A bill for an act

relating to education; providing for human services and early childhood, family, and adult education; providing for child care assistance; regulating child care providers; requiring training of early childhood staff and child care providers; providing for Head Start; authorizing boards, task forces, and advisory groups; authorizing grants; providing for studies; requiring reports; appropriating money; amending Minnesota Statutes 2006, sections 13.46, subdivision 2; 16D.13, subdivision 3; 119A.52; 119A.535; 119B.09, subdivisions 1, 7, by adding subdivisions; 119B.12; 119B.125, subdivision 2; 119B.13, subdivisions 1, 3a, 6, 7; 119B.21, subdivision 5; 124D.13, subdivisions 1, 2, 11, by adding a subdivision; 124D.135, subdivisions 1, 3, 5; 124D.16, subdivision 2; 124D.175; 124D.531, subdivisions 1, 4; 124D.55; 124D.56, subdivisions 1, 2, 3; 245A.10, subdivision 2; 245A.16, subdivisions 1, 3; 245C.04, subdivision 1; 245C.05, subdivisions 4, 7, by adding a subdivision; 245C.08, subdivision 2; 245C.17, by adding a subdivision; 245C.21, by adding a subdivision; 245C.23, subdivision 2; 256.017, subdivisions 1, 9; 270B.14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 119A; 124D; repealing Minnesota Statutes 2006, sections 119B.08, subdivision 4; 124D.531, subdivision 5.

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

ARTICLE 1
HUMAN SERVICES

Section 1. Minnesota Statutes 2006, section 13.46, subdivision 2, is amended to read:

Subd. 2. **General.** (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Education, and the Department of Employment and Economic Development for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program <u>or the child care assistance program</u> by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for

these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information

networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions; or

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. Minnesota Statutes 2006, section 16D.13, subdivision 3, is amended to read:

Subd. 3. **Exclusion.** A state agency may not charge interest under this section on overpayments of assistance benefits under the programs formerly codified in sections 256.031 to 256.0361, 256.72 to 256.87, and under chapters 119B, 256D, and 256I, or the federal food stamp program. Notwithstanding this prohibition, any debts that have been reduced to judgment under these programs are subject to the interest charges provided under section 549.09.

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

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

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

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

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

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

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

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

Sec. 4. Minnesota Statutes 2006, 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 signed; the beginning date of employment, education, or training; 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, ~~subpart 2a,~~ 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 retroactively for a maximum of six months from the date of application for child care assistance.

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

Sec. 5. Minnesota Statutes 2006, section 119B.09, is amended by adding a subdivision to read:

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

Sec. 6. Minnesota Statutes 2006, section 119B.09, is amended by adding a subdivision to read:

Subd. 13. **Sliding fee.** Child care services to families must be made available on a sliding fee basis.

(a) The commissioner shall convert eligibility requirements in section 119B.09 and parent fee schedules in 119B.12 to state median income, based on a family size of three, adjusted for family size, Subd. 2(a) shall be implemented July 1, 2008. The commissioner shall report to the 2008 legislature with the necessary statutory changes to codify this conversion to state median income.

Sec. 7. Minnesota Statutes 2006, section 119B.12, is amended to read:

119B.12 SLIDING FEE SCALE.

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

PARENT FEE SCHEDULE. The parent fee schedule is as follows:

Income Range (as a percent of the federal poverty guidelines)	Co-payment (as a percentage of adjusted gross income)
0-74.99%	$0/month
75.00-99.99%	$5/month
100.00-104.99%	2.61%
105.00-109.99%	2.61%
110.00-114.99%	2.61%
115.00-119.99%	2.61%
120.00-124.99%	2.91%
125.00-129.99%	2.91%
130.00-134.99%	2.91%
135.00-139.99%	2.91%
140.00-144.99%	3.21%
145.00-149.99%	3.21%
150.00-154.99%	3.21%
155.00-159.99%	3.84%
160.00-164.99%	3.84%
165.00-169.99%	4.46%
170.00-174.99%	4.76%
175.00-179.99%	5.05%
180.00-184.99%	5.65%
185.00-189.99%	5.95%
190.00-194.99%	6.24%
195.00-199.99%	6.84%
200.00-204.99%	7.58%
205.00-209.99%	8.33%
210.00-214.99%	9.20%
215.00-219.99%	10.07%
220.00-224.99%	10.94%
225.00-229.99%	11.55%
230.00-234.99%	12.16%
235.00-239.99%	12.77%
240.00-244.99%	13.38%
245.00-249.99%	14.00%
250%	ineligible

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

Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period. A family's parent fee must be a fixed percentage of its annual gross income. Parent fees must apply to families eligible for child care assistance under sections 119B.03 and 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's annual gross income to 100 percent of the annual federal poverty guidelines. Parent fees must begin at 75 percent of the poverty level. The minimum parent fees for families between 75 percent and 100 percent of poverty level must be ~~$10~~ $5 per month. Parent fees must provide for graduated movement to full payment. Payment of part or all of a family's parent fee directly to the family's child care provider on behalf of the family by a source other than the family shall not affect the family's eligibility for child care assistance, and the amount paid shall be excluded from the family's income. Child care providers who accept third-party payments must maintain family specific documentation of payment source, amount, and time period covered by the payment.

