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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **1458**

02/20/2017 Authored by Franson, Flanagan, Thissen, Peterson and Moran
The bill was read for the first time and referred to the Committee on Health and Human Services Reform
03/08/2017 Adoption of Report: Amended and re-referred to the Committee on Health and Human Services Finance

1.1 A bill for an act
1.2 relating to human services; modifying certain child care provisions; amending
1.3 Minnesota Statutes 2016, sections 119B.011, subdivisions 6, 20, 20a, by adding
1.4 a subdivision; 119B.02, subdivision 1; 119B.025, subdivision 1, by adding
1.5 subdivisions; 119B.03, subdivisions 3, 9; 119B.05, subdivision 1; 119B.09,
1.6 subdivisions 1, 4; 119B.10, subdivision 1, by adding a subdivision; 119B.11,
1.7 subdivision 2a; 119B.12, subdivision 2; 119B.13, subdivisions 1, 6; 256P.05,
1.8 subdivision 1; 256P.07, subdivisions 3, 6; proposing coding for new law in
1.9 Minnesota Statutes, chapter 119B; repealing Minnesota Statutes 2016, section
1.10 119B.07.

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

1.12 Section 1. Minnesota Statutes 2016, section 119B.011, subdivision 6, is amended to read:

1.13 Subd. 6. **Child care fund.** "Child care fund" means a program under this chapter
1.14 providing:

1.15 (1) financial assistance for child care to support:

1.16 (i) parents engaged in employment, job search, or education and training leading to
1.17 employment, or an at-home infant child care subsidy; and

1.18 (ii) the development and school readiness of children; and

1.19 (2) grants to develop, expand, and improve the access and availability of child care
1.20 services statewide.

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

2.1 Sec. 2. Minnesota Statutes 2016, section 119B.011, is amended by adding a subdivision
2.2 to read:

2.3 Subd. 13b. **Homeless.** "Homeless" means a self-declared housing status as defined in
2.4 the McKinney-Vento Homeless Assistance Act and United States Code, title 42, section
2.5 11302, paragraph (a).

2.6 **EFFECTIVE DATE.** This section is effective December 18, 2017.

2.7 Sec. 3. Minnesota Statutes 2016, section 119B.011, subdivision 20, is amended to read:

2.8 Subd. 20. **Transition year families.** "Transition year families" means families who have
2.9 received MFIP assistance, or who were eligible to receive MFIP assistance after choosing
2.10 to discontinue receipt of the cash portion of MFIP assistance under section 256J.31,
2.11 subdivision 12, or families who have received DWP assistance under section 256J.95 for
2.12 at least ~~three~~ one of the last six months before losing eligibility for MFIP or DWP.

2.13 Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2,
2.14 transition year child care may be used to support employment, approved education or training
2.15 programs, or job search that meets the requirements of section 119B.10. Transition year
2.16 child care is not available to families who have been disqualified from MFIP or DWP due
2.17 to fraud.

2.18 **EFFECTIVE DATE.** This section is effective October 23, 2017.

2.19 Sec. 4. Minnesota Statutes 2016, section 119B.011, subdivision 20a, is amended to read:

2.20 Subd. 20a. **Transition year extension families.** "Transition year extension families"
2.21 means families who have completed their transition year of child care assistance under this
2.22 subdivision and who are eligible for, but on a waiting list for, services under section 119B.03.
2.23 For purposes of sections 119B.03, subdivision 3, and 119B.05, subdivision 1, clause (2),
2.24 families participating in extended transition year shall not be considered transition year
2.25 families. Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090,
2.26 subpart 2, transition year extension child care may be used to support employment, approved
2.27 education or training programs, or a job search that meets the requirements of section
2.28 119B.10 for the length of time necessary for families to be moved from the basic sliding
2.29 fee waiting list into the basic sliding fee program.

2.30 **EFFECTIVE DATE.** This section is effective October 23, 2017.

3.1 Sec. 5. Minnesota Statutes 2016, section 119B.02, subdivision 1, is amended to read:

3.2 Subdivision 1. **Child care services.** The commissioner shall develop standards for county
3.3 and human services boards to provide child care services to enable eligible families to
3.4 participate in employment, training, or education programs. Within the limits of available
3.5 appropriations, the commissioner shall distribute money to counties to reduce the costs of
3.6 child care for eligible families. The commissioner shall adopt rules to govern the program
3.7 in accordance with this section. The rules must establish a sliding schedule of fees for parents
3.8 receiving child care services. The rules shall provide that funds received as a lump-sum
3.9 payment of child support arrearages shall not be counted as income to a family in the month
3.10 received but shall be prorated over the 12 months following receipt and added to the family
3.11 income during those months. The commissioner may establish limits on how frequently
3.12 expedited application processing timelines are used for an applicant who declares that the
3.13 applicant is homeless. The commissioner shall maximize the use of federal money under
3.14 title I and title IV of Public Law 104-193, the Personal Responsibility and Work Opportunity
3.15 Reconciliation Act of 1996, and other programs that provide federal or state reimbursement
3.16 for child care services for low-income families who are in education, training, job search,
3.17 or other activities allowed under those programs. Money appropriated under this section
3.18 must be coordinated with the programs that provide federal reimbursement for child care
3.19 services to accomplish this purpose. Federal reimbursement obtained must be allocated to
3.20 the county that spent money for child care that is federally reimbursable under programs
3.21 that provide federal reimbursement for child care services. The counties shall use the federal
3.22 money to expand child care services. The commissioner may adopt rules under chapter 14
3.23 to implement and coordinate federal program requirements.

3.24 **EFFECTIVE DATE.** This section is effective December 18, 2017.

