30 **ARTICLE 3**

### 7.31 **CHILD CARE TECHNICAL**

7.32 Section 1. Minnesota Statutes 2006, section 119B.011, subdivision 17, is amended to  
7.33 read:

8.1 Subd. 17. **MFIP.** "MFIP" means the Minnesota family investment program, the  
8.2 state's TANF program under Public Law 104-193, Title I, and includes the MFIP program  
8.3 under chapter 256J, ~~the work first program under chapter 256K~~, and tribal contracts under  
8.4 section 119B.02, subdivision 2, or 256.01, subdivision 2.

8.5 Sec. 2. Minnesota Statutes 2006, section 119B.03, subdivision 1, is amended to read:

8.6 Subdivision 1. ~~Allocation period; Notice of allocation. When the commissioner~~  
8.7 ~~notifies county and human service boards of the forms and instructions they are to~~  
8.8 ~~follow in the development of their child care fund plans required under section 119B.08,~~  
8.9 ~~subdivision 3, the commissioner shall also notify county and human services boards of~~  
8.10 ~~their estimated child care fund program allocation for the two years covered by the plan.~~  
8.11 By October 1 of each year, the commissioner shall notify all counties of their final child  
8.12 care fund program allocation.

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

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

8.18 (1) have household income less than or equal to ~~250~~ 67 percent of the ~~federal poverty~~  
8.19 ~~guidelines~~ state median income, adjusted for family size, and meet the requirements  
8.20 of section 119B.05; receive MFIP assistance; and are participating in employment and  
8.21 training services under chapter 256J ~~or 256K~~; or

8.22 (2) have household income less than or equal to ~~175~~ 47 percent of the ~~federal~~  
8.23 ~~poverty guidelines~~ state median income, adjusted for family size, at program entry and  
8.24 less than ~~250~~ 67 percent of the ~~federal poverty guidelines~~ state median income, adjusted  
8.25 for family size, at program exit.

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

8.27 (c) All applicants for child care assistance and families currently receiving child care  
8.28 assistance must be assisted and required to cooperate in establishment of paternity and  
8.29 enforcement of child support obligations for all children in the family as a condition  
8.30 of program eligibility. For purposes of this section, a family is considered to meet the  
8.31 requirement for cooperation when the family complies with the requirements of section  
8.32 256.741.

9.1 Sec. 4. Minnesota Statutes 2007 Supplement, section 119B.12, is amended to read:

9.2 **119B.12 SLIDING FEE SCALE.**

9.3 Subdivision 1. **Fee schedule.** In setting the sliding fee schedule, the commissioner  
 9.4 shall exclude from the amount of income used to determine eligibility an amount for  
 9.5 federal and state income and Social Security taxes attributable to that income level  
 9.6 according to federal and state standardized tax tables. The commissioner shall base the  
 9.7 parent fee on the ability of the family to pay for child care. The fee schedule must be  
 9.8 designed to use any available tax credits.

9.9 PARENT FEE SCHEDULE. The parent fee schedule is as follows, except as noted  
 9.10 in subdivision 2:

Income Range (as a percent of the <del>federal</del> <del>poverty guidelines</del> state median income, except at the start of the first tier)	Co-payment (as a percentage of adjusted gross income)
0-74.99% of federal poverty guidelines	\$0/month
75.00-99.99% of federal poverty guidelines	\$5/month
<del>100.00-104.99%</del> 100.00% of federal poverty guidelines-27.72%	2.61%
<del>105.00-109.99%</del> 27.73-29.04%	2.61%
<del>110.00-114.99%</del> 29.05-30.36%	2.61%
<del>115.00-119.99%</del> 30.37-31.68%	2.61%
<del>120.00-124.99%</del> 31.69-33.00%	2.91%
<del>125.00-129.99%</del> 33.01-34.32%	2.91%
<del>130.00-134.99%</del> 34.33-35.65%	2.91%
<del>135.00-139.99%</del> 35.66-36.96%	2.91%
<del>140.00-144.99%</del> 36.97-38.29%	3.21%
<del>145.00-149.99%</del> 38.30-39.61%	3.21%
<del>150.00-154.99%</del> 39.62-40.93%	3.21%
<del>155.00-159.99%</del> 40.94-42.25%	3.84%
<del>160.00-164.99%</del> 42.26-43.57%	3.84%
<del>165.00-169.99%</del> 43.58-44.89%	4.46%
<del>170.00-174.99%</del> 44.90-46.21%	4.76%
<del>175.00-179.99%</del> 46.22-47.53%	5.05%
<del>180.00-184.99%</del> 47.54-48.85%	5.65%
<del>185.00-189.99%</del> 48.86-50.17%	5.95%
<del>190.00-194.99%</del> 50.18-51.49%	6.24%
<del>195.00-199.99%</del> 51.50-52.81%	6.84%
<del>200.00-204.99%</del> 52.82-54.13%	7.58%
<del>205.00-209.99%</del> 54.14-55.45%	8.33%
<del>210.00-214.99%</del> 55.46-56.77%	9.20%
<del>215.00-219.99%</del> 56.78-58.09%	10.07%
<del>220.00-224.99%</del> 58.10-59.41%	10.94%
<del>225.00-229.99%</del> 59.42-60.73%	11.55%

10.1	<del>230.00-234.99%</del> <u>60.74-62.06%</u>	12.16%
10.2	<del>235.00-239.99%</del> <u>62.07-63.38%</u>	12.77%
10.3	<del>240.00-244.99%</del> <u>63.39-64.70%</u>	13.38%
10.4	<del>245.00-249.99%</del> <u>64.71-66.99%</u>	14.00%
10.5	<del>250%</del> <u>67.00%</u>	ineligible

10.6 A family's monthly co-payment fee is the fixed percentage established for the  
 10.7 income range multiplied by the highest possible income within that income range.

10.8 Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period.  
 10.9 A family's parent fee must be a fixed percentage of its annual gross income. Parent fees  
 10.10 must apply to families eligible for child care assistance under sections 119B.03 and  
 10.11 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed  
 10.12 percent is based on the relationship of the family's annual gross income to 100 percent  
 10.13 of the annual ~~federal poverty guidelines~~ state median income. Parent fees must begin  
 10.14 at 75 percent of the poverty level. The minimum parent fees for families between 75  
 10.15 percent and 100 percent of poverty level must be \$5 per month. Parent fees must provide  
 10.16 for graduated movement to full payment. Payment of part or all of a family's parent  
 10.17 fee directly to the family's child care provider on behalf of the family by a source other  
 10.18 than the family shall not affect the family's eligibility for child care assistance, and the  
 10.19 amount paid shall be excluded from the family's income. Child care providers who accept  
 10.20 third-party payments must maintain family specific documentation of payment source,  
 10.21 amount, and time period covered by the payment.

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

10.23 Sec. 5. Minnesota Statutes 2006, section 119B.125, is amended by adding a subdivision  
 10.24 to read:

10.25 Subd. 1a. **Background study required.** This subdivision only applies to legal,  
 10.26 nonlicensed family child care providers. Prior to authorization, and as part of each  
 10.27 reauthorization required in subdivision 1, the county shall perform a background study on  
 10.28 every member of the provider's household who is age 13 and older. The background study  
 10.29 shall be conducted according to the procedures under subdivision 2.

10.30 Sec. 6. Minnesota Statutes 2007 Supplement, section 119B.125, subdivision 2, is  
 10.31 amended to read:

10.32 Subd. 2. **Persons who cannot be authorized.** (a) ~~A person who~~ When any  
 10.33 member of the legal, nonlicensed family child care provider's household meets any of the  
 10.34 conditions under paragraphs (b) to (n), the provider must not be authorized as a legal

11.1 nonlicensed family child care provider. To determine whether any of the listed conditions  
11.2 exist, the county must request information about the provider and other household  
11.3 members for whom a background study is required under subdivision 1a from the Bureau  
11.4 of Criminal Apprehension, the juvenile courts, and social service agencies. When one  
11.5 of the listed entities does not maintain information on a statewide basis, the county must  
11.6 contact the entity in the county where the provider resides and any other county in which  
11.7 the provider or any household member previously resided in the past year. For purposes of  
11.8 this subdivision, a finding that a delinquency petition is proven in juvenile court must be  
11.9 considered a conviction in state district court. If a county has determined that a provider  
11.10 is able to be authorized in that county, and a family in another county later selects that  
11.11 provider, the provider is able to be authorized in the second county without undergoing a  
11.12 new background investigation unless one of the following conditions exists:

11.13 (1) two years have passed since the first authorization;

11.14 (2) another person age 13 or older has joined the provider's household since the  
11.15 last authorization;

11.16 (3) a current household member has turned 13 since the last authorization; or

11.17 (4) there is reason to believe that a household member has a factor that prevents  
11.18 authorization.

11.19 (b) The person has been convicted of one of the following offenses or has admitted to  
11.20 committing or a preponderance of the evidence indicates that the person has committed an  
11.21 act that meets the definition of one of the following offenses: sections 609.185 to 609.195,  
11.22 murder in the first, second, or third degree; 609.2661 to 609.2663, murder of an unborn  
11.23 child in the first, second, or third degree; 609.322, solicitation, inducement, promotion  
11.24 of prostitution, or receiving profit from prostitution; 609.342 to 609.345, criminal sexual  
11.25 conduct in the first, second, third, or fourth degree; 609.352, solicitation of children to  
11.26 engage in sexual conduct; 609.365, incest; 609.377, felony malicious punishment of a  
11.27 child; 617.246, use of minors in sexual performance; 617.247, possession of pictorial  
11.28 representation of a minor; 609.2242 to 609.2243, felony domestic assault; a felony offense  
11.29 of spousal abuse; a felony offense of child abuse or neglect; a felony offense of a crime  
11.30 against children; or an attempt or conspiracy to commit any of these offenses as defined in  
11.31 Minnesota Statutes; or an offense in any other state or country where the elements are  
11.32 substantially similar to any of the offenses listed in this paragraph.

11.33 (c) Less than 15 years have passed since the discharge of the sentence imposed for  
11.34 the offense and the person has received a felony conviction for one of the following  
11.35 offenses, or the person has admitted to committing or a preponderance of the evidence  
11.36 indicates that the person has committed an act that meets the definition of a felony

12.1 conviction for one of the following offenses: sections 609.20 to 609.205, manslaughter in  
12.2 the first or second degree; 609.21, criminal vehicular homicide; 609.215, aiding suicide  
12.3 or aiding attempted suicide; 609.221 to 609.2231, assault in the first, second, third, or  
12.4 fourth degree; 609.224, repeat offenses of fifth degree assault; 609.228, great bodily  
12.5 harm caused by distribution of drugs; 609.2325, criminal abuse of a vulnerable adult;  
12.6 609.2335, financial exploitation of a vulnerable adult; 609.235, use of drugs to injure or  
12.7 facilitate a crime; 609.24, simple robbery; 617.241, repeat offenses of obscene materials  
12.8 and performances; 609.245, aggravated robbery; 609.25, kidnapping; 609.255, false  
12.9 imprisonment; 609.2664 to 609.2665, manslaughter of an unborn child in the first or  
12.10 second degree; 609.267 to 609.2672, assault of an unborn child in the first, second, or third  
12.11 degree; 609.268, injury or death of an unborn child in the commission of a crime; 609.27,  
12.12 coercion; 609.275, attempt to coerce; 609.324, subdivision 1, other prohibited acts, minor  
12.13 engaged in prostitution; 609.3451, repeat offenses of criminal sexual conduct in the fifth  
12.14 degree; 609.378, neglect or endangerment of a child; 609.52, theft; 609.521, possession of  
12.15 shoplifting gear; 609.561 to 609.563, arson in the first, second, or third degree; 609.582,  
12.16 burglary in the first, second, third, or fourth degree; 609.625, aggravated forgery; 609.63,  
12.17 forgery; 609.631, check forgery, offering a forged check; 609.635, obtaining signature  
12.18 by false pretenses; 609.66, dangerous weapon; 609.665, setting a spring gun; 609.67,  
12.19 unlawfully owning, possessing, or operating a machine gun; 609.687, adulteration; 609.71,  
12.20 riot; 609.713, terrorist threats; 609.749, harassment, stalking; 260C.301, termination of  
12.21 parental rights; 152.021 to 152.022 and 152.0262, controlled substance crime in the first  
12.22 or second degree; 152.023, subdivision 1, clause (3) or (4), or 152.023, subdivision 2,  
12.23 clause (4), controlled substance crime in third degree; 152.024, subdivision 1, clause  
12.24 (2), (3), or (4), controlled substance crime in fourth degree; 617.23, repeat offenses of  
12.25 indecent exposure; an attempt or conspiracy to commit any of these offenses as defined in  
12.26 Minnesota Statutes; or an offense in any other state or country where the elements are  
12.27 substantially similar to any of the offenses listed in this paragraph.

12.28 (d) Less than ten years have passed since the discharge of the sentence imposed for  
12.29 the offense and the person has received a gross misdemeanor conviction for one of the  
12.30 following offenses or the person has admitted to committing or a preponderance of the  
12.31 evidence indicates that the person has committed an act that meets the definition of a gross  
12.32 misdemeanor conviction for one of the following offenses: sections 609.224, fifth degree  
12.33 assault; 609.2242 to 609.2243, domestic assault; 518B.01, subdivision 14, violation of  
12.34 an order for protection; 609.3451, fifth degree criminal sexual conduct; 609.746, repeat  
12.35 offenses of interference with privacy; 617.23, repeat offenses of indecent exposure;  
12.36 617.241, obscene materials and performances; 617.243, indecent literature, distribution;

13.1 617.293, disseminating or displaying harmful material to minors; 609.71, riot; 609.66,  
13.2 dangerous weapons; 609.749, harassment, stalking; 609.224, subdivision 2, paragraph  
13.3 (c), fifth degree assault against a vulnerable adult by a caregiver; 609.23, mistreatment  
13.4 of persons confined; 609.231, mistreatment of residents or patients; 609.2325, criminal  
13.5 abuse of a vulnerable adult; 609.2335, financial exploitation of a vulnerable adult;  
13.6 609.233, criminal neglect of a vulnerable adult; 609.234, failure to report maltreatment of  
13.7 a vulnerable adult; 609.72, subdivision 3, disorderly conduct against a vulnerable adult;  
13.8 609.265, abduction; 609.378, neglect or endangerment of a child; 609.377, malicious  
13.9 punishment of a child; 609.324, subdivision 1a, other prohibited acts, minor engaged  
13.10 in prostitution; 609.33, disorderly house; 609.52, theft; 609.582, burglary in the first,  
13.11 second, third, or fourth degree; 609.631, check forgery, offering a forged check; 609.275,  
13.12 attempt to coerce; an attempt or conspiracy to commit any of these offenses as defined in  
13.13 Minnesota Statutes; or an offense in any other state or country where the elements are  
13.14 substantially similar to any of the offenses listed in this paragraph.

13.15 (e) Less than seven years have passed since the discharge of the sentence imposed  
13.16 for the offense and the person has received a misdemeanor conviction for one of the  
13.17 following offenses or the person has admitted to committing or a preponderance of  
13.18 the evidence indicates that the person has committed an act that meets the definition  
13.19 of a misdemeanor conviction for one of the following offenses: sections 609.224, fifth  
13.20 degree assault; 609.2242, domestic assault; 518B.01, violation of an order for protection;  
13.21 609.3232, violation of an order for protection; 609.746, interference with privacy; 609.79,  
13.22 obscene or harassing telephone calls; 609.795, letter, telegram, or package opening,  
13.23 harassment; 617.23, indecent exposure; 609.2672, assault of an unborn child, third degree;  
13.24 617.293, dissemination and display of harmful materials to minors; 609.66, dangerous  
13.25 weapons; 609.665, spring guns; an attempt or conspiracy to commit any of these offenses  
13.26 as defined in Minnesota Statutes; or an offense in any other state or country where the  
13.27 elements are substantially similar to any of the offenses listed in this paragraph.

13.28 (f) The person has been identified by the child protection agency in the county where  
13.29 the provider resides or a county where the provider has resided or by the statewide child  
13.30 protection database as a person found by a preponderance of evidence under section  
13.31 626.556 to be responsible for physical or sexual abuse of a child within the last seven years.

13.32 (g) The person has been identified by the adult protection agency in the county  
13.33 where the provider resides or a county where the provider has resided or by the statewide  
13.34 adult protection database as the person responsible for abuse or neglect of a vulnerable  
13.35 adult within the last seven years.

14.1 (h) The person has refused to give written consent for disclosure of criminal history  
14.2 records.

14.3 (i) The person has been denied a family child care license or has received a fine or a  
14.4 sanction as a licensed child care provider that has not been reversed on appeal.

14.5 (j) The person has a family child care licensing disqualification that has not been  
14.6 set aside.

14.7 (k) The person has admitted or a county has found that there is a preponderance of  
14.8 evidence that fraudulent information was given to the county for child care assistance  
14.9 application purposes or was used in submitting child care assistance bills for payment.

14.10 (l) The person has been convicted of the crime of theft by wrongfully obtaining  
14.11 public assistance or has been found guilty of wrongfully obtaining public assistance by a  
14.12 federal court, state court, or an administrative hearing determination or waiver, through a  
14.13 disqualification consent agreement, as part of an approved diversion plan under section  
14.14 401.065, or a court-ordered stay with probationary or other conditions.

14.15 (m) The person has a household member age 13 or older who has access to children  
14.16 during the hours that care is provided and who meets one of the conditions listed in  
14.17 paragraphs (b) to (l).

14.18 (n) The person has a household member ages ten to 12 who has access to children  
14.19 during the hours that care is provided; information or circumstances exist which provide  
14.20 the county with articulable suspicion that further pertinent information may exist showing  
14.21 the household member meets one of the conditions listed in paragraphs (b) to (l); and the  
14.22 household member actually meets one of the conditions listed in paragraphs (b) to (l).

14.23 Sec. 7. Minnesota Statutes 2007 Supplement, section 119B.13, subdivision 1, is  
14.24 amended to read:

14.25 Subdivision 1. **Subsidy restrictions.** (a) Beginning July 1, 2006, the maximum rate  
14.26 paid for child care assistance in any county or multicounty region under the child care  
14.27 fund shall be the rate for like-care arrangements in the county effective January 1, 2006,  
14.28 increased by six percent.

14.29 (b) Rate changes shall be implemented for services provided in September 2006  
14.30 unless a participant eligibility redetermination or a new provider agreement is completed  
14.31 between July 1, 2006, and August 31, 2006.

14.32 As necessary, appropriate notice of adverse action must be made according to  
14.33 Minnesota Rules, part 3400.0185, subparts 3 and 4.

14.34 New cases approved on or after July 1, 2006, shall have the maximum rates under  
14.35 paragraph (a), implemented immediately.

15.1 (c) Every year, the commissioner shall survey rates charged by child care providers in  
15.2 Minnesota to determine the 75th percentile for like-care arrangements in counties. When  
15.3 the commissioner determines that, using the commissioner's established protocol, the  
15.4 number of providers responding to the survey is too small to determine the 75th percentile  
15.5 rate for like-care arrangements in a county or multicounty region, the commissioner may  
15.6 establish the 75th percentile maximum rate based on like-care arrangements in a county,  
15.7 region, or category that the commissioner deems to be similar.

15.8 (d) A rate which includes a special needs rate paid under subdivision 3 or under a  
15.9 school readiness service agreement paid under section 119B.231, may be in excess of the  
15.10 maximum rate allowed under this subdivision.

15.11 (e) The department shall monitor the effect of this paragraph on provider rates. The  
15.12 county shall pay the provider's full charges for every child in care up to the maximum  
15.13 established. The commissioner shall determine the maximum rate for each type of care on  
15.14 an hourly, full-day, and weekly basis, including special needs and disability care.

15.15 (f) When the provider charge is greater than the maximum provider rate allowed,  
15.16 the parent is responsible for payment of the difference in the rates in addition to any  
15.17 family co-payment fee.

15.18 (g) All maximum provider rates changes shall be implemented on the Monday  
15.19 following the effective date of the maximum provider rate.

15.20 Sec. 8. Minnesota Statutes 2007 Supplement, section 119B.13, subdivision 7, is  
15.21 amended to read:

15.22 Subd. 7. **Absent days.** (a) Child care providers may not be reimbursed for more  
15.23 than 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more  
15.24 than ten consecutive full-day absent days, unless the child has a documented medical  
15.25 condition that causes more frequent absences. Absences due to a documented medical  
15.26 condition of a parent or sibling who lives in the same residence as the child receiving  
15.27 child care assistance do not count against the 25-day absent day limit in a fiscal year.  
15.28 Documentation of medical conditions must be on the forms and submitted according to  
15.29 the timelines established by the commissioner. A public health nurse or school nurse  
15.30 may verify the illness in lieu of a medical practitioner. If a provider sends a child home  
15.31 early due to a medical reason, including, but not limited to, fever or contagious illness,  
15.32 the child care center director or lead teacher may verify the illness in lieu of a medical  
15.33 practitioner. If a child attends for part of the time authorized to be in care in a day, but is  
15.34 absent for part of the time authorized to be in care in that same day, the absent time will be  
15.35 reimbursed but the time will not count toward the ten consecutive or 25 cumulative absent

16.1 day limits. Children in families where at least one parent is under the age of 21, does not  
16.2 have a high school or general equivalency diploma, and is a student in a school district  
16.3 or another similar program that provides or arranges for child care, as well as parenting,  
16.4 social services, career and employment supports, and academic support to achieve high  
16.5 school graduation, may be exempt from the absent day limits upon request of the program  
16.6 and approval of the county. If a child attends part of an authorized day, payment to the  
16.7 provider must be for the full amount of care authorized for that day. Child care providers  
16.8 may only be reimbursed for absent days if the provider has a written policy for child  
16.9 absences and charges all other families in care for similar absences.

16.10 (b) Child care providers must be reimbursed for up to ten federal or state holidays  
16.11 or designated holidays per year when the provider charges all families for these days  
16.12 and the holiday or designated holiday falls on a day when the child is authorized to be  
16.13 in attendance. Parents may substitute other cultural or religious holidays for the ten  
16.14 recognized state and federal holidays. Holidays do not count toward the ten consecutive or  
16.15 25 cumulative absent day limits.

16.16 (c) A family or child care provider may not be assessed an overpayment for an  
16.17 absent day payment unless (1) there was an error in the amount of care authorized for the  
16.18 family, (2) all of the allowed full-day absent payments for the child have been paid, or (3)  
16.19 the family or provider did not timely report a change as required under law.

16.20 (d) The provider and family must receive notification of the number of absent days  
16.21 used upon initial provider authorization for a family and when the family has used 15  
16.22 cumulative absent days. Upon statewide implementation of the Minnesota Electronic  
16.23 Child Care System, the provider and family shall receive notification of the number of  
16.24 absent days used upon initial provider authorization for a family and ongoing notification  
16.25 of the number of absent days used as of the date of the notification.

16.26 (e) A county may pay for more absent days than the statewide absent day policy  
16.27 established under this subdivision if current market practice in the county justifies payment  
16.28 for those additional days. County policies for payment of absent days in excess of the  
16.29 statewide absent day policy and justification for these county policies must be included in  
16.30 the county's child care fund plan under section 119B.08, subdivision 3.

16.31 Sec. 9. Minnesota Statutes 2007 Supplement, section 119B.21, subdivision 5, is  
16.32 amended to read:

16.33 Subd. 5. **Child care services grants.** (a) A child care resource and referral program  
16.34 designated under section 119B.19, subdivision 1a, may award child care services grants  
16.35 for:

- 17.1 (1) creating new licensed child care facilities and expanding existing facilities,  
 17.2 including, but not limited to, supplies, equipment, facility renovation, and remodeling;  
 17.3 (2) improving licensed child care facility programs;  
 17.4 (3) staff training and development services including, but not limited to, in-service  
 17.5 training, curriculum development, accreditation, certification, consulting, resource  
 17.6 centers, program and resource materials, supporting effective teacher-child interactions,  
 17.7 child-focused teaching, and content-driven classroom instruction;  
 17.8 (4) interim financing;  
 17.9 (5) capacity building through the purchase of appropriate technology to create,  
 17.10 enhance, and maintain business management systems;  
 17.11 (6) emergency assistance for child care programs;  
 17.12 (7) new programs or projects for the creation, expansion, or improvement of  
 17.13 programs that serve ethnic immigrant and refugee communities; and  
 17.14 (8) targeted recruitment initiatives to expand and build the capacity of the child  
 17.15 care system and to improve the quality of care provided by legal nonlicensed child care  
 17.16 providers.

17.17 (b) A child care resource and referral program designated under section 119B.19,  
 17.18 subdivision 1a, may award child care services grants to:

- 17.19 (1) licensed providers;  
 17.20 (2) providers in the process of being licensed;  
 17.21 (3) corporations or public agencies that develop or provide child care services;  
 17.22 (4) school-age care programs;  
 17.23 (5) legal nonlicensed or family, friend, and neighbor care providers; or  
 17.24 ~~(5)~~ (6) any combination of clauses (1) to ~~(4)~~ (5).

17.25 ~~Unlicensed providers are only eligible for grants under paragraph (a), clause (7).~~

17.26 (c) A recipient of a child care services grant for facility improvements, interim  
 17.27 financing, or staff training and development must provide a 25 percent local match.

17.28 Sec. 10. Minnesota Statutes 2006, section 119B.21, subdivision 10, is amended to read:

17.29 Subd. 10. **Family child care technical assistance grants.** (a) A child care resource  
 17.30 and referral organization designated under section 119B.19, subdivision 1a, may award  
 17.31 technical assistance grants of up to \$1,000. These grants may be used for:

- 17.32 (1) facility improvements, including, but not limited to, improvements to meet  
 17.33 licensing requirements;  
 17.34 (2) improvements to expand a child care facility or program;  
 17.35 (3) toys and equipment;

- 18.1 (4) technology and software to create, enhance, and maintain business management  
 18.2 systems;
- 18.3 (5) start-up costs;
- 18.4 (6) staff training and development; and
- 18.5 (7) other uses approved by the commissioner.

18.6 (b) A child care resource and referral program may award family child care technical  
 18.7 assistance grants to:

- 18.8 (1) licensed family child care providers; ~~or~~
- 18.9 (2) child care providers in the process of becoming licensed; or
- 18.10 (3) legal nonlicensed or family, friend, and neighbor care providers.
- 18.11 (c) A local match is not required for a family child care technical assistance grant.

18.12 Sec. 11. Minnesota Statutes 2006, section 256E.30, subdivision 1, is amended to read:

18.13 Subdivision 1. **Authorization.** The commissioner of ~~education~~ human services may  
 18.14 provide financial assistance for community action agencies, Indian reservations, and  
 18.15 migrant and seasonal farmworker organizations to carry out community action programs  
 18.16 as described in section 256E.32 in accordance with the Omnibus Reconciliation Act of  
 18.17 1981, Public Law 97-35, as amended in 1984, Public Law 98-558, state law, and federal  
 18.18 law and regulation.

18.19 Sec. 12. Minnesota Statutes 2006, section 256E.35, subdivision 7, is amended to read:

18.20 Subd. 7. **Program reporting.** The fiscal agent on behalf of each fiduciary  
 18.21 organization participating in a family assets for independence initiative must report  
 18.22 quarterly to the commissioner of human services ~~and to the commissioner of education~~  
 18.23 identifying the participants with accounts, the number of accounts, the amount of savings  
 18.24 and matches for each participant's account, the uses of the account, and the number of  
 18.25 businesses, homes, and educational services paid for with money from the account, as  
 18.26 well as other information that may be required for the commissioner to administer the  
 18.27 program and meet federal TANF reporting requirements.

18.28 Sec. 13. **REVISOR'S INSTRUCTION.**

18.29 (a) The revisor of statutes shall renumber Minnesota Statutes, section 119A.45,  
 18.30 as Minnesota Statutes, section 256E.37.

18.31 (b) The revisor of statutes shall make such cross-reference changes as are necessary  
 18.32 from the renumbering in this section wherever the reference appears in statute.

## ARTICLE 4

## MFIP TECHNICAL CHANGES

19.1

19.2

19.3 Section 1. Minnesota Statutes 2007 Supplement, section 256J.20, subdivision 3,  
19.4 is amended to read:

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

19.9 (1) a licensed vehicle up to a loan value of less than or equal to \$15,000. If the  
19.10 assistance unit owns more than one licensed vehicle, the county agency shall determine the  
19.11 loan value of all additional vehicles and exclude the combined loan value of less than or  
19.12 equal to \$7,500. The county agency shall apply any excess loan value as if it were equity  
19.13 value to the asset limit described in this section, excluding: (i) the value of one vehicle  
19.14 per physically disabled person when the vehicle is needed to transport the disabled unit  
19.15 member; this exclusion does not apply to mentally disabled people; (ii) the value of special  
19.16 equipment for a disabled member of the assistance unit; and (iii) any vehicle used for  
19.17 long-distance travel, other than daily commuting, for the employment of a unit member.

19.18 To establish the loan value of vehicles, a county agency must use the N.A.D.A.  
19.19 Official Used Car Guide, Midwest Edition, for newer model cars. When a vehicle is not  
19.20 listed in the guidebook, or when the applicant or participant disputes the loan value listed  
19.21 in the guidebook as unreasonable given the condition of the particular vehicle, the county  
19.22 agency may require the applicant or participant document the loan value by securing a  
19.23 written statement from a motor vehicle dealer licensed under section 168.27, stating  
19.24 the amount that the dealer would pay to purchase the vehicle. The county agency shall  
19.25 reimburse the applicant or participant for the cost of a written statement that documents  
19.26 a lower loan value;

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

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

19.29 (4) the value of personal property needed to produce earned income, including  
19.30 tools, implements, farm animals, inventory, business loans, business checking and  
19.31 savings accounts used at least annually and used exclusively for the operation of a  
19.32 self-employment business, and any motor vehicles if at least 50 percent of the vehicle's use  
19.33 is to produce income and if the vehicles are essential for the self-employment business;

- 20.1 (5) the value of personal property not otherwise specified which is commonly  
20.2 used by household members in day-to-day living such as clothing, necessary household  
20.3 furniture, equipment, and other basic maintenance items essential for daily living;
- 20.4 (6) the value of real and personal property owned by a recipient of Supplemental  
20.5 Security Income or Minnesota supplemental aid;
- 20.6 (7) the value of corrective payments, but only for the month in which the payment  
20.7 is received and for the following month;
- 20.8 (8) a mobile home or other vehicle used by an applicant or participant as the  
20.9 applicant's or participant's home;
- 20.10 (9) money in a separate escrow account that is needed to pay real estate taxes or  
20.11 insurance and that is used for this purpose;
- 20.12 (10) money held in escrow to cover employee FICA, employee tax withholding,  
20.13 sales tax withholding, employee worker compensation, business insurance, property rental,  
20.14 property taxes, and other costs that are paid at least annually, but less often than monthly;
- 20.15 (11) monthly assistance payments for the current month's or short-term emergency  
20.16 needs under section 256J.626, subdivision 2;
- 20.17 (12) the value of school loans, grants, or scholarships for the period they are  
20.18 intended to cover;
- 20.19 (13) payments listed in section 256J.21, subdivision 2, clause (9), which are held  
20.20 in escrow for a period not to exceed three months to replace or repair personal or real  
20.21 property;
- 20.22 (14) income received in a budget month through the end of the payment month;
- 20.23 (15) savings from earned income of a minor child or a minor parent that are set aside  
20.24 in a separate account designated specifically for future education or employment costs;
- 20.25 (16) the federal earned income credit, Minnesota working family credit, state and  
20.26 federal income tax refunds, state homeowners and renters credits under chapter 290A,  
20.27 property tax rebates and other federal or state tax rebates in the month received and the  
20.28 following month;
- 20.29 (17) payments excluded under federal law as long as those payments are held in a  
20.30 separate account from any nonexcluded funds;
- 20.31 (18) the assets of children ineligible to receive MFIP benefits because foster care or  
20.32 adoption assistance payments are made on their behalf; and
- 20.33 (19) the assets of persons whose income is excluded under section 256J.21,  
20.34 subdivision 2, clause (43).

20.35 Sec. 2. Minnesota Statutes 2006, section 256J.24, subdivision 5, is amended to read:

21.1 Subd. 5. **MFIP transitional standard.** The MFIP transitional standard is based  
 21.2 on the number of persons in the assistance unit eligible for both food and cash assistance  
 21.3 unless the restrictions in subdivision 6 on the birth of a child apply. The following table  
 21.4 represents the transitional standards effective October 1, ~~2004~~ 2007.

21.5	Number of Eligible	Transitional		
21.6	People	Standard	Cash Portion	Food Portion
21.7	1	<del>\$379</del> <u>\$391</u> :	\$250	<del>\$129</del> <u>\$141</u>
21.8	2	<del>\$675</del> <u>\$698</u> :	\$437	<del>\$238</del> <u>\$261</u>
21.9	3	<del>\$876</del> <u>\$910</u> :	\$532	<del>\$344</del> <u>\$378</u>
21.10	4	<del>\$1,036</del> <u>\$1,091</u> :	\$621	<del>\$415</del> <u>\$470</u>
21.11	5	<del>\$1,180</del> <u>\$1,245</u> :	\$697	<del>\$483</del> <u>\$548</u>
21.12	6	<del>\$1,350</del> <u>\$1,425</u> :	\$773	<del>\$577</del> <u>\$652</u>
21.13	7	<del>\$1,472</del> <u>\$1,553</u> :	\$850	<del>\$622</del> <u>\$703</u>
21.14	8	<del>\$1,623</del> <u>\$1,713</u> :	\$916	<del>\$707</del> <u>\$797</u>
21.15	9	<del>\$1,772</del> <u>\$1,871</u> :	\$980	<del>\$792</del> <u>\$891</u>
21.16	10	<del>\$1,915</del> <u>\$2,024</u> :	\$1,035	<del>\$880</del> <u>\$989</u>
21.17	over 10	add <del>\$142</del> <u>\$151</u> :	\$53	<del>\$89</del> <u>\$98</u>

21.18 per additional member.

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

21.22 Sec. 3. Minnesota Statutes 2007 Supplement, section 256J.49, subdivision 13, is  
 21.23 amended to read:

21.24 Subd. 13. **Work activity.** "Work activity" means any activity in a participant's  
 21.25 approved employment plan that leads to employment. For purposes of the MFIP program,  
 21.26 this includes activities that meet the definition of work activity under the participation  
 21.27 requirements of TANF. Work activity includes:

21.28 (1) unsubsidized employment, including work study and paid apprenticeships or  
 21.29 internships;

21.30 (2) subsidized private sector or public sector employment, including grant diversion  
 21.31 as specified in section 256J.69, on-the-job training as specified in section 256J.66,  
 21.32 ~~the self-employment investment demonstration program (SEID) as specified in section~~  
 21.33 ~~256J.65~~, paid work experience, and supported work when a wage subsidy is provided;

21.34 (3) unpaid work experience, including community service, volunteer work,  
 21.35 the community work experience program as specified in section 256J.67, unpaid  
 21.36 apprenticeships or internships, and supported work when a wage subsidy is not provided.  
 21.37 Unpaid work experience is only an option if the participant has been unable to obtain or

22.1 maintain paid employment in the competitive labor market, and no paid work experience  
22.2 programs are available to the participant. Unless a participant consents to participating  
22.3 in unpaid work experience, the participant's employment plan may only include unpaid  
22.4 work experience if including the unpaid work experience in the plan will meet the  
22.5 following criteria:

22.6 (i) the unpaid work experience will provide the participant specific skills or  
22.7 experience that cannot be obtained through other work activity options where the  
22.8 participant resides or is willing to reside; and

22.9 (ii) the skills or experience gained through the unpaid work experience will result  
22.10 in higher wages for the participant than the participant could earn without the unpaid  
22.11 work experience;

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

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

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

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

22.24 (8) activities included in the employment plan that is developed under section  
22.25 256J.521, subdivision 3; and

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

22.29 Sec. 4. Minnesota Statutes 2006, section 256J.521, subdivision 4, is amended to read:

22.30 Subd. 4. **Self-employment.** (a) Self-employment activities may be included in an  
22.31 employment plan contingent on the development of a business plan which establishes a  
22.32 timetable and earning goals that will result in the participant exiting MFIP assistance.

22.33 Business plans must be developed with assistance from an individual or organization with  
22.34 expertise in small business as approved by the job counselor.

23.1 (b) Participants with an approved plan that includes self-employment must meet  
 23.2 the participation requirements in section 256J.55, subdivision 1. Only hours where  
 23.3 the participant earns at least minimum wage shall be counted toward the requirement.  
 23.4 Additional activities and hours necessary to meet the participation requirements in section  
 23.5 256J.55, subdivision 1, must be included in the employment plan.

23.6 (c) Employment plans which include self-employment activities must be reviewed  
 23.7 every three months. Participants who fail, without good cause, to make satisfactory  
 23.8 progress as established in the business plan must revise the employment plan to replace  
 23.9 the self-employment with other approved work activities.

23.10 ~~(d) The requirements of this subdivision may be waived for participants who are~~  
 23.11 ~~enrolled in the self-employment investment demonstration program (SEID) under section~~  
 23.12 ~~256J.65, and who make satisfactory progress as determined by the job counselor and~~  
 23.13 ~~the SEID provider.~~

23.14 Sec. 5. Minnesota Statutes 2006, section 256J.54, subdivision 2, is amended to read:

23.15 Subd. 2. **Responsibility for assessment and employment plan.** For caregivers  
 23.16 who are under age 18 without a high school diploma or its equivalent, the assessment  
 23.17 under subdivision 1 and the employment plan under subdivision 3 must be completed  
 23.18 by the social services agency under section 257.33. For caregivers who are age 18 or  
 23.19 19 without a high school diploma or its equivalent who choose to have an employment  
 23.20 plan with an education option under subdivision 3, the assessment under subdivision 1  
 23.21 and the employment plan under subdivision 3 must be completed by the job counselor  
 23.22 or, at county option, by the social services agency under section 257.33. Upon reaching  
 23.23 age 18 or 19 a caregiver who received social services under section 257.33 and is without  
 23.24 a high school diploma or its equivalent has the option to choose whether to continue  
 23.25 receiving services under the caregiver's plan from the social services agency or to utilize  
 23.26 an MFIP employment and training service provider. The social services agency or the job  
 23.27 counselor shall consult with ~~representatives of educational agencies that are required to~~  
 23.28 ~~assist in developing educational plans under section 124D.331~~ the participant's school in  
 23.29 developing the educational plan.

23.30 Sec. 6. Minnesota Statutes 2006, section 256J.54, subdivision 5, is amended to read:

23.31 Subd. 5. **School attendance required.** (a) ~~Notwithstanding the provisions of~~  
 23.32 ~~section 256J.56,~~ Minor parents, or 18- or 19-year-old parents without a high school  
 23.33 diploma or its equivalent who chooses an employment plan with an education option  
 23.34 must attend school unless:

24.1 (1) transportation services needed to enable the caregiver to attend school are not  
24.2 available;

24.3 (2) appropriate child care services needed to enable the caregiver to attend school  
24.4 are not available;

24.5 (3) the caregiver is ill or incapacitated seriously enough to prevent attendance at  
24.6 school; or

24.7 (4) the caregiver is needed in the home because of the illness or incapacity of  
24.8 another member of the household. This includes a caregiver of a child who is younger  
24.9 than six weeks of age.

24.10 (b) The caregiver must be enrolled in a secondary school and meeting the school's  
24.11 attendance requirements. The county, social service agency, or job counselor must verify  
24.12 at least once per quarter that the caregiver is meeting the school's attendance requirements.  
24.13 An enrolled caregiver is considered to be meeting the attendance requirements when the  
24.14 school is not in regular session, including during holiday and summer breaks.

24.15 Sec. 7. Minnesota Statutes 2006, section 256J.545, is amended to read:

24.16 **256J.545 FAMILY VIOLENCE WAIVER CRITERIA.**

24.17 (a) In order to qualify for a family violence waiver, an individual must provide  
24.18 documentation of past or current family violence which may prevent the individual  
24.19 from participating in certain employment activities. ~~A claim of family violence must  
24.20 be documented by the applicant or participant providing a sworn statement which is  
24.21 supported by collateral documentation.~~

24.22 (b) ~~Collateral documentation may consist of~~ The following items may be considered  
24.23 acceptable documentation or verification of family violence:

24.24 (1) police, government agency, or court records;

24.25 (2) a statement from a battered women's shelter staff with knowledge of the  
24.26 circumstances or credible evidence that supports the sworn statement;

24.27 (3) a statement from a sexual assault or domestic violence advocate with knowledge  
24.28 of the circumstances or credible evidence that supports the sworn statement; or

24.29 (4) a statement from professionals from whom the applicant or recipient has sought  
24.30 assistance for the abuse; ~~or,~~

24.31 ~~(5) a sworn statement from any other individual with knowledge of circumstances or  
24.32 credible evidence that supports the sworn statement.~~

24.33 (c) A claim of family violence may also be documented by a sworn statement from  
24.34 the applicant or participant and a sworn statement from any other person with knowledge  
24.35 of the circumstances or credible evidence that supports the client's statement.

25.1 Sec. 8. Minnesota Statutes 2007 Supplement, section 256J.95, subdivision 3, is  
 25.2 amended to read:

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

25.8 (1) child only cases;

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

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

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

25.16 (5) a caregiver age 60 or over;

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

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

25.21 (8) a family unit with a caregiver who received 60 or more months of TANF  
 25.22 assistance;

25.23 (9) a family unit with a caregiver who is disqualified from DWP or MFIP due to  
 25.24 fraud; and

25.25 (10) refugees and asylees as defined in Code of Federal Regulations, title 45, ~~chapter~~  
 25.26 ~~IV~~ part 400, subpart d, section ~~444.43~~ 400.43, who arrived in the United States in the 12  
 25.27 months prior to the date of application for family cash assistance.

25.28 (b) A two-parent family must participate in DWP unless both caregivers meet the  
 25.29 criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit  
 25.30 includes a parent who meets the criteria in paragraph (a), clause (6), (7), (8), ~~or~~ (9), or (10).

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

## ARTICLE 5

## MISCELLANEOUS TECHNICAL

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Section 1. Minnesota Statutes 2007 Supplement, section 245C.08, subdivision 2, is amended to read:

Subd. 2. **Background studies conducted by a county agency.** (a) For a background study conducted by a county agency for adult foster care, family adult day services, and family child care services, the commissioner shall review:

(1) information from the county agency's record of substantiated maltreatment of adults and the maltreatment of minors;

(2) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, clauses (2), (5), and (6); and

(3) information from the Bureau of Criminal Apprehension.

(b) If the individual has resided in the county for less than five years, the study shall include the records specified under paragraph (a) for the previous county or counties of residence for the past five years.

(c) Notwithstanding expungement by a court, the county agency may consider information obtained under paragraph (a), ~~clauses clause (3) and (4)~~, unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

Sec. 2. Minnesota Statutes 2007 Supplement, section 256E.35, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Family asset account" means a savings account opened by a household participating in the Minnesota family assets for independence initiative.

(c) "Fiduciary organization" means:

(1) a community action agency that has obtained recognition under section 256E.31;

(2) a federal community development credit union serving the seven-county metropolitan area; or

(3) a women-oriented economic development agency serving the seven-county metropolitan area.

(d) "Financial institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(e) "Permissible use" means:

27.1 (1) postsecondary educational expenses at an ~~accredited public postsecondary~~  
27.2 eligible educational institution as defined in paragraph (g), including books, supplies, and  
27.3 equipment required for courses of instruction;

27.4 (2) acquisition costs of acquiring, constructing, or reconstructing a residence,  
27.5 including any usual or reasonable settlement, financing, or other closing costs;

27.6 (3) business capitalization expenses for expenditures on capital, plant, equipment,  
27.7 working capital, and inventory expenses of a legitimate business pursuant to a business  
27.8 plan approved by the fiduciary organization; and

27.9 (4) acquisition costs of a principal residence within the meaning of section 1034 of  
27.10 the Internal Revenue Code of 1986 which do not exceed 100 percent of the average area  
27.11 purchase price applicable to the residence determined according to section 143(e)(2) and  
27.12 (3) of the Internal Revenue Code of 1986.

27.13 (f) "Household" means all individuals who share use of a dwelling unit as primary  
27.14 quarters for living and eating separate from other individuals.

27.15 (g) "Eligible educational institution" means the following:

27.16 (1) an institution of higher education described in section 101 or 102 of the Higher  
27.17 Education Act of 1965; or

27.18 (2) an area vocational education school, as defined in subparagraph (C) or (D) of  
27.19 United States Code, title 20, chapter 44, section 2302 (3) (the Carl D. Perkins Vocational  
27.20 and Applied Technology Education Act), which is located within any state, as defined in  
27.21 United States Code, title 20, chapter 44, section 2302 (30). This clause is applicable only  
27.22 to the extent section 2302 is in effect on the effective date of this section.

27.23 Sec. 3. **REPEALER.**

27.24 Minnesota Statutes 2006, section 256K.25, is repealed.