EFFECTIVE DATE. (a) This section is effective July 1, 2007.

(b) Effective July 1, 2008, the parent fee scale for families with incomes greater than or equal to 100 percent of FPG shall be converted to state median income for a family size of three, adjusted for family size, as directed in section 119B.09, subdivision 2(a).

Sec. 8. Minnesota Statutes 2006, section 119B.125, subdivision 2, is amended to read:

Subd. 2. **Persons who cannot be authorized.** (a) A person who meets any of the conditions under paragraphs (b) to (n) must not be authorized as a legal nonlicensed family child care provider. To determine whether any of the listed conditions exist, the county must request information about the provider from the Bureau of Criminal Apprehension, the juvenile courts, and social service agencies. When one of the listed entities does not maintain information on a statewide basis, the county must contact the entity in the county where the provider resides and any other county in which the provider previously resided in the past year. For purposes of this subdivision, a finding that a delinquency petition is proven in juvenile court must be considered a conviction in state district court. If a county has determined that a provider is able to be authorized in that county, and a family in another county later selects that provider, the provider is able to be authorized in the second county without undergoing a new background investigation unless one of the following conditions exists:

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

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

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

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

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

(c) Less than 15 years have passed since the discharge of the sentence imposed for the offense and the person has received a felony conviction for one of the following offenses, or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a felony conviction for one of the following offenses: sections 609.20 to 609.205, manslaughter in the first or second degree; 609.21, criminal vehicular homicide; 609.215, aiding suicide or aiding attempted suicide; 609.221 to 609.2231, assault in the first, second, third, or fourth degree; 609.224, repeat offenses of fifth degree assault; 609.228, great bodily harm caused by distribution of drugs; 609.2325, criminal abuse of a vulnerable adult; 609.2335, financial exploitation of a vulnerable adult; 609.235, use of drugs to injure or facilitate a crime; 609.24, simple robbery; 617.241, repeat offenses of obscene materials and performances; 609.245, aggravated robbery; 609.25, kidnapping; 609.255, false imprisonment; 609.2664 to 609.2665, manslaughter of an unborn child in the first or second degree; 609.267 to 609.2672, assault of an unborn child in the first, second, or third degree; 609.268, injury or death of an unborn child in the commission of a crime; 609.27, coercion; 609.275, attempt to coerce; 609.324, subdivision 1, other prohibited acts, minor engaged in prostitution; 609.3451, repeat offenses of criminal sexual conduct in the fifth degree; 609.378, neglect or endangerment of a child; 609.52, theft; 609.521, possession of shoplifting gear; 609.561 to 609.563, arson in the first, second, or third degree; 609.582, burglary in the first, second, third, or fourth degree; 609.625, aggravated forgery; 609.63, forgery; 609.631, check forgery, offering a forged check; 609.635, obtaining signature by false pretenses; 609.66, dangerous weapon; 609.665, setting a spring gun; 609.67, unlawfully owning, possessing, or operating a machine gun; 609.687, adulteration; 609.71, riot; 609.713, terrorist threats; 609.749, harassment, stalking; 260C.301, termination of parental rights; 152.021 to 152.022 and 152.0262, controlled substance crime in the first or second degree; 152.023, subdivision 1, clause (3) or (4), or 152.023, subdivision 2, clause (4), controlled substance crime in third degree; 152.024, subdivision 1, clause (2), (3), or (4), controlled substance crime in fourth degree; 617.23, repeat offenses of indecent exposure; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(d) Less than ten years have passed since the discharge of the sentence imposed for the offense and the person has received a gross misdemeanor conviction for one of the following offenses or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a gross misdemeanor conviction for one of the following offenses: sections 609.224, fifth degree assault; 609.2242 to 609.2243, domestic assault; 518B.01, subdivision 14, violation of an order for protection; 609.3451, fifth degree criminal sexual conduct; 609.746, repeat offenses of interference with privacy; 617.23, repeat offenses of indecent exposure; 617.241, obscene materials and performances; 617.243, indecent literature, distribution; 617.293, disseminating or displaying harmful material to minors; 609.71, riot; 609.66, dangerous weapons; 609.749, harassment, stalking; 609.224, subdivision 2, paragraph (c), fifth degree assault against a vulnerable adult by a caregiver; 609.23, mistreatment of persons confined; 609.231, mistreatment of residents or patients; 609.2325, criminal abuse of a vulnerable adult; 609.2335, financial exploitation of a vulnerable adult; 609.233, criminal neglect of a vulnerable adult; 609.234, failure to report maltreatment of a vulnerable adult; 609.72, subdivision 3, disorderly conduct against a vulnerable adult; 609.265, abduction; 609.378, neglect or endangerment of a child; 609.377, malicious punishment of a child; 609.324, subdivision 1a, other prohibited acts, minor engaged in prostitution; 609.33, disorderly house; 609.52, theft; 609.582, burglary in the first, second, third, or fourth degree; 609.631, check forgery, offering a forged check; 609.275, attempt to coerce; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

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

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

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

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

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

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

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

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

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

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

Sec. 9. Minnesota Statutes 2006, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) Beginning July 1, ~~2006~~ 2007, the maximum rate paid for child care assistance in any county or multicounty region under the child care fund shall be the rate for like-care arrangements in the county effective ~~January~~ July 1, 2006, increased by ~~six~~ two percent.

(b) Rate changes shall be implemented for services provided in September ~~2006~~ 2007 unless a participant eligibility redetermination or a new provider agreement is completed between July 1, ~~2006~~ 2007, and August 31, ~~2006~~ 2007.

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

New cases approved on or after July 1, ~~2006~~ 2007, shall have the maximum rates under paragraph (a), implemented immediately.

(c) Not less than once every two years, the commissioner shall survey rates charged by child care providers in Minnesota to determine the 75th percentile for like-care arrangements in counties. When the commissioner determines that, using the commissioner's established protocol, the number of providers responding to the survey is too small to determine the 75th percentile rate for like-care arrangements in a county or multicounty region, the commissioner may establish the 75th percentile maximum rate based on like-care arrangements in a county, region, or category that the commissioner deems to be similar.

(d) A rate which includes a special needs rate paid under subdivision 3 or under a school readiness service agreement paid under section 30 may be in excess of the maximum rate allowed under this subdivision.

(e) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care. The half-day rates are effective beginning July 1, 2008.

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

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

Sec. 10. Minnesota Statutes 2006, section 119B.13, subdivision 3a, is amended to read:

Subd. 3a. **Provider rate differential for accreditation.** A family child care provider or child care center shall be paid a 15 percent differential above the maximum rate established in subdivision 1, up to the actual provider rate, if the provider or center holds a current early childhood development credential or is accredited. For a family child care provider, early childhood development credential and accreditation includes an individual who has earned a child development associate degree, a child development associate credential, a diploma in child development from a Minnesota state technical college, or a bachelor's or post baccalaureate degree in early childhood education from an accredited college or university, or who is accredited by the National Association for Family Child Care or the Competency Based Training and Assessment Program. For a child care center, accreditation includes accreditation by the National Association for the Education of Young Children, the Council on Accreditation, the National Early Childhood Program Accreditation, the National School-Age Care Association, or the National Head Start Association Program of Excellence. For Montessori programs, accreditation includes the American Montessori Society, Association of Montessori International-USA, or the National Center for Montessori Education.

Sec. 11. Minnesota Statutes 2006, section 119B.13, subdivision 6, is amended to read:

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

(b) If payments for child care assistance are made to providers, the provider shall bill the county for services provided within ten days of the end of the service period. If bills are submitted within ten days of the end of the service period, a county or the state shall issue payment to the provider of child care under the child care fund within 30 days of receiving a bill from the provider. Counties or the state may establish policies that make payments on a more frequent basis.

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

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

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

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

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

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

Sec. 12. Minnesota Statutes 2006, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Child care providers may not be reimbursed for more than 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more than ten consecutive full-day absent days, unless the child has a documented medical condition that causes more frequent absences. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the 25-day absent day limit in a fiscal year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason including, but not limited to, fever or contagious illness, the child care center director or lead teacher may verify the illness in lieu of a medical practitioner. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time will be reimbursed but the time will not count toward the ten consecutive or 25 cumulative absent day limits. <u>Children in families where at least one parent is under the age of 21, does not have a high school or general education development (GED) diploma, and is a student in a school district or another similar program that provides or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, may be exempt from the absent day limits upon request of the program and approval of the county.</u> If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day. Child care providers may only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

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

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

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

<u>(e) A county may pay for more absent days than the statewide absent day policy established under this subdivision, if current market practice in the county justifies payment for those additional days. County policies for payment of absent days in excess of the statewide absent day policy and justification for these county policies must be included in the county's child care fund plan under section 119B.08, subdivision 3. This paragraph may be implemented by counties on or after July 1, 2008.</u>

Sec. 13. Minnesota Statutes 2006, section 119B.21, subdivision 5, is amended to read:

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

(1) creating new licensed child care facilities and expanding existing facilities, including, but not limited to, supplies, equipment, facility renovation, and remodeling;

(2) improving licensed child care facility programs;

(3) staff training and development services including, but not limited to, in-service training, curriculum development, accreditation, certification, consulting, resource centers, ