

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 4005

05/12/2016 Authored by Hausman, Flanagan and Moran

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to employment; providing a phased-in minimum wage increase; enabling
1.3 low-income workers to meet basic needs; increasing the working family credit
1.4 to exceed the federal earned income tax credit; providing increased child care
1.5 assistance to all low-income workers; reestablishing the Minnesota emergency
1.6 employment development program; reducing welfare costs to taxpayers;
1.7 authorizing rulemaking; appropriating money; amending Minnesota Statutes
1.8 2014, sections 119B.02, subdivisions 1, 2; 119B.03, subdivisions 3, 9, 10;
1.9 119B.035, subdivisions 1, 2, 5; 119B.05, subdivision 5; 119B.08, subdivision
1.10 3; 119B.09, subdivision 7; 119B.10; 119B.11, subdivision 1; 119B.12,
1.11 subdivision 2; 119B.13, subdivision 1; 119B.15; 119B.24; 177.24, subdivision
1.12 1; Minnesota Statutes 2015 Supplement, sections 119B.035, subdivision 4;
1.13 290.0671, subdivision 1; repealing Minnesota Statutes 2014, sections 119B.011,
1.14 subdivisions 20, 20a; 119B.03, subdivisions 1, 2, 4, 5, 6, 6a, 6b, 8; 119B.05,
1.15 subdivision 1; 119B.07; 119B.09, subdivisions 3, 4a; 119B.11, subdivision 4;
1.16 290.0671, subdivision 7.

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

1.18 **ARTICLE 1**

1.19 **FINDINGS**

1.20 Section 1. **FINDINGS.**

1.21 (a) The Legislative Commission on Ending Poverty in Minnesota called for steps to
1.22 bring an end to poverty by 2020, yet a large number of Minnesotans continue to struggle
1.23 to make ends meet. More than one in ten Minnesotans lives in poverty, and three in ten are
1.24 struggling to meet basic needs. Some workers cannot afford housing and go from their
1.25 jobs to a homeless shelter at night. More than half the time has passed between the year in
1.26 which the Poverty Commission wrote the report and the year 2020, yet little progress has
1.27 been made and bolder action is needed.

(b) Because low-income people frequently need government assistance to feed their families, the most effective welfare reform is to help Minnesota workers succeed in the economy. This includes ensuring that there are jobs available to them, that they have access to affordable child care, and that, through higher wages and an increase in the working family tax credit, they are able to afford basic needs. Helping low-income workers and their families will boost their productivity, improve the economy, and reduce financial assistance costs for the state.

ARTICLE 2

MINIMUM WAGE

Section 1. Minnesota Statutes 2014, section 177.24, subdivision 1, is amended to read:

Subdivision 1. **Amount.** (a) For purposes of this subdivision, the terms defined in this paragraph have the meanings given them.

(1) "Large employer" means an enterprise whose annual gross volume of sales made or business done is not less than \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(2) "Small employer" means an enterprise whose annual gross volume of sales made or business done is less than \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(b) Except as otherwise provided in sections 177.21 to 177.35:

(1) every large employer must pay each employee wages at a rate of at least:

(i) ~~\$8.00~~ \$8 per hour beginning August 1, 2014;

(ii) ~~\$9.00~~ \$9 per hour beginning August 1, 2015;

(iii) \$9.50 per hour beginning August 1, 2016; ~~and~~

(iv) \$10.25 per hour beginning August 1, 2017;

(v) \$11 per hour beginning August 1, 2018;

(vi) \$12 per hour beginning August 1, 2019;

(vii) \$13 per hour beginning August 1, 2020;

(viii) \$14 per hour beginning August 1, 2021;

(ix) \$15 per hour beginning August 1, 2022; and

~~(iv) (x) the rate established under paragraph (f) (e) beginning January 1, 2018~~
2023; and

(2) every small employer must pay each employee at a rate of at least:

(i) \$6.50 per hour beginning August 1, 2014;

(ii) \$7.25 per hour beginning August 1, 2015;
(iii) \$7.75 per hour beginning August 1, 2016; ~~and~~
(iv) \$8.50 per hour beginning August 1, 2017;
(v) \$9.25 per hour beginning August 1, 2018;
(vi) \$10 per hour beginning August 1, 2019;
(vii) \$11 per hour beginning August 1, 2020;
(viii) \$12 per hour beginning August 1, 2021;
(ix) \$13 per hour beginning August 1, 2022; and
~~(iv)~~ (x) the rate established under paragraph ~~(f)~~ (e) beginning January 1, ~~2018~~ 2023.
(c) Notwithstanding paragraph (b), during the first 90 consecutive days of employment, an employer may pay an employee under the age of 20 years who is claimed as a dependent on a federal income tax return a wage of at least:

(1) \$6.50 per hour beginning August 1, 2014;
(2) \$7.25 per hour beginning August 1, 2015;
(3) \$7.75 per hour beginning August 1, 2016; ~~and~~
(4) \$8.50 per hour beginning August 1, 2017;
(5) \$9.25 per hour beginning August 1, 2018;
(6) \$10 per hour beginning August 1, 2019;
(7) \$11 per hour beginning August 1, 2020;
(8) \$12 per hour beginning August 1, 2021;
(9) \$13 per hour beginning August 1, 2022; and
~~(4)~~ (10) the rate established under paragraph ~~(f)~~ (e) beginning January 1, ~~2018~~ 2023.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

~~(d) Notwithstanding paragraph (b), an employer that is a "hotel or motel," "lodging establishment," or "resort" as defined in Minnesota Statutes 2012, section 157.15, subdivisions 7, 8, and 11, must pay an employee working under a contract with the employer that includes the provision by the employer of a food or lodging benefit, if the employee is working under authority of a summer work travel exchange visitor program (J) nonimmigrant visa, a wage of at least:~~

~~(1) \$7.25 per hour beginning August 1, 2014;
(2) \$7.50 per hour beginning August 1, 2015;
(3) \$7.75 per hour beginning August 1, 2016; and
(4) the rate established under paragraph (f) beginning January 1, 2018.~~

~~No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.~~

~~(e)~~ (d) Notwithstanding paragraph (b), a large employer must pay an employee under the age of 18 who is claimed as a dependent on a federal income tax return at a rate of at least:

(1) \$6.50 per hour beginning August 1, 2014;

(2) \$7.25 per hour beginning August 1, 2015;

(3) \$7.75 per hour beginning August 1, 2016; ~~and~~

(4) \$8.50 per hour beginning August 1, 2017;

(5) \$9.25 per hour beginning August 1, 2018;

(6) \$10 per hour beginning August 1, 2019;

(7) \$11 per hour beginning August 1, 2020;

(8) \$12 per hour beginning August 1, 2021;

(9) \$13 per hour beginning August 1, 2022; and

~~(4)~~ (10) the rate established under paragraph ~~(f)~~ (e) beginning January 1, ~~2018~~ 2023.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

~~(f)~~ (e) No later than August 31 of each year, beginning in ~~2017~~ 2022, the commissioner shall determine the percentage increase in the rate of inflation, as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis during the 12-month period immediately preceding that August or, if that data is unavailable, during the most recent 12-month period for which data is available. The minimum wage rates in paragraphs (b), (c), and (d), ~~and (e)~~ are increased by the lesser of: (1) 2.5 percent, rounded to the nearest cent; or (2) the percentage calculated by the commissioner, rounded to the nearest cent. A minimum wage rate shall not be reduced under this paragraph. The new minimum wage rates determined under this paragraph take effect on the next January 1.

~~(g)~~ ~~(1)~~ (f)(1) No later than September 30 of each year, beginning in ~~2017~~ 2022, the commissioner may issue an order that an increase calculated under paragraph ~~(f)~~ (e) not take effect. The commissioner may issue the order only if the commissioner, after consultation with the commissioner of management and budget, finds that leading economic indicators, including but not limited to projections of gross domestic product calculated by the United States Department of Commerce, Bureau of Economic Analysis;

the Consumer Confidence Index issued by the Conference Board; and seasonally adjusted Minnesota unemployment rates, indicate the potential for a substantial downturn in the state's economy. Prior to issuing an order, the commissioner shall also calculate and consider the ratio of the rate of the calculated change in the minimum wage rate to the rate of change in state median income over the same time period used to calculate the change in wage rate. Prior to issuing the order, the commissioner shall hold a public hearing, notice of which must be published in the State Register, on the department's Web site, in newspapers of general circulation, and by other means likely to inform interested persons of the hearing, at least ten days prior to the hearing. The commissioner must allow interested persons to submit written comments to the commissioner before the public hearing and for 20 days after the public hearing.

(2) The commissioner may in a year subsequent to issuing an order under clause (1), make a supplemental increase in the minimum wage rate in addition to the increase for a year calculated under paragraph ~~(f)~~ (e). The supplemental increase may be in an amount up to the full amount of the increase not put into effect because of the order. If the supplemental increase is not the full amount, the commissioner may make a supplemental increase of the difference, or any part of a difference, in a subsequent year until the full amount of the increase ordered not to take effect has been included in a supplemental increase. In making a determination to award a supplemental increase under this clause, the commissioner shall use the same considerations and use the same process as for an order under clause (1). A supplemental wage increase is not subject to and shall not be considered in determining whether a wage rate increase exceeds the limits for annual wage rate increases allowed under paragraph ~~(f)~~ (e).

EFFECTIVE DATE. This section is effective August 1, 2016.

ARTICLE 3

CHILD CARE ASSISTANCE ENHANCEMENT AND EXPANSION TO COVER ALL LOW-INCOME WORKERS

Section 1. Minnesota Statutes 2014, section 119B.02, subdivision 1, is amended to read:

Subdivision 1. **Child care services.** The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. ~~Within the limits of available appropriations,~~ The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding

6.1 schedule of fees for parents receiving child care services. The rules shall provide that
6.2 funds received as a lump-sum payment of child support arrearages shall not be counted
6.3 as income to a family in the month received but shall be prorated over the 12 months
6.4 following receipt and added to the family income during those months. The commissioner
6.5 shall maximize the use of federal money under title I and title IV of Public Law 104-193,
6.6 the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and
6.7 other programs that provide federal or state reimbursement for child care services for
6.8 low-income families who are in education, training, job search, or other activities allowed
6.9 under those programs. Money appropriated under this section must be coordinated with
6.10 the programs that provide federal reimbursement for child care services to accomplish
6.11 this purpose. ~~Federal reimbursement obtained must be allocated to the county that spent~~
6.12 ~~money for child care that is federally reimbursable under programs that provide federal~~
6.13 ~~reimbursement for child care services.~~ The counties commissioner shall use the federal
6.14 money to expand child care services. The commissioner may adopt rules under chapter 14
6.15 to implement and coordinate federal program requirements.

6.16 Sec. 2. Minnesota Statutes 2014, section 119B.02, subdivision 2, is amended to read:

6.17 Subd. 2. **Contractual agreements with tribes.** The commissioner may enter into
6.18 contractual agreements with a federally recognized Indian tribe with a reservation in
6.19 Minnesota to carry out the responsibilities of county human service agencies to the extent
6.20 necessary for the tribe to operate child care assistance programs for families eligible under
6.21 sections ~~119B.03~~ 119B.09 and ~~119B.05~~ 119B.10. An agreement may allow the state
6.22 to make payments for child care assistance services provided under ~~section 119B.05~~
6.23 this chapter. The commissioner shall consult with the affected county or counties in the
6.24 contractual agreement negotiations, if the county or counties wish to be included, in
6.25 order to avoid the duplication of county and tribal child care services. ~~Funding to support~~
6.26 ~~services under section 119B.03 may be transferred to the federally recognized Indian tribe~~
6.27 ~~with a reservation in Minnesota from allocations available to counties in which reservation~~
6.28 ~~boundaries lie. When funding is transferred under section 119B.03, the amount shall be~~
6.29 ~~commensurate to estimates of the proportion of reservation residents with characteristics~~
6.30 ~~identified in section 119B.03, subdivision 6, to the total population of county residents~~
6.31 ~~with those same characteristics.~~

6.32 Sec. 3. Minnesota Statutes 2014, section 119B.03, subdivision 3, is amended to read:

6.33 Subd. 3. **Eligible participants.** Families that meet the eligibility requirements
6.34 under sections ~~119B.07, 119B.09, and 119B.10, except MFIP participants, diversionary~~

~~work program, and transition year families~~ are eligible for child care assistance under the ~~basic sliding fee~~ child care assistance program. Families enrolled in the ~~basic sliding fee~~ child care assistance program shall be continued until they are no longer eligible. Child care assistance provided through the child care fund is considered assistance to the parent.

Sec. 4. Minnesota Statutes 2014, section 119B.03, subdivision 9, is amended to read:

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

~~(b) To be eligible for portable basic sliding fee assistance, a family that has moved from a county in which it~~ A family receiving child care assistance under the child care fund that has moved from a county in which the family was receiving basic sliding fee child care assistance to a another county with a waiting list for the basic sliding fee program must be admitted into the receiving county's child care assistance program if the family:

~~(1) meet~~ meets the income and eligibility guidelines for the ~~basic sliding fee~~ child care assistance program; and

~~(2) notify~~ notifies the new county of residence within 60 days of moving and ~~submit~~ submits information to the new county of residence to verify eligibility for the ~~basic sliding fee~~ child care assistance program.

~~(e) (b)~~ The receiving county must:

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

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

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

Sec. 5. Minnesota Statutes 2014, section 119B.03, subdivision 10, is amended to read:

Subd. 10. **Application; entry points.** Two or more methods of applying for the ~~basic sliding fee~~ child care assistance program under this chapter must be available to applicants in each county. To meet the requirements of this subdivision, a county may

provide alternative methods of applying for assistance, including, but not limited to, a mail application, or application sites that are located outside of government offices.

Sec. 6. Minnesota Statutes 2014, section 119B.035, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A family in which a parent provides care for the family's infant child may receive a subsidy in lieu of assistance if the family is eligible for or is receiving assistance under the ~~basic sliding fee~~ child care assistance program. An eligible family must meet the eligibility factors under section 119B.09, except as provided in subdivision 4, and the requirements of this section. Subject to federal match and maintenance of effort requirements for the child care and development fund, ~~and up to available appropriations,~~ the commissioner shall provide assistance under the at-home infant child care program and for administrative costs associated with the program. At the end of a fiscal year, the commissioner may carry forward any unspent funds under this section to the next fiscal year within the same biennium for assistance under the ~~basic sliding fee~~ child care assistance program.

Sec. 7. Minnesota Statutes 2014, section 119B.035, subdivision 2, is amended to read:

Subd. 2. **Eligible families.** A family with an infant under the age of one year is eligible for assistance if:

(1) the family is not receiving MFIP, other cash assistance, or other child care assistance; and

~~(2) the family has not previously received a lifelong total of 12 months of assistance under this section; and~~

~~(3)~~ (2) the family is participating in the ~~basic sliding fee~~ child care assistance program or provides verification of participating in an authorized activity at the time of application and meets the program requirements.

Sec. 8. Minnesota Statutes 2015 Supplement, section 119B.035, subdivision 4, is amended to read:

Subd. 4. **Assistance.** (a) ~~A family is limited to a lifetime total of 12 months of assistance under subdivision 2.~~ The maximum rate of assistance is equal to 68 percent of the rate established under section 119B.13 for care of infants in licensed family child care in the applicant's county of residence.

(b) A participating family must report income and other family changes as specified in sections 256P.06 and 256P.07, and the county's plan under section 119B.08, subdivision 3.

9.1 ~~(e) Persons who are admitted to the at-home infant child care program retain their~~
9.2 ~~position in any basic sliding fee program. Persons leaving the at-home infant child care~~
9.3 ~~program reenter the basic sliding fee program at the position they would have occupied.~~

9.4 ~~(d)~~ (c) Assistance under this section does not establish an employer-employee
9.5 relationship between any member of the assisted family and the county or state.

9.6 Sec. 9. Minnesota Statutes 2014, section 119B.035, subdivision 5, is amended to read:

9.7 Subd. 5. **Implementation.** The commissioner shall implement the at-home infant
9.8 child care program under this section through counties that administer the ~~basic sliding fee~~
9.9 child care assistance program under section 119B.03 this chapter. The commissioner must
9.10 develop and distribute consumer information on the at-home infant child care program to
9.11 assist parents of infants or expectant parents in making informed child care decisions.

9.12 Sec. 10. Minnesota Statutes 2014, section 119B.05, subdivision 5, is amended to read:

9.13 Subd. 5. **Federal reimbursement.** Counties and the state shall maximize their
9.14 federal reimbursement under federal reimbursement programs for money spent for persons
9.15 eligible under this chapter. The commissioner shall allocate any federal earnings to the
9.16 county to be used to expand child care services under this chapter.

9.17 Sec. 11. Minnesota Statutes 2014, section 119B.08, subdivision 3, is amended to read:

9.18 Subd. 3. **Child care fund plan.** The county and designated administering agency
9.19 shall submit a biennial child care fund plan to the commissioner. The commissioner shall
9.20 establish the dates by which the county must submit the plans. The plan shall include:

9.21 (1) a description of strategies to coordinate and maximize public and private
9.22 community resources, including school districts, health care facilities, government
9.23 agencies, neighborhood organizations, and other resources knowledgeable in early
9.24 childhood development, in particular to coordinate child care assistance with existing
9.25 community-based programs and service providers including child care resource and
9.26 referral programs, early childhood family education, school readiness, Head Start, local
9.27 interagency early intervention committees, special education services, early childhood
9.28 screening, and other early childhood care and education services and programs to the extent
9.29 possible, to foster collaboration among agencies and other community-based programs that
9.30 provide flexible, family-focused services to families with young children and to facilitate
9.31 transition into kindergarten. The county must describe a method by which to share
9.32 information, responsibility, and accountability among service and program providers;

(2) a description of procedures and methods to be used to make copies of the proposed state plan reasonably available to the public, including members of the public particularly interested in child care policies such as parents, child care providers, culturally specific service organizations, child care resource and referral programs, interagency early intervention committees, potential collaborative partners and agencies involved in the provision of care and education to young children, and allowing sufficient time for public review and comment; and

(3) information as requested by the department to ensure compliance with the child care fund statutes and rules promulgated by the commissioner.

The commissioner shall notify counties within 90 days of the date the plan is submitted whether the plan is approved or the corrections or information needed to approve the plan. The commissioner shall withhold a county's allocation until it has an approved plan. ~~Plans not approved by the end of the second quarter after the plan is due may result in a 25 percent reduction in allocation. Plans not approved by the end of the third quarter after the plan is due may result in a 100 percent reduction in the allocation to the county payments to a county until it has an approved plan.~~ Counties are to maintain services despite any ~~reduction in their allocation~~ withholding of payments due to plans not being approved.

Sec. 12. Minnesota Statutes 2014, section 119B.09, subdivision 7, is amended to read:

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

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

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

Sec. 13. Minnesota Statutes 2014, section 119B.10, is amended to read:

119B.10 EMPLOYMENT OR TRAINING ELIGIBILITY.

Subdivision 1. Assistance for persons seeking and retaining employment. (a)

Persons who are seeking employment and who are eligible for assistance under this ~~section~~ chapter are eligible to receive up to 240 hours of child care assistance per calendar year.

(b) Employed persons who work at least an average of 20 hours and full-time students who work at least an average of ten hours a week and receive at least a minimum wage for all hours worked are eligible for continued child care assistance for employment. For purposes of this section, work-study programs must be counted as employment. Child care assistance during employment must be authorized as provided in paragraphs (c) and (d).

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

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

(1) the amount of child care determined by dividing gross earned income by the applicable minimum wage, up to one hour every eight hours for meals and break time, plus up to two hours per day for travel time; or

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

Subd. 1a. Assistance for persons participating in employment or family stabilization plan. The following persons are also eligible for child care assistance:

(1) persons who are participating in work, job search, job support, employment, or training activities as required in their job search support or employment plan or in appeals, hearings, assessments, or orientations according to chapter 256J;

(2) persons who are participating in social services activities under chapter 256J as required in their employment plan approved according to chapter 256J;

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

(4) persons who are participating in services or activities that are included in an approved family stabilization plan under section 256J.575.

Subd. 2. Financial eligibility required. Persons participating in employment programs, training programs, or education programs are eligible for continued assistance

12.1 from the child care fund, if they are financially eligible under the sliding fee scale set
12.2 by the commissioner in section 119B.12.

12.3 Subd. 3. **Child care assistance during education.** (a) The following persons are
12.4 eligible for child care assistance for education or training:

12.5 (1) persons who meet the requirements of section 119B.09 who are enrolled in
12.6 remedial or basic education or English as a second language, or persons up to the age of
12.7 19 who are enrolled in an educational program to attain a high school diploma or general
12.8 equivalency diploma;

12.9 (2) persons who meet the requirements of this section and section 119B.09 who
12.10 receive child care assistance to reduce the costs of child care for education when employed
12.11 an average of at least ten hours per week under subdivision 1, and are not receiving
12.12 MFIP benefits; and

12.13 (3) persons who meet the requirements of this section and section 119B.09 who
12.14 receive child care assistance to reduce the costs of child care for education when enrolled
12.15 in a postsecondary educational institution as a full-time undergraduate student, and are not
12.16 receiving MFIP benefits.

12.17 (b) Notwithstanding subdivisions 5 and 6, assistance for persons under paragraph
12.18 (a), clause (3), is limited to 48 months or the length of time necessary to complete the
12.19 degree, whichever is shorter.

12.20 Subd. 4. **Satisfactory progress.** Students enrolled in an education program must
12.21 be making satisfactory progress toward completion of the program as stipulated in the
12.22 school's satisfactory progress policy.

12.23 Subd. 5. **Limiting duration of training.** Counties may not limit the duration of
12.24 child care subsidies for a person in an employment or educational program, except when
12.25 the person is found to be ineligible under the child care fund eligibility standards. Any
12.26 limitation must be based on a person's employment or family stabilization plan in the case
12.27 of an MFIP participant.

12.28 Subd. 6. **Maximum length of time for training.** The maximum length of time a
12.29 participant is eligible for child care assistance under the child care fund for education and
12.30 training is no more than the maximum time allowed to complete the credit requirements
12.31 for an associate or baccalaureate degree as stipulated in the school's satisfactory progress
12.32 policy. This length of time excludes basic or remedial education programs, English as
12.33 a second language, high school, and general equivalency diploma programs needed to
12.34 prepare for postsecondary education or employment.

12.35 Subd. 7. **MFIP student moves to another county.** If an MFIP participant who is
12.36 receiving child care assistance under this chapter moves to another county, continues

13.1 to participate in educational or training programs authorized in the MFIP participant's
13.2 employment or family stabilization plan, and continues to be eligible for child care
13.3 assistance under this chapter, the MFIP participant must receive continued child care
13.4 assistance from the county responsible for the MFIP participant's current employment or
13.5 family stabilization plan under section 256G.07.

13.6 Sec. 14. Minnesota Statutes 2014, section 119B.11, subdivision 1, is amended to read:

13.7 Subdivision 1. **County contributions required.** (a) In addition to payments from
13.8 ~~basic sliding fee child care assistance~~ program participants, each county shall contribute
13.9 from county tax or other sources a fixed local match equal to its calendar year 1996
13.10 required county contribution reduced by the administrative funding loss that would have
13.11 occurred in state fiscal year 1996 under section 119B.15. The commissioner shall recover
13.12 funds from the county as necessary to bring county expenditures into compliance with this
13.13 subdivision. The commissioner may accept county contributions, including contributions
13.14 above the fixed local match, in order to make state payments.

13.15 (b) The commissioner may accept payments from counties to:

13.16 (1) fulfill the county contribution as required under subdivision 1;

13.17 (2) pay for services authorized under this chapter beyond those paid for with federal
13.18 or state funds or with the required county contributions; or

13.19 (3) pay for child care services in addition to those authorized under this chapter, as
13.20 authorized under other federal, state, or local statutes or regulations.

13.21 (c) The county payments must be deposited in an account in the special revenue
13.22 fund. Money in this account is appropriated to the commissioner for child care assistance
13.23 under this chapter and other applicable statutes and regulations and is in addition to other
13.24 state and federal appropriations.

13.25 Sec. 15. Minnesota Statutes 2014, section 119B.12, subdivision 2, is amended to read:

13.26 Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period.
13.27 A family's parent fee must be a fixed percentage of its annual gross income. Parent fees
13.28 must apply to families eligible for child care assistance under ~~sections 119B.03 and~~
13.29 ~~119B.05~~ section 119B.09. Income must be as defined in section 119B.011, subdivision 15.
13.30 The fixed percent is based on the relationship of the family's annual gross income to 100
13.31 percent of the annual state median income. Parent fees must begin at 75 percent of the
13.32 poverty level. The minimum parent fees for families between 75 percent and 100 percent
13.33 of poverty level must be \$2 per biweekly period. Parent fees must provide for graduated
13.34 movement to full payment. Payment of part or all of a family's parent fee directly to the

14.1 family's child care provider on behalf of the family by a source other than the family shall
14.2 not affect the family's eligibility for child care assistance, and the amount paid shall be
14.3 excluded from the family's income. Child care providers who accept third-party payments
14.4 must maintain family specific documentation of payment source, amount, and time period
14.5 covered by the payment.

14.6 Sec. 16. Minnesota Statutes 2014, section 119B.13, subdivision 1, is amended to read:

14.7 Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~February 3, 2014~~ July 1,
14.8 2015, the maximum rate paid for child care assistance ~~in any county or county price~~
14.9 ~~cluster under the child care fund shall be the greater of the 25th percentile of the 2011~~
14.10 ~~child care provider rate survey or the maximum rate effective November 28, 2011. The~~
14.11 ~~commissioner may: (1) assign a county with no reported provider prices to a similar price~~
14.12 ~~cluster; and (2) consider county level access when determining final price clusters~~ is the
14.13 75th percentile rate for like-care arrangements as surveyed by the commissioner in the
14.14 most current market rate survey.

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

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

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

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

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

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

14.33 Sec. 17. Minnesota Statutes 2014, section 119B.15, is amended to read:

14.34 **119B.15 ADMINISTRATIVE EXPENSES.**

The commissioner shall use up to 1/21 of the state and federal funds available for the ~~basic sliding fee program and 1/21 of the state and federal funds available for the MFIP~~ child care assistance program for payments to counties for administrative expenses ~~the administrative costs of the delivery of direct services.~~ The commissioner shall make monthly payments to each county based on direct service expenditures. Payments may be withheld if monthly reports are incomplete or untimely.

Sec. 18. Minnesota Statutes 2014, section 119B.24, is amended to read:

119B.24 DUTIES OF COMMISSIONER.

In addition to the powers and duties already conferred by law, the commissioner of human services shall:

(1) administer the child care fund, ~~including the basic sliding fee program~~ authorized under sections 119B.011 to 119B.16;

(2) monitor the child care resource and referral programs established under section 119B.19; and

(3) encourage child care providers to participate in a nationally recognized accreditation system for early childhood and school-age care programs. Subject to approval by the commissioner, family child care providers and early childhood and school-age care programs shall be reimbursed for one-half of the direct cost of accreditation fees, upon successful completion of accreditation.

Sec. 19. DIRECTION TO COMMISSIONER OF MANAGEMENT AND BUDGET.

The state obligation for the child care assistance program under Minnesota Statutes, chapter 119B, must be included in the Department of Management and Budget February and November forecast of state revenues and expenditures under Minnesota Statutes, section 16A.103, beginning with the November 2016 forecast.

Sec. 20. REVISOR'S INSTRUCTION.

(a) In the next edition of Minnesota Statutes and Minnesota Rules, the revisor shall renumber the statutory section in column A with the section in column B, and make necessary cross-reference changes consistent with the renumbering:

<u>Column A</u>	<u>Column B</u>
<u>119B.035</u>	<u>119B.105</u>
<u>119B.05, subd. 4</u>	<u>119B.03, subd. 11</u>
<u>119B.05, subd. 5</u>	<u>119B.03, subd. 12</u>

(b) The revisor of statutes shall correct internal cross-references to sections resulting from the repealer in section 21. The revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

Sec. 21. **REPEALER.**

Minnesota Statutes 2014, sections 119B.011, subdivisions 20 and 20a; 119B.03, subdivisions 1, 2, 4, 5, 6, 6a, 6b, and 8; 119B.05, subdivision 1; 119B.07; 119B.09, subdivisions 3 and 4a; and 119B.11, subdivision 4, are repealed.

ARTICLE 4

WORKING FAMILY TAX CREDIT

Section 1. Minnesota Statutes 2015 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage 120 percent of earned income. ~~To receive a credit, a taxpayer must be eligible for a~~ the credit for which the individual is eligible under section 32 of the Internal Revenue Code.

~~(b) For individuals with no qualifying children, the credit equals 2.10 percent of the first \$6,180 of earned income. The credit is reduced by 2.01 percent of earned income or adjusted gross income, whichever is greater, in excess of \$8,130, but in no case is the credit less than zero.~~

~~(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first \$11,120 of earned income. The credit is reduced by 6.02 percent of earned income or adjusted gross income, whichever is greater, in excess of \$21,190, but in no case is the credit less than zero.~~

~~(d) For individuals with two or more qualifying children, the credit equals 11 percent of the first \$18,240 of earned income. The credit is reduced by 10.82 percent of earned income or adjusted gross income, whichever is greater, in excess of \$25,130, but in no case is the credit less than zero.~~

~~(e)~~ (b) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

~~(f)~~ (c) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions

for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

~~(g) For tax years beginning after December 31, 2007, and before December 31, 2010, and for tax years beginning after December 31, 2017, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

~~(h)(1) For tax years beginning after December 31, 2012, and before January 1, 2014, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are increased by \$5,340 for married taxpayers filing joint returns; and (2) for tax years beginning after December 31, 2013, and before January 1, 2018, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2013, and before January 1, 2018, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the~~

18.1 ~~amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the~~
18.2 ~~commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

18.3 (†) (d) The commissioner shall construct tables showing the amount of the credit
18.4 at various income levels and make them available to taxpayers. The tables shall follow
18.5 the schedule contained in this subdivision, except that the commissioner may graduate
18.6 the transition between income brackets.

18.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
18.8 December 31, 2016.

18.9 Sec. 2. **REPEALER.**

18.10 Minnesota Statutes 2014, section 290.0671, subdivision 7, is repealed.

18.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
18.12 December 31, 2016.

18.13 **ARTICLE 5**

18.14 **MINNESOTA EMERGENCY EMPLOYMENT DEVELOPMENT**

18.15 Section 1. **CITATION.**

18.16 Sections 1 to 14 may be cited as the "Minnesota Emergency Employment
18.17 Development (MEED) Act of 2016."

18.18 Sec. 2. **DEFINITIONS.**

18.19 Subdivision 1. **Terms.** For the purposes of sections 1 to 14, the following terms
18.20 have the meanings given them.

18.21 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of employment
18.22 and economic development.

18.23 Subd. 3. **Department.** "Department" means the Department of Employment and
18.24 Economic Development.

18.25 Subd. 4. **Eligible business.** "Eligible business" means a for-profit business.

18.26 Subd. 5. **Eligible employer.** "Eligible employer" means an eligible government
18.27 agency, an eligible nonprofit agency, or an eligible business.

18.28 Subd. 6. **Eligible government agency.** "Eligible government agency" means a
18.29 county, municipality, school district, or other local governmental subdivision.

18.30 Subd. 7. **Eligible job applicant.** "Eligible job applicant" means a person who:

18.31 (1) has been a resident of this state for at least six months;

18.32 (2) is unemployed;

(3) has attempted to secure a nonsubsidized job by completing a comprehensive job search program administered by a county or workforce service area;

(4) is not receiving and is not eligible to receive unemployment compensation or workers' compensation; and

(5) is determined by the employment administrator to be likely to be available for employment by an eligible employer for the duration of the job.

Subd. 8. **Eligible nonprofit agency.** "Eligible nonprofit agency" means an organization exempt from taxation under the Internal Revenue Code of 1986, section 501(c)(3), as amended.

Subd. 9. **Employment administrator.** "Employment administrator" means the administrative entity designated by the commissioner to administer the provisions of this act in each workforce service area.

Subd. 10. **Household.** "Household" means an individual, the individual's spouse, and any person considered a dependent under sections 151 and 152 of the Internal Revenue Code domiciled at the same address.

Subd. 11. **Program.** "Program" means the Minnesota emergency employment development program created by sections 1 to 14, consisting of temporary employment projects in the government and nonprofit agencies and new permanent job creation in the private sector.

Subd. 12. **Workforce service area.** "Workforce service area" means an area designated as a workforce service area under Minnesota Statutes, section 116L.666.

Sec. 3. **DUTIES OF COMMISSIONER.**

Subdivision 1. **Duties.** The commissioner shall administer the provisions of sections 1 to 14. The commissioner shall:

(1) enter into contracts with the workforce service areas within 30 days of enactment;

(2) review the emergency employment development plan submitted by the employment administrator of each workforce service area and approve satisfactory plans. If an employment administrator submits an unsatisfactory plan, the department shall assist the employment administrator in developing a satisfactory one;

(3) coordinate the program with other state agencies;

(4) coordinate administration of the program with the Minnesota family investment program under Minnesota Statutes, chapter 256J;

(5) set policies regarding disbursement of program funds;

(6) perform general program marketing and monitoring functions; and

20.1 (7) apply to the federal government for a waiver allowing Minnesota to use extended
20.2 unemployment insurance benefits for wage subsidies and seek federal funding for this
20.3 program.

20.4 Subd. 2. **Enforcement.** The commissioner shall ensure that all eligible employers
20.5 and employment administrators comply with sections 1 to 14 and all other applicable state
20.6 and federal laws, including those relating to:

- 20.7 (1) affirmative action;
- 20.8 (2) occupational health and safety standards;
- 20.9 (3) environmental standards; and
- 20.10 (4) fair labor practices.

20.11 Subd. 3. **Report to governor and legislature.** The commissioner shall report
20.12 semiannually to the chairs of the standing committees of the house of representatives
20.13 and senate having jurisdiction over employment and economic development issues and
20.14 to the governor on:

- 20.15 (1) the number of persons employed under the program;
- 20.16 (2) the number and type of employers under the program;
- 20.17 (3) the amount of money spent in each service delivery area for wages for each type
20.18 of employment and each type of other expense;
- 20.19 (4) the number of persons who have completed participation in the program and their
20.20 current employment, educational, or training status; and
- 20.21 (5) any other information deemed pertinent by the commissioner.

20.22 Subd. 4. **Rules.** The commissioner may adopt rules necessary to implement the
20.23 Minnesota emergency employment development program.

20.24 Sec. 4. **ALLOCATION OF FUNDS AMONG WORKFORCE SERVICE AREAS.**

20.25 (a) Ninety percent of the funds available for allocation to employment administrators
20.26 for the program must be allocated among eligible workforce service areas. Workforce
20.27 service areas are eligible to receive that proportion of the funds available which equals
20.28 the number of unemployed persons in the workforce service area divided by the total
20.29 number of unemployed persons in the state for the 12-month period ending with the
20.30 most recent March 31.

20.31 (b) Ten percent of the funds available for allocation to employment administrators
20.32 under the program must be allocated at the discretion of the commissioner to employment
20.33 administrators:

- 21.1 (1) who will maximize the use of the funds through coordination with other
21.2 programs and state, local, and federal agencies, through the use of matching funds or
21.3 through the involvement of low-income constituent groups;
21.4 (2) who have demonstrated need beyond the allocation available under paragraph
21.5 (a); or
21.6 (3) who have demonstrated outstanding performance in job creation.

21.7 Sec. 5. **ALLOCATION WITHIN WORKFORCE SERVICE AREAS;**
21.8 **PRIORITIES.**

21.9 Subdivision 1. **Among job applicants.** Allocation of funds among eligible job
21.10 applicants within a workforce service area shall be determined by the employment
21.11 administrator in each workforce service area. The employment administrator shall give
21.12 priority to:

- 21.13 (1) applicants living in households with no other income source;
21.14 (2) applicants who would otherwise be eligible to participate in the Minnesota
21.15 family investment program or the diversionary work program; and
21.16 (3) veterans as defined under Minnesota Statutes, section 196.21, subdivision 2.

21.17 Subd. 2. **Among employers.** The employment administrator within each workforce
21.18 service area shall determine allocation of funds among eligible employers within
21.19 a workforce service area according to the priorities in section 9. The employment
21.20 administrator shall give priority to funding private sector jobs to the extent that eligible
21.21 businesses apply for funds. No more than 50 percent of the funds may be allocated for
21.22 jobs with eligible government and nonprofit agencies during the biennium.

21.23 Sec. 6. **USE OF FUNDS.**

21.24 Subdivision 1. **Allowable uses of funds.** Funds appropriated for the purposes of
21.25 sections 1 to 14 may be used as follows:

- 21.26 (1) to provide a state contribution for wages and fringe benefits for eligible job
21.27 applicants for a maximum of 1,040 hours over a maximum period of 26 weeks per job
21.28 applicant. For eligible job applicants participating in a job training program, the state
21.29 contribution for wages may be used for a maximum period of 26 weeks per job applicant.
21.30 The employer must pay at least \$12 per hour to each eligible employee. The state
21.31 contribution for wages shall be 50 percent of the first \$12 per hour of the wage for each
21.32 eligible job applicant employed by an eligible employer. The employer may use funds
21.33 from other sources to provide increased wages to the applicants it employs. At least 70

22.1 percent of the funds appropriated for the program must be used to pay wages for eligible
22.2 job applicants;

22.3 (2) to reimburse the department in an amount not to exceed one percent of the funds
22.4 appropriated for the actual cost of administering sections 1 to 14;

22.5 (3) to reimburse the employment administrators in an amount not to exceed 14
22.6 percent of the funds appropriated for the actual cost of program operations. Of the 14
22.7 percent, no more than ten percent may be used for administrative costs for workforce
22.8 service areas as defined under the Workforce Investment Act. The commissioner and
22.9 the employment administrators shall reallocate funds from other sources to cover the
22.10 administrative costs of this program whenever possible;

22.11 (4) to provide child care services or subsidies to applicants employed under sections
22.12 1 to 14;

22.13 (5) to provide workers' compensation coverage to applicants employed by
22.14 government or nonprofit agencies under sections 1 to 14;

22.15 (6) to provide job search assistance, labor market orientation, job seeking skills,
22.16 and referral for other services; and

22.17 (7) to purchase supplies and materials for projects creating permanent improvements
22.18 to public property in an amount not to exceed one percent of the funds appropriated.

22.19 Subd. 2. **Cancellation and reallocation.** Any funds allocated to the workforce
22.20 service area for which there is no spending plan approved by the commissioner or
22.21 which are significantly underspent in the reporting period shall cancel back to the
22.22 Minnesota emergency employment development account and must be reallocated by the
22.23 commissioner to other employment administrators.

22.24 Sec. 7. **EMPLOYMENT ADMINISTRATORS; POWERS AND DUTIES.**

22.25 Subdivision 1. **In general.** The employment administrator for each workforce
22.26 service area has the powers and duties given in this section and any additional duties
22.27 given by the commissioner.

22.28 Subd. 2. **Employment plan.** Each employment administrator shall develop an
22.29 emergency employment development plan for the workforce service area under guidelines
22.30 developed by the commissioner and submit it to the commissioner within the period
22.31 allowed by the commissioner. To the extent feasible, the employment administrator shall
22.32 seek input from potential eligible employers and the public.

22.33 Subd. 3. **Outreach.** Each employment administrator shall publicize the program
22.34 within the workforce service area to seek maximum participation by eligible job applicants
22.35 and employers.

23.1 Subd. 4. **Contracts.** Each employment administrator shall enter into contracts with
23.2 eligible employers setting forth the terms of their participation in the program as required
23.3 by sections 1 to 14.

23.4 Subd. 5. **Screening and coordination.** Each employment administrator shall screen
23.5 job applicants and employers to achieve the best possible placement of eligible job
23.6 applicants with eligible employers.

23.7 Subd. 6. **Eligible job applicant priority lists.** Each employment administrator
23.8 shall maintain a list of eligible job applicants unable to secure employment under the
23.9 program at the time of application. The list shall prioritize eligible job applicants pursuant
23.10 to section 5, subdivision 1, and shall be used to fill jobs with eligible employers as they
23.11 become available.

23.12 Subd. 7. **Coordination of education and training programs.** Each employment
23.13 administrator shall cooperate with local educational and training institutions to coordinate
23.14 and publicize the availability of their resources to assure that applicants may receive
23.15 training needed before or while employed in jobs which are available under the program.

23.16 Subd. 8. **Materials.** Each employment administrator may disburse funds not to
23.17 exceed one percent of the amount allocated to the service delivery area for the purchase of
23.18 supplies and materials for projects creating permanent improvements to public property.

23.19 Sec. 8. **ELIGIBLE GOVERNMENT AND NONPROFIT AGENCY**
23.20 **EMPLOYMENT.**

23.21 A government or nonprofit agency is an eligible employer with respect to temporary
23.22 employment projects that are determined by the employment administrator to have
23.23 long-term benefit to or are needed by the community, including but not limited to jobs
23.24 in permanent public improvement projects, residential or public building weatherization
23.25 projects, reforestation projects, mineland reclamation projects, planting or tree trimming
23.26 projects, soil conservation projects, natural resource development projects, and community
23.27 social service programs such as child care and home health care.

23.28 Sec. 9. **BUSINESS EMPLOYMENT.**

23.29 Subdivision 1. **Eligible businesses.** A business employer is an eligible employer if
23.30 it enters into a written contract with the employment administrator in its workforce service
23.31 area and includes in the contract assurances that:

23.32 (1) funds received by a business shall be used only as permitted under sections 1 to 14;

23.33 (2) the business has submitted a plan to the employment administrator;

24.1 (i) describing the duties and proposed compensation of each employee proposed to
24.2 be hired under the program; and

24.3 (ii) demonstrating that, with the funds provided under sections 1 to 14, the business
24.4 is likely to succeed and continue to employ persons hired under the program;

24.5 (3) the business will use funds exclusively for compensation and fringe benefits of
24.6 eligible job applicants and will provide employees hired with these funds with fringe
24.7 benefits and other terms and conditions of employment comparable to those provided to
24.8 other employees of the business who do comparable work;

24.9 (4) the funds are necessary to allow the business to begin operation, or to employ
24.10 additional people, but not to fill positions which would be filled even in the absence of
24.11 funds from this program;

24.12 (5) the business will cooperate with the commissioner and the employment
24.13 administrator in collecting data to assess the results of the program; and

24.14 (6) the business is in compliance with all applicable affirmative action, fair labor,
24.15 health, safety, and environmental standards.

24.16 Subd. 2. **Priorities.** In allocating funds among eligible businesses, the employment
24.17 administrator shall give priority to businesses which best satisfy the following criteria:

24.18 (1) have a high potential for growth and long-term job creation;

24.19 (2) are labor intensive;

24.20 (3) meet the definition of a small business as defined in Minnesota Statutes, section
24.21 645.445;

24.22 (4) make high use of local and Minnesota resources;

24.23 (5) are under ownership of women or minorities;

24.24 (6) make extensive use of new technology;

24.25 (7) produce energy conserving materials or services or are involved in development
24.26 of renewable sources of energy; and

24.27 (8) have their primary place of business in Minnesota.

24.28 Subd. 3. **Employer accountability.** (a) A business receiving funds under this
24.29 program is expected to retain employees at least six months beyond the initial six-month
24.30 subsidized period. In the event an employer terminates participation in the subsidy program
24.31 during the initial six-month subsidy phase for any participant, the employer shall pay back
24.32 20 percent of the subsidies received to date. In the event an employer has not retained
24.33 a participant at least 90 days beyond the subsidy phase, the employer shall pay back 20
24.34 percent of the wage subsidies received. In the event a business employer has retained a
24.35 participant 180 days beyond the subsidy period, a business employer shall be eligible for a
24.36 bonus equivalent to \$2 per hour for the hours the participant worked during those 180 days.

25.1 (b) If an employer dismisses an employee for good cause or the employee chooses to
25.2 leave the position and the employer works in good faith with the program administrator
25.3 to employ and train another person referred by the employment administrator, the
25.4 accountability conditions shall apply as if the original participant had fulfilled the
25.5 employment timeline.

25.6 Sec. 10. **MINNESOTA EMERGENCY EMPLOYMENT DEVELOPMENT**
25.7 **ACCOUNT.**

25.8 The Minnesota emergency employment development account is created in the state
25.9 treasury. All payments from businesses under section 9 shall be deposited in this account,
25.10 and all funds in the account are appropriated to the commissioner of employment and
25.11 economic development for the purpose of making disbursements pursuant to section 6.

25.12 Sec. 11. **WORKER DISPLACEMENT PROHIBITED.**

25.13 Subdivision 1. **Layoffs; work reductions.** An eligible employer may not terminate,
25.14 lay off, or reduce the working hours of an employee for the purpose of hiring an individual
25.15 with funds available under sections 1 to 14.

25.16 Subd. 2. **Hiring during layoffs.** An eligible employer may not hire an individual
25.17 with funds available under sections 1 to 14 if any other person has been laid off from the
25.18 same or a substantially equivalent job within the previous six months.

25.19 Subd. 3. **Employer certification.** In order to qualify as an eligible employer, a
25.20 government or nonprofit agency or business must certify to the employment administrator
25.21 that each job created and funded under sections 1 to 14:

25.22 (1) will result in an increase in employment opportunities over those which would
25.23 otherwise be available;

25.24 (2) will not result in the displacement of currently employed workers, including
25.25 partial displacement such as reduction in hours of nonovertime work, wages, or
25.26 employment benefits; and

25.27 (3) will not impair existing contracts for service or result in the substitution of
25.28 program funds for other funds in connection with work that would otherwise be performed.

25.29 Sec. 12. **TERMINATION; NOTIFICATION.**

25.30 (a) On the date the program is terminated, any balance remaining in the Minnesota
25.31 emergency employment development account established under section 10 shall cancel
25.32 to the general fund. Any payments received under section 10 on or after that date shall
25.33 be deposited in the general fund.

26.1 **(b) The commissioner shall immediately terminate the Minnesota emergency**
26.2 **employment development program if and when none of the money appropriated under**
26.3 **section 13 remains.**

26.4 Sec. 13. **APPROPRIATION.**

26.5 \$200,000,000 in fiscal year 2017 is appropriated from the general fund to the
26.6 commissioner for deposit in the Minnesota emergency employment development account
26.7 for the Minnesota Emergency Employment Development (MEED) Act of 2016. Any
26.8 unexpended balance remaining at the end of the fiscal year does not cancel and is available
26.9 until expended.

26.10 Sec. 14. **EFFECTIVE DATE.**

26.11 This article is effective the day following final enactment.

APPENDIX
Article locations in 16-7409

ARTICLE 1	FINDINGS	Page.Ln 1.18
ARTICLE 2	MINIMUM WAGE	Page.Ln 2.8
	CHILD CARE ASSISTANCE ENHANCEMENT AND EXPANSION	
ARTICLE 3	TO COVER ALL LOW-INCOME WORKERS	Page.Ln 5.25
ARTICLE 4	WORKING FAMILY TAX CREDIT	Page.Ln 16.8
ARTICLE 5	MINNESOTA EMERGENCY EMPLOYMENT DEVELOPMENT ...	Page.Ln 18.13

119B.011 DEFINITIONS.

Subd. 20. **Transition year families.** "Transition year families" means families who have received MFIP assistance, or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance under section 256J.31, subdivision 12, or families who have received DWP assistance under section 256J.95 for at least three of the last six months before losing eligibility for MFIP or DWP. Transition year child care may be used to support employment or job search. Transition year child care is not available to families who have been disqualified from MFIP or DWP due to fraud.

Subd. 20a. **Transition year extension families.** "Transition year extension families" means families who have completed their transition year of child care assistance under this subdivision and who are eligible for, but on a waiting list for, services under section 119B.03. For purposes of sections 119B.03, subdivision 3, and 119B.05, subdivision 1, clause (2), families participating in extended transition year shall not be considered transition year families. Transition year extension child care may be used to support employment or a job search that meets the requirements of section 119B.10 for the length of time necessary for families to be moved from the basic sliding fee waiting list into the basic sliding fee program.

119B.03 BASIC SLIDING FEE PROGRAM.

Subdivision 1. **Notice of allocation.** By October 1 of each year, the commissioner shall notify all counties of their final child care fund program allocation.

Subd. 2. **Waiting list.** Each county that receives funds under this section must keep a written record and report to the commissioner the number of eligible families who have applied for a child care subsidy or have requested child care assistance. Counties shall perform a preliminary determination of eligibility when a family requests child care assistance. At a minimum, a county must make a preliminary determination of eligibility based on family size, income, and authorized activity. A family seeking child care assistance must provide the required information to the county. A family that appears to be eligible must be put on a waiting list if funds are not immediately available. The waiting list must identify students in need of child care. Counties must review and update their waiting list at least every six months.

Subd. 4. **Funding priority.** (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-MFIP families who do not have a high school or general equivalency diploma or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. This includes student parents as defined under section 119B.011, subdivision 19b. Within this priority, the following subpriorities must be used:

- (1) child care needs of minor parents;
- (2) child care needs of parents under 21 years of age; and
- (3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to parents who have completed their MFIP or DWP transition year, or parents who are no longer receiving or eligible for diversionary work program supports.

(c) Third priority must be given to families who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9.

(d) Fourth priority must be given to families in which at least one parent is a veteran as defined under section 197.447.

(e) Families under paragraph (b) must be added to the basic sliding fee waiting list on the date they begin the transition year under section 119B.011, subdivision 20, and must be moved into the basic sliding fee program as soon as possible after they complete their transition year.

Subd. 5. **Review of use of funds; reallocation.** (a) After each quarter, the commissioner shall review the use of basic sliding fee program allocations by county. The commissioner may reallocate unexpended or unencumbered money among those counties who have expended their full allocation or may allow a county to expend up to ten percent of its allocation in the subsequent allocation period.

(b) Any unexpended state and federal appropriations from the first year of the biennium may be carried forward to the second year of the biennium.

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

APPENDIX

Repealed Minnesota Statutes: 16-7409

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

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

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

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

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

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

Subd. 6a. **Allocation due to increased funding.** When funding increases are implemented within a calendar year, every county must receive an allocation at least equal to its original allocation for the same time period. The remainder of the allocation must be recalculated to reflect the funding increase, according to formulas identified in subdivision 6.

Subd. 6b. **Allocation due to decreased funding.** When funding decreases are implemented within a calendar year, county allocations must be reduced in an amount proportionate to the reduction in the total allocation for the same time period. This applies when a funding decrease necessitates the revision of an existing calendar year allocation.

Subd. 8. **Guaranteed floor.** (a) Beginning January 1, 1996, each county's guaranteed floor shall equal 90 percent of the allocation received in the preceding calendar year. For the period January 1, 1999, to December 31, 1999, each county's guaranteed floor must be equal to its original calendar year 1998 allocation or its actual earnings for calendar year 1998, whichever is less.

(b) When the amount of funds available for allocation is less than the amount available in the previous year, each county's previous year allocation shall be reduced in proportion to the reduction in the statewide funding, for the purpose of establishing the guaranteed floor.

119B.05 MFIP CHILD CARE ASSISTANCE PROGRAM.

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

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

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

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

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

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

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

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

APPENDIX

Repealed Minnesota Statutes: 16-7409

- (8) families who are participating in the transition year extension under section 119B.011, subdivision 20a; and
- (9) student parents as defined under section 119B.011, subdivision 19b.

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.

119B.09 FINANCIAL ELIGIBILITY.

Subd. 3. **Priorities; allocations.** If a county projects that its child care allocation is insufficient to meet the needs of all eligible families, it may prioritize among the families that remain to be served after the county has complied with the priority requirements of section 119B.03. Counties that have established a priority for families who are not MFIP participants beyond those established under section 119B.03 must submit the policy in the annual child care fund plan.

Subd. 4a. **Temporary ineligibility of military personnel.** Counties must reserve a family's position under the child care assistance fund if a family has been receiving child care assistance but is temporarily ineligible for assistance due to increased income from active military service. Activated military personnel may be temporarily ineligible until deactivation. A county must reserve a military family's position on the basic sliding fee waiting list under the child care assistance fund if a family is approved to receive child care assistance and reaches the top of the waiting list but is temporarily ineligible for assistance.

119B.11 COUNTY CONTRIBUTION.

Subd. 4. **Maintenance of funding effort.** To receive money through this program, each county shall certify, in its annual plan to the commissioner, that the county has not reduced allocations from other federal and state sources, which, in the absence of the child care fund, would have been available for child care assistance. However, the county must continue contributions, as necessary, to maintain on the basic sliding fee program, families who are receiving assistance on July 1, 1995, until the family loses eligibility for the program or until a family voluntarily withdraws from the program. This subdivision does not affect the local match required for this program under other sections of the law.

290.0671 MINNESOTA WORKING FAMILY CREDIT.

Subd. 7. **Inflation adjustment.** The earned income amounts used to calculate the credit and the income thresholds at which the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013" shall be substituted for the word "1992." For 2015, the commissioner shall then

APPENDIX

Repealed Minnesota Statutes: 16-7409

determine the percent change from the 12 months ending on August 31, 2013, to the 12 months ending on August 31, 2014, and in each subsequent year, from the 12 months ending on August 31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.