3.25 Sec. 6. Minnesota Statutes 2016, section 119B.025, subdivision 1, is amended to read:

3.26 Subdivision 1. ~~Factors which must be verified~~ Applications. (a) The county shall
3.27 verify the following at all initial child care applications using the universal application:

3.28 (1) identity of adults;

3.29 (2) presence of the minor child in the home, if questionable;

3.30 (3) relationship of minor child to the parent, stepparent, legal guardian, eligible relative
3.31 caretaker, or the spouses of any of the foregoing;

3.32 (4) age;

3.33 (5) immigration status, if related to eligibility;

- 4.1 (6) Social Security number, if given;
- 4.2 (7) counted income;
- 4.3 (8) spousal support and child support payments made to persons outside the household;
- 4.4 (9) residence; and
- 4.5 (10) inconsistent information, if related to eligibility.

4.6 (b) ~~If a family did not use the universal application or child care addendum to apply for~~
4.7 ~~child care assistance, the family must complete the universal application or child care~~
4.8 ~~addendum at its next eligibility redetermination and the county must verify the factors listed~~
4.9 ~~in paragraph (a) as part of that redetermination. Once a family has completed a universal~~
4.10 ~~application or child care addendum, the county shall use the redetermination form described~~
4.11 ~~in paragraph (c) for that family's subsequent redeterminations. Eligibility must be~~
4.12 ~~redetermined at least every six months. A family is considered to have met the eligibility~~
4.13 ~~redetermination requirement if a complete redetermination form and all required verifications~~
4.14 ~~are received within 30 days after the date the form was due. When the 30th day after the~~
4.15 ~~date the form was due falls on a Saturday, Sunday, or legal holiday, the 30-day time period~~
4.16 ~~is extended to include the next succeeding day that is not a Saturday, Sunday, or legal~~
4.17 ~~holiday. Assistance shall be payable retroactively from the redetermination due date. For a~~
4.18 ~~family where at least one parent is under the age of 21, does not have a high school or~~
4.19 ~~general equivalency diploma, and is a student in a school district or another similar program~~
4.20 ~~that provides or arranges for child care, as well as parenting, social services, career and~~
4.21 ~~employment supports, and academic support to achieve high school graduation, the~~
4.22 ~~redetermination of eligibility shall be deferred beyond six months, but not to exceed 12~~
4.23 ~~months, to the end of the student's school year. If a family reports a change in an eligibility~~
4.24 ~~factor before the family's next regularly scheduled redetermination, the county must~~
4.25 ~~recalculate eligibility without requiring verification of any eligibility factor that did not~~
4.26 ~~change. Changes must be reported as required by section 256P.07. A change in income~~
4.27 ~~occurs on the day the participant received the first payment reflecting the change in income.~~
4.28 The county must mail a notice of approval or denial of assistance to the applicant within
4.29 30 calendar days after receiving the application. The county may extend the response time
4.30 by 15 calendar days if the applicant is informed of the extension.

4.31 (c) ~~The commissioner shall develop a redetermination form to redetermine eligibility~~
4.32 ~~and a change report form to report changes that minimize paperwork for the county and the~~
4.33 ~~participant. The county must send a notice of approval or denial of assistance to an applicant~~
4.34 ~~who declares that the applicant is homeless and who meets the definition of homeless under~~

5.1 section 119B.011, subdivision 13b, within five working days after receiving the application.
5.2 The county is not required to verify the factors under paragraph (a) before issuing the notice
5.3 of approval or denial. An applicant must submit proof of eligibility within three months of
5.4 the date the application was received by the county. If the applicant does not submit proof
5.5 of eligibility within three months, the applicant's eligibility ends. The county must send a
5.6 15-day adverse action notice to end an applicant's eligibility.

5.7 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day following final
5.8 enactment. Paragraph (c) is effective December 18, 2017.

5.9 Sec. 7. Minnesota Statutes 2016, section 119B.025, is amended by adding a subdivision
5.10 to read:

5.11 Subd. 3. **Redeterminations.** (a) Notwithstanding Minnesota Rules, part 3400.0180, item
5.12 A, the county shall conduct a redetermination according to paragraphs (b) and (c).

5.13 (b) The county shall use the redetermination form developed by the commissioner. The
5.14 county must verify the factors listed in subdivision 1, paragraph (a), as part of the
5.15 redetermination.

5.16 (c) An applicant's eligibility must be redetermined no more frequently than every 12
5.17 months. The following criteria apply:

5.18 (1) a family meets the eligibility redetermination requirements if a complete
5.19 redetermination form and all required verifications are received within 30 days after the
5.20 date the form was due;

5.21 (2) if the 30th day after the date the form was due falls on a Saturday, Sunday, or holiday,
5.22 the 30-day time period is extended to include the next day that is not a Saturday, Sunday,
5.23 or holiday. Assistance shall be payable retroactively from the redetermination due date;

5.24 (3) for a family where at least one parent is younger than 21 years of age, does not have
5.25 a high school degree or general equivalency diploma, and is a student in a school district
5.26 or another similar program that provides or arranges for child care, parenting, social services,
5.27 career and employment supports, and academic support to achieve high school graduation,
5.28 the redetermination of eligibility may be deferred beyond 12 months, to the end of the
5.29 student's school year; and

5.30 (4) a family and the family's providers must be notified that the family's redetermination
5.31 is due at least 45 days before the end of the family's 12-month eligibility period.

5.32 **EFFECTIVE DATE.** This section is effective October 23, 2017.

6.1 Sec. 8. Minnesota Statutes 2016, section 119B.025, is amended by adding a subdivision
6.2 to read:

6.3 Subd. 4. **Changes in eligibility.** (a) The county shall process a change in eligibility
6.4 factors according to paragraphs (b) to (g).

6.5 (b) A family is subject to the reporting requirements in section 256P.07.

6.6 (c) If a family reports a change or a change is known to the agency before the family's
6.7 regularly scheduled redetermination, the county must act on the change. The commissioner
6.8 shall establish standards for verifying a change.

6.9 (d) A change in income occurs on the day the participant received the first payment
6.10 reflecting the change in income.

6.11 (e) During a family's 12-month eligibility period, if the family's income increases and
6.12 remains at or below 85 percent of the state median income, adjusted for family size, there
6.13 is no change to the family's eligibility. The county shall not request verification of the
6.14 change. The co-payment fee shall not increase during the remaining portion of the family's
6.15 12-month eligibility period.

6.16 (f) During a family's 12-month eligibility period, if the family's income increases and
6.17 exceeds 85 percent of the state median income, adjusted for family size, the family is not
6.18 eligible for child care assistance. The family must be given 15 calendar days to provide
6.19 verification of the change. If the required verification is not returned or confirms ineligibility,
6.20 the family's eligibility ends following a subsequent 15-day adverse action notice.

6.21 (g) Notwithstanding Minnesota Rules, parts 3400.0040, subpart 3, and 3400.0170,
6.22 subpart 1, if an applicant or participant reports that employment ended, the agency may
6.23 accept a signed statement from the applicant or participant as verification that employment
6.24 ended.

6.25 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day following final
6.26 enactment. Paragraphs (c) to (g) are effective October 23, 2017.

6.27 Sec. 9. Minnesota Statutes 2016, section 119B.03, subdivision 3, is amended to read:

6.28 Subd. 3. **Eligible participants.** Families that meet the eligibility requirements under
6.29 sections ~~119B.07~~, 119B.09, and 119B.10, except MFIP participants, diversionary work
6.30 program, and transition year families are eligible for child care assistance under the basic
6.31 sliding fee program. Families enrolled in the basic sliding fee program shall be continued

7.1 until they are no longer eligible. Child care assistance provided through the child care fund
7.2 is considered assistance to the parent.

7.3 **EFFECTIVE DATE.** This section is effective December 18, 2017.

7.4 Sec. 10. Minnesota Statutes 2016, section 119B.03, subdivision 9, is amended to read:

7.5 Subd. 9. **Portability pool.** (a) The commissioner shall establish a pool of up to five
7.6 percent of the annual appropriation for the basic sliding fee program to provide continuous
7.7 child care assistance for eligible families who move between Minnesota counties. At the
7.8 end of each allocation period, any unspent funds in the portability pool must be used for
7.9 assistance under the basic sliding fee program. If expenditures from the portability pool
7.10 exceed the amount of money available, the reallocation pool must be reduced to cover these
7.11 shortages.

7.12 (b) To be eligible for portable basic sliding fee assistance, a family that has moved from
7.13 a county in which it was receiving basic sliding fee assistance to a county with a waiting
7.14 list for the basic sliding fee program must:

7.15 (1) meet the income and eligibility guidelines for the basic sliding fee program; and

7.16 (2) notify the new county of residence within 60 days of moving and submit information
7.17 to the new county of residence to verify eligibility for the basic sliding fee program.

7.18 (c) The receiving county must:

7.19 (1) accept administrative responsibility for applicants for portable basic sliding fee
7.20 assistance at the end of the two months of assistance under the Unitary Residency Act;

7.21 (2) continue portability pool basic sliding fee assistance ~~for the lesser of six months or~~
7.22 until the family is able to receive assistance under the county's regular basic sliding program;
7.23 and

7.24 (3) notify the commissioner through the quarterly reporting process of any family that
7.25 meets the criteria of the portable basic sliding fee assistance pool.

7.26 **EFFECTIVE DATE.** This section is effective October 23, 2017.

7.27 Sec. 11. Minnesota Statutes 2016, section 119B.05, subdivision 1, is amended to read:

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

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

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

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

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

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

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

8.15 (7) families who are participating in programs as required in tribal contracts under section
8.16 119B.02, subdivision 2, or 256.01, subdivision 2;

8.17 (8) families who are participating in the transition year extension under section 119B.011,
8.18 subdivision 20a; ~~and~~

8.19 (9) student parents as defined under section 119B.011, subdivision 19b-; and

8.20 (10) student parents who turn 21 years of age and who continue to meet the other
8.21 requirements under section 119B.011, subdivision 19b. A student parent continues to be
8.22 eligible until the student parent is approved for basic sliding fee child care assistance or
8.23 until the student parent's redetermination, whichever comes first. At the student parent's
8.24 redetermination, if the student parent was not approved for basic sliding fee child care
8.25 assistance, a student parent's eligibility ends following a 15-day adverse action notice.

8.26 **EFFECTIVE DATE.** This section is effective October 23, 2017.

8.27 Sec. 12. Minnesota Statutes 2016, section 119B.09, subdivision 1, is amended to read:

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

9.1 (1) have household income less than or equal to 67 percent of the state median income,
9.2 adjusted for family size, at application and redetermination, and meet the requirements of
9.3 section 119B.05; receive MFIP assistance; and are participating in employment and training
9.4 services under chapter 256J; or

9.5 (2) have household income less than or equal to 47 percent of the state median income,
9.6 adjusted for family size, at ~~program entry~~ application and less than or equal to 67 percent
9.7 of the state median income, adjusted for family size, at ~~program exit~~ redetermination.

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

9.9 (c) All applicants for child care assistance and families currently receiving child care
9.10 assistance must be assisted and required to cooperate in establishment of paternity and
9.11 enforcement of child support obligations for all children in the family at application and
9.12 redetermination as a condition of program eligibility. For purposes of this section, a family
9.13 is considered to meet the requirement for cooperation when the family complies with the
9.14 requirements of section 256.741.

9.15 (d) All applicants for child care assistance and families currently receiving child care
9.16 assistance must pay the co-payment fee under section 119B.12, subdivision 2, as a condition
9.17 of eligibility. The co-payment fee may include additional recoupment fees due to a child
9.18 care assistance program overpayment.

9.19 (e) At application and redetermination, a family must self-certify that the value of the
9.20 family's assets is less than or equal to \$1,000,000 as a condition of eligibility. The
9.21 commissioner shall establish procedures to determine the value of countable assets when a
9.22 family self-certifies that the value of the family's assets is greater than \$1,000,000. The
9.23 value of countable assets must be less than or equal to \$1,000,000 as a condition of eligibility
9.24 at application and redetermination.

9.25 (f) If a family has one child with a child care authorization and the child turns 13 years
9.26 of age or the child has a disability and turns 15 years of age, the family remains eligible
9.27 until the redetermination.

9.28 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective October 23, 2017. Paragraph
9.29 (d) is effective the day following final enactment. Paragraph (e) is effective February 26,
9.30 2018. Paragraph (f) is effective December 18, 2017.

9.31 Sec. 13. Minnesota Statutes 2016, section 119B.09, subdivision 4, is amended to read:

9.32 Subd. 4. **Eligibility; annual income; calculation.** (a) Annual income of the applicant
9.33 family is the current monthly income of the family multiplied by 12 or the income for the

10.1 12-month period immediately preceding the date of application, or income calculated by
10.2 the method which provides the most accurate assessment of income available to the family.

10.3 (b) Self-employment income must be calculated based on gross receipts less operating
10.4 expenses. Income must be recalculated when the family's income changes, but no less often
10.5 than every six months. For a family where at least one parent is under the age of 21, does
10.6 not have a high school or general equivalency diploma, and is a student in a school district
10.7 or another similar program that provides or arranges for child care, as well as parenting,
10.8 social services, career and employment supports, and academic support to achieve high
10.9 school graduation, income must be recalculated when the family's income changes, but
10.10 otherwise shall be deferred beyond six months, but not to exceed 12 months, to the end of
10.11 the student's school year section 256P.05.

10.12 (c) Income changes are processed under section 119B.025, subdivision 4. Included lump
10.13 sums counted as income under section 256P.06, subdivision 3, must be annualized over 12
10.14 months. Income must be verified with documentary evidence. If the applicant does not have
10.15 sufficient evidence of income, verification must be obtained from the source of the income.

10.16 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.
10.17 Paragraph (b) is effective July 30, 2018. Paragraph (c) is effective October 23, 2017.

10.18 Sec. 14. **[119B.095] CHILD CARE AUTHORIZATIONS.**

10.19 Subdivision 1. **General authorization requirements.** (a) When authorizing the amount
10.20 of child care, the county agency must consider the amount of time the parent reports on the
10.21 application or redetermination form that the child attends preschool, a Head Start program,
10.22 or school while the parent is participating in an authorized activity.

10.23 (b) Care must be authorized and scheduled with a provider based on the applicant's or
10.24 participant's verified activity schedule if:

10.25 (1) the family requests care from more than one provider per child;

10.26 (2) the family requests care from a legal nonlicensed provider; or

10.27 (3) an applicant or participant is employed by any business that is licensed by the
10.28 Department of Human Services or enrolled in medical assistance as verified through the
10.29 department's Web site.

10.30 (c) If the conditions in paragraph (b) do not apply, the county does not need to verify
10.31 the applicant's or participant's activity schedule and the amount of child care assistance
10.32 authorized may be used at times determined by the family.

11.1 (d) If the family remains eligible at redetermination, a new authorization with fewer
11.2 hours, the same hours, or increased hours may be determined.

11.3 Subd. 2. **Maintain steady child care authorizations.** (a) Notwithstanding Minnesota
11.4 Rules, chapter 3400, the amount of child care authorized under section 119B.10 for
11.5 employment, education, or an MFIP or DWP employment plan shall continue at the same
11.6 number of hours or more hours until redetermination, including:

11.7 (1) if the other parent moves in and is employed or has an education plan under section
11.8 119B.10, subdivision 3, or has an MFIP or DWP employment plan; or

11.9 (2) if a participant's work hours are reduced or a participant temporarily stops working
11.10 or attending an approved education program. Temporary changes include but are not limited
11.11 to a medical leave, seasonal employment fluctuations, or a school break between semesters.

11.12 (b) The county may increase the amount of child care authorized at any time if the
11.13 participant verifies the need for increased hours for authorized activities.

11.14 (c) The county may reduce the amount of child care authorized if a parent requests a
11.15 reduction or because of a change in:

11.16 (1) the child's school schedule;

11.17 (2) the custody schedule; or

11.18 (3) the provider's availability.

11.19 (d) If a child reaches 13 years of age or a child with a disability reaches 15 years of age,
11.20 the amount of child care authorized shall continue at the same number of hours or more
11.21 hours until redetermination.

11.22 (e) The amount of child care authorized for a family subject to subdivision 1, paragraph
11.23 (b), must change when the participant's activity schedule changes. Paragraph (a) does not
11.24 apply to a family subject to subdivision 1, paragraph (b).

11.25 Subd. 3. **Assistance for persons who are homeless.** An applicant who is homeless and
11.26 is eligible for child care assistance under this chapter is eligible for 60 hours of child care
11.27 assistance per service period for three months from the date the county receives the
11.28 application. Additional hours may be authorized as needed based on the applicant's
11.29 participation in an employment, education, or MFIP or DWP employment plan. To continue
11.30 receiving child care assistance after the initial three months, the applicant must verify that
11.31 the applicant meets eligibility and activity requirements for child care assistance under this
11.32 chapter.

12.1 **EFFECTIVE DATE.** This section is effective December 18, 2017.

12.2 Sec. 15. Minnesota Statutes 2016, section 119B.10, subdivision 1, is amended to read:

12.3 Subdivision 1. **Assistance for persons seeking and retaining employment.** (a) ~~Persons~~
12.4 ~~who are seeking employment~~ An applicant who is job searching and who is eligible for
12.5 child care assistance under this chapter is eligible for 60 hours of child care assistance per
12.6 service period for three months from the date of eligibility. Job searching at initial application
12.7 is allowed one time per 12-month period. The applicant must meet employment requirements
12.8 under paragraph (c) or education requirements under subdivision 3, or have an MFIP or
12.9 DWP employment plan, to continue receiving child care assistance after the initial three
12.10 months.

12.11 (b) A participant who meets the employment requirements of paragraph (c) or who is
12.12 attending an approved education or training program under subdivision 3 and who are
12.13 ~~eligible for~~ is receiving child care assistance under this section ~~are~~ chapter is eligible to
12.14 receive up to 240 an additional ten hours of child care assistance per calendar year service
12.15 period for job search.

12.16 ~~(b)~~ (c) At application and redetermination, employed persons who work at least an
12.17 average of 20 hours and full-time students who work at least an average of ten hours a week
12.18 and receive at least a minimum wage for all hours worked are eligible for continued child
12.19 care assistance for employment. For purposes of this section, work-study programs must
12.20 be counted as employment. An employed person with an MFIP or DWP employment plan
12.21 shall receive child care assistance as specified in the person's employment plan. Child care
12.22 assistance during employment must be authorized as provided in paragraphs (e) and (d) and
12.23 (e).

12.24 ~~(e)~~ (d) When the person works for an hourly wage and the hourly wage is equal to or
12.25 greater than the applicable minimum wage, child care assistance shall be provided for the
12.26 ~~actual~~ hours of employment, break, and mealtime during the employment and travel time
12.27 up to two hours per day.

12.28 ~~(d)~~ (e) When the person does not work for an hourly wage, child care assistance must
12.29 be provided for the lesser of:

12.30 (1) the amount of child care determined by dividing gross earned income or, for a
12.31 self-employed person, the self-employment income determined under section 256P.05,
12.32 subdivision 2, by the applicable minimum wage, up to one hour every eight hours for meals
12.33 and break time, plus up to two hours per day for travel time; or

13.1 (2) the amount of child care equal to the actual amount of child care used during
13.2 employment, including break and mealtime during employment, and travel time up to two
13.3 hours per day.

13.4 **EFFECTIVE DATE.** Paragraphs (a) to (d) are effective December 18, 2017. Paragraph
13.5 (e) is effective July 30, 2018.

13.6 Sec. 16. Minnesota Statutes 2016, section 119B.10, is amended by adding a subdivision
13.7 to read:

13.8 **Subd. 3. Assistance for persons attending an approved education or training**
13.9 **program.** (a) Money for an eligible person according to sections 119B.03, subdivision 3,
13.10 and 119B.05, subdivision 1, shall be used to reduce child care costs for a student. The county
13.11 shall not limit the duration of child care subsidies for a person in an employment or
13.12 educational program unless the person is ineligible for child care funds. Any other limitation
13.13 must be based on county policies included in the approved child care fund plan.

13.14 (b) To be eligible, the student must be in good standing and be making satisfactory
13.15 progress toward the degree. The maximum length of time a student is eligible for child care
13.16 assistance under the child care fund for education and training is no more than the time
13.17 necessary to complete the credit requirements for an associate's or baccalaureate degree as
13.18 determined by the educational institution. Time limitations for child care assistance do not
13.19 apply to basic or remedial educational programs needed for postsecondary education or
13.20 employment. Basic or remedial educational programs include high school, general
13.21 equivalency diploma, and English as a second language programs. A program exempt from
13.22 this time limit must not run concurrently with a postsecondary program.

13.23 (c) If a student meets the conditions of paragraphs (a) and (b), child care assistance must
13.24 be authorized for all hours of class time and credit hours, including independent study and
13.25 internships, and up to two hours of travel time per day. A postsecondary student shall receive
13.26 four hours of child care assistance per credit hour for study time and academic appointments
13.27 per service period.

13.28 (d) For an MFIP or DWP participant, child care assistance must be authorized according
13.29 to the person's approved employment plan. If an MFIP or DWP participant receiving MFIP
13.30 or DWP child care assistance under this chapter moves to another county, continues to
13.31 participate in an authorized educational or training program, and remains eligible for MFIP
13.32 or DWP child care assistance, the participant must receive continued child care assistance
13.33 from the county responsible for the person's current employment plan under section 256G.07.

14.1 (e) If a person with an approved education program under section 119B.03, subdivision
14.2 3, or 119B.05, subdivision 1, begins receiving MFIP or DWP assistance, the person continues
14.3 to receive child care assistance for the approved education program until the person's
14.4 education is included in an approved MFIP or DWP employment plan or until
14.5 redetermination, whichever occurs first.

14.6 (f) If a person's MFIP or DWP assistance ends and the approved MFIP or DWP
14.7 employment plan included education, the person continues to be eligible for child care
14.8 assistance for education under transition year child care assistance until the person's education
14.9 is included in an approved education plan or until redetermination.

14.10 **EFFECTIVE DATE.** This section is effective December 18, 2017.

14.11 Sec. 17. **[119B.105] EXTENDED ELIGIBILITY AND AUTHORIZATION.**

14.12 Subdivision 1. **Three-month extended eligibility period.** (a) A family in a situation
14.13 under paragraph (b) continues to be eligible for up to three months or until the family's
14.14 redetermination, whichever occurs first, rather than losing eligibility or having the family's
14.15 eligibility suspended. During extended eligibility, the amount of child care authorized shall
14.16 continue at the same number or more hours. The family must continue to meet all other
14.17 eligibility requirements under this chapter.

14.18 (b) The family's three-month extended eligibility period applies if:

14.19 (1) a participant's employment or education program ends permanently;

14.20 (2) the other parent moves in and does not participate in an authorized activity;

14.21 (3) a participant's MFIP assistance ends and the participant is not participating in an
14.22 authorized activity or the participant's participation in an authorized activity is unknown;

14.23 (4) a student parent under section 119B.011, subdivision 19b, stops attending school;

14.24 or

14.25 (5) a participant receiving basic sliding fee child care assistance or transition year child
14.26 care assistance applied for MFIP assistance and is not participating in an authorized activity
14.27 or the participant's participation in an authorized activity is unknown.

14.28 Subd. 2. **Extended eligibility and redetermination.** (a) If the family received three
14.29 months of extended eligibility and redetermination is not due, to continue receiving child
14.30 care assistance the participant must be employed or have an education plan that meets the
14.31 requirements of section 119B.10, subdivision 3, or have an MFIP or DWP employment
14.32 plan. If child care assistance continues, the amount of child care authorized shall continue

15.1 at the same number or more hours until redetermination, unless a condition in section
15.2 119B.095, subdivision 2, paragraph (c), applies. A family subject to section 119B.095,
15.3 subdivision 1, paragraph (b), shall have child care authorized based on a verified activity
15.4 schedule.

15.5 (b) If the family's redetermination occurs before the end of the three-month extended
15.6 eligibility period to continue receiving child care assistance, the participant must verify that
15.7 the participant meets eligibility and activity requirements for child care assistance under
15.8 this chapter. If child care assistance continues, the amount of child care authorized is based
15.9 on section 119B.10. A family subject to section 119B.095, subdivision 1, paragraph (b),
15.10 shall have child care authorized based on a verified activity schedule.

15.11 **EFFECTIVE DATE.** This section is effective December 18, 2017.

15.12 Sec. 18. Minnesota Statutes 2016, section 119B.11, subdivision 2a, is amended to read:

15.13 Subd. 2a. **Recovery of overpayments.** (a) An amount of child care assistance paid to a
15.14 recipient in excess of the payment due is recoverable by the county agency under paragraphs
15.15 (b) and (c), even when the overpayment was caused by agency error or circumstances outside
15.16 the responsibility and control of the family or provider.

15.17 ~~(b)(1) An overpayment must be recouped or recovered from the family if the overpayment~~
15.18 ~~that benefited the family by causing the family to pay less for child care expenses than the~~
15.19 ~~family otherwise would have been required to pay under child care assistance program~~
15.20 ~~requirements. this chapter must be established and recovered according to this paragraph,~~
15.21 with the following exceptions:

15.22 (i) an overpayment estimated to be less than \$500 must not be established or collected;

15.23 (ii) the portion of an overpayment that occurred more than one year before the date of
15.24 overpayment determination must not be established or collected; or

15.25 (iii) an overpayment designated solely as agency error must not be established or
15.26 collected.

15.27 (2) If the family remains eligible for child care assistance and an overpayment is
15.28 established, the overpayment must be recovered through recoupment as identified in
15.29 Minnesota Rules, part 3400.0187, except that the overpayments must be calculated and
15.30 collected on a service period basis. ~~If the family no longer remains eligible for child care~~
15.31 ~~assistance, the county may choose to initiate efforts to recover overpayments from the family~~
15.32 ~~for overpayment less than \$50. If the overpayment is greater than or equal to \$50,~~

16.1 (3) If the family is no longer eligible for child care assistance and an overpayment is
16.2 established, the county shall seek voluntary repayment of the overpayment from the family.

16.3 (4) If the county is unable to recoup the overpayment through voluntary repayment, the
16.4 county shall initiate civil court proceedings to recover the overpayment unless the county's
16.5 costs to recover the overpayment will exceed the amount of the overpayment.

16.6 (5) A family with an outstanding debt under this subdivision is not eligible for child care
16.7 assistance until:

16.8 ~~(1)~~ (i) the debt is paid in full; or

16.9 ~~(2)~~ (ii) satisfactory arrangements are made with the county to retire the debt consistent
16.10 with the requirements of this chapter and Minnesota Rules, chapter 3400, and the family is
16.11 in compliance with the arrangements.

16.12 (c) The county must recover an overpayment from a provider if the overpayment did
16.13 not benefit the family by causing it to receive more child care assistance or to pay less for
16.14 child care expenses than the family otherwise would have been eligible to receive or required
16.15 to pay under child care assistance program requirements, and benefited the provider by
16.16 causing the provider to receive more child care assistance than otherwise would have been
16.17 paid on the family's behalf under child care assistance program requirements. If the provider
16.18 continues to care for children receiving child care assistance, the overpayment must be
16.19 recovered through reductions in child care assistance payments for services as described in
16.20 an agreement with the county. The provider may not charge families using that provider
16.21 more to cover the cost of recouping the overpayment. If the provider no longer cares for
16.22 children receiving child care assistance, the county may choose to initiate efforts to recover
16.23 overpayments of less than \$50 from the provider. If the overpayment is greater than or equal
16.24 to \$50, the county shall seek voluntary repayment of the overpayment from the provider.
16.25 If the county is unable to recoup the overpayment through voluntary repayment, the county
16.26 shall initiate civil court proceedings to recover the overpayment unless the county's costs
16.27 to recover the overpayment will exceed the amount of the overpayment. A provider with
16.28 an outstanding debt under this subdivision is not eligible to care for children receiving child
16.29 care assistance until:

16.30 (1) the debt is paid in full; or

16.31 (2) satisfactory arrangements are made with the county to retire the debt consistent with
16.32 the requirements of this chapter and Minnesota Rules, chapter 3400, and the provider is in
16.33 compliance with the arrangements.

17.1 (d) When both the family and the provider acted together to intentionally cause the
17.2 overpayment, both the family and the provider are jointly liable for the overpayment
17.3 regardless of who benefited from the overpayment. The county must recover the overpayment
17.4 as provided in paragraphs (b) and (c). When the family or the provider is in compliance
17.5 with a repayment agreement, the party in compliance is eligible to receive child care
17.6 assistance or to care for children receiving child care assistance despite the other party's
17.7 noncompliance with repayment arrangements.

17.8 (e) A provider overpayment designated as an agency error because of the application of
17.9 an incorrect maximum rate must not be established or collected. Any other provider
17.10 overpayment designated as agency error must be established and collected.

17.11 (f) Notwithstanding any provision to the contrary in this subdivision, an overpayment
17.12 must be established and collected if the overpayment was caused in any part by wrongfully
17.13 obtaining assistance under section 256.98 or by benefits paid while an action is pending
17.14 appeal under section 119B.16, if on appeal the commissioner finds that the appellant was
17.15 ineligible for the amount of child care assistance paid.

17.16 **EFFECTIVE DATE.** This section is effective October 23, 2017.

17.17 Sec. 19. Minnesota Statutes 2016, section 119B.12, subdivision 2, is amended to read:

17.18 Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period. A
17.19 family's parent fee must be a fixed percentage of its annual gross income. Parent fees must
17.20 apply to families eligible for child care assistance under sections 119B.03 and 119B.05.
17.21 Income must be as defined in section 119B.011, subdivision 15. The fixed ~~percent~~ percentage
17.22 is based on the relationship of the family's annual gross income to 100 percent of the annual
17.23 state median income. Parent fees must begin at 75 percent of the poverty level. The minimum
17.24 parent fees for families between 75 percent and 100 percent of poverty level must be \$2 per
17.25 biweekly period. Parent fees must provide for graduated movement to full payment. At
17.26 initial application, the parent fee is established for the family's 12-month eligibility period.
17.27 At redetermination, if the family remains eligible, the parent fee is recalculated and is
17.28 established for the next 12-month eligibility period. A parent fee shall not increase during
17.29 the 12-month eligibility period. Payment of part or all of a family's parent fee directly to
17.30 the family's child care provider on behalf of the family by a source other than the family
17.31 shall not affect the family's eligibility for child care assistance, and the amount paid shall
17.32 be excluded from the family's income. Child care providers who accept third-party payments
17.33 must maintain family specific documentation of payment source, amount, and time period
17.34 covered by the payment.

18.1 **EFFECTIVE DATE.** This section is effective October 23, 2017.

18.2 Sec. 20. Minnesota Statutes 2016, section 119B.13, subdivision 1, is amended to read:

18.3 Subdivision 1. **Subsidy restrictions.** (a) Beginning February ~~3, 2014~~ 26, 2018, the
18.4 maximum rate paid for child care assistance in any county or county price cluster under the
18.5 child care fund shall be the greater of the 25th percentile of the ~~2011~~ 2016 child care provider
18.6 rate survey or the maximum rate effective ~~November 28, 2011~~ February 3, 2014. The
18.7 commissioner may: (1) assign a county with no reported provider prices to a similar price
18.8 cluster; and (2) consider county level access when determining final price clusters.

18.9 (b) A rate which includes a special needs rate paid under subdivision 3 may be in excess
18.10 of the maximum rate allowed under this subdivision.

18.11 (c) The department shall monitor the effect of this paragraph on provider rates. The
18.12 county shall pay the provider's full charges for every child in care up to the maximum
18.13 established. The commissioner shall determine the maximum rate for each type of care on
18.14 an hourly, full-day, and weekly basis, including special needs and disability care. The
18.15 maximum payment to a provider for one day of care must not exceed the daily rate. The
18.16 maximum payment to a provider for one week of care must not exceed the weekly rate.

18.17 (d) Child care providers receiving reimbursement under this chapter must not be paid
18.18 activity fees or an additional amount above the maximum rates for care provided during
18.19 nonstandard hours for families receiving assistance.

18.20 (e) When the provider charge is greater than the maximum provider rate allowed, the
18.21 parent is responsible for payment of the difference in the rates in addition to any family
18.22 co-payment fee.

18.23 (f) All maximum provider rates changes shall be implemented on the Monday following
18.24 the effective date of the maximum provider rate.

18.25 (g) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration
18.26 fees in effect on January 1, 2013, shall remain in effect.

18.27 **EFFECTIVE DATE.** Paragraph (a) is effective February 26, 2018.

18.28 Sec. 21. Minnesota Statutes 2016, section 119B.13, subdivision 6, is amended to read:

18.29 Subd. 6. **Provider payments.** (a) A provider must bill only for services documented
18.30 according to section 119B.125, subdivision 6. The provider shall bill for services provided
18.31 within ten days of the end of the service period. ~~If bills are submitted within ten days of the~~

19.1 ~~end of the service period~~, Payments under the child care fund shall be made within ~~30~~ 21
19.2 days of receiving a complete bill from the provider. Counties or the state may establish
19.3 policies that make payments on a more frequent basis.

19.4 (b) If a provider has received an authorization of care and been issued a billing form for
19.5 an eligible family, the bill must be submitted within 60 days of the last date of service on
19.6 the bill. A bill submitted more than 60 days after the last date of service must be paid if the
19.7 county determines that the provider has shown good cause why the bill was not submitted
19.8 within 60 days. Good cause must be defined in the county's child care fund plan under
19.9 section 119B.08, subdivision 3, and the definition of good cause must include county error.
19.10 Any bill submitted more than a year after the last date of service on the bill must not be
19.11 paid.

19.12 (c) If a provider provided care for a time period without receiving an authorization of
19.13 care and a billing form for an eligible family, payment of child care assistance may only be
19.14 made retroactively for a maximum of six months from the date the provider is issued an
19.15 authorization of care and billing form.

19.16 (d) A county or the commissioner may refuse to issue a child care authorization to a
19.17 licensed or legal nonlicensed provider, revoke an existing child care authorization to a
19.18 licensed or legal nonlicensed provider, stop payment issued to a licensed or legal nonlicensed
19.19 provider, or refuse to pay a bill submitted by a licensed or legal nonlicensed provider if:

19.20 (1) the provider admits to intentionally giving the county materially false information
19.21 on the provider's billing forms;

19.22 (2) a county or the commissioner finds by a preponderance of the evidence that the
19.23 provider intentionally gave the county materially false information on the provider's billing
19.24 forms, or provided false attendance records to a county or the commissioner;

19.25 (3) the provider is in violation of child care assistance program rules, until the agency
19.26 determines those violations have been corrected;

19.27 (4) the provider is operating after:

19.28 (i) an order of suspension of the provider's license issued by the commissioner;

19.29 (ii) an order of revocation of the provider's license; or

19.30 (iii) a final order of conditional license issued by the commissioner for as long as the
19.31 conditional license is in effect;

20.1 (5) the provider submits false attendance reports or refuses to provide documentation
20.2 of the child's attendance upon request; or

20.3 (6) the provider gives false child care price information.

20.4 (e) For purposes of paragraph (d), clauses (3), (5), and (6), the county or the commissioner
20.5 may withhold the provider's authorization or payment for a period of time not to exceed
20.6 three months beyond the time the condition has been corrected.

20.7 (f) A county's payment policies must be included in the county's child care plan under
20.8 section 119B.08, subdivision 3. If payments are made by the state, in addition to being in
20.9 compliance with this subdivision, the payments must be made in compliance with section
20.10 16A.124.

20.11 **EFFECTIVE DATE.** Paragraph (a) is effective September 25, 2017.

20.12 Sec. 22. Minnesota Statutes 2016, section 256P.05, subdivision 1, is amended to read:

20.13 Subdivision 1. **Exempted programs. Participants** A participant who qualify qualifies
20.14 for child care assistance programs under chapter 119B, Minnesota supplemental aid under
20.15 chapter 256D; and group residential housing under chapter 256I on the basis of eligibility
20.16 for Supplemental Security Income are is exempt from this section. A participant who qualifies
20.17 for a child care assistance program under chapter 119B is subject to subdivision 2.

20.18 **EFFECTIVE DATE.** This section is effective July 30, 2018.

20.19 Sec. 23. Minnesota Statutes 2016, section 256P.07, subdivision 3, is amended to read:

20.20 Subd. 3. **Changes that must be reported.** An assistance unit must report the changes
20.21 or anticipated changes specified in clauses (1) to (12) within ten days of the date they occur,
20.22 at the time of recertification of eligibility under section 256P.04, subdivisions 8 and 9, or
20.23 within eight calendar days of a reporting period, whichever occurs first. An assistance unit
20.24 must report other changes at the time of recertification of eligibility under section 256P.04,
20.25 subdivisions 8 and 9, or at the end of a reporting period, as applicable. When an agency
20.26 could have reduced or terminated assistance for one or more payment months if a delay in
20.27 reporting a change specified under clauses (1) to (12) had not occurred, the agency must
20.28 determine whether a timely notice could have been issued on the day that the change
20.29 occurred. When a timely notice could have been issued, each month's overpayment
20.30 subsequent to that notice must be considered a client error overpayment under section
20.31 119B.11, subdivision 2a, or 256P.08. Changes in circumstances that must be reported within

21.1 ten days must also be reported for the reporting period in which those changes occurred.

21.2 Within ten days, an assistance unit must report:

21.3 (1) a change in earned income of \$100 per month or greater with the exception of a
21.4 program under chapter 119B;

21.5 (2) a change in unearned income of \$50 per month or greater with the exception of a
21.6 program under chapter 119B;

21.7 (3) a change in employment status and hours with the exception of a program under
21.8 chapter 119B;

21.9 (4) a change in address or residence;

21.10 (5) a change in household composition with the exception of programs under chapter
21.11 256I;

21.12 (6) a receipt of a lump-sum payment with the exception of a program under chapter
21.13 119B;

21.14 (7) an increase in assets if over \$9,000 with the exception of programs under chapter
21.15 119B;

21.16 (8) a change in citizenship or immigration status;

21.17 (9) a change in family status with the exception of programs under chapter 256I;

21.18 (10) a change in disability status of a unit member, with the exception of programs under
21.19 chapter 119B;

21.20 (11) a new rent subsidy or a change in rent subsidy with the exception of a program
21.21 under chapter 119B; and

21.22 (12) a sale, purchase, or transfer of real property with the exception of a program under
21.23 chapter 119B.

21.24 **EFFECTIVE DATE.** This section is effective December 18, 2017.

21.25 Sec. 24. Minnesota Statutes 2016, section 256P.07, subdivision 6, is amended to read:

21.26 Subd. 6. **Child care assistance programs-specific reporting.** (a) In addition to
21.27 subdivision 3, an assistance unit under chapter 119B, within ten days of the change, must
21.28 report:

21.29 (1) a change in a parentally responsible individual's ~~visitation schedule or custody~~
21.30 ~~arrangement~~ schedule for any child receiving child care assistance program benefits; ~~and~~

22.1 (2) a ~~change in~~ permanent end in a parentally responsible individual's authorized activity
22.2 status; and

22.3 (3) if the unit's family's annual included income exceeds 85 percent of the state median
22.4 income, adjusted for family size.

22.5 (b) An assistance unit subject to section 119B.095, subdivision 1, paragraph (b), must
22.6 report a change in the unit's authorized activity status.

22.7 (c) An assistance unit must notify the county when the unit wants to reduce the number
22.8 of authorized hours for children in the unit.

22.9 **EFFECTIVE DATE.** This section is effective December 18, 2017.

22.10 Sec. 25. **REPEALER.**

22.11 Minnesota Statutes 2016, section 119B.07, is repealed effective December 18, 2017.

APPENDIX
Repealed Minnesota Statutes: H1458-1

119B.07 USE OF MONEY.

(a) Money for persons listed in sections 119B.03, subdivision 3, and 119B.05, subdivision 1, shall be used to reduce the costs of child care for students, including the costs of child care for students while employed if enrolled in an eligible education program at the same time and making satisfactory progress towards completion of the program. Counties may not limit the duration of child care subsidies for a person in an employment or educational program, except when the person is found to be ineligible under the child care fund eligibility standards. Any limitation must be based on a person's employment plan in the case of an MFIP participant, and county policies included in the child care fund plan. The maximum length of time a student is eligible for child care assistance under the child care fund for education and training is no more than the time necessary to complete the credit requirements for an associate or baccalaureate degree as determined by the educational institution, excluding basic or remedial education programs needed to prepare for postsecondary education or employment.

(b) To be eligible, the student must be in good standing and be making satisfactory progress toward the degree. Time limitations for child care assistance do not apply to basic or remedial educational programs needed to prepare for postsecondary education or employment. These programs include: high school, general equivalency diploma, and English as a second language. Programs exempt from this time limit must not run concurrently with a postsecondary program. If an MFIP participant who is receiving MFIP child care assistance under this chapter moves to another county, continues to participate in educational or training programs authorized in their employment plans, and continues to be eligible for MFIP child care assistance under this chapter, the MFIP participant must receive continued child care assistance from the county responsible for their current employment plan, under section 256G.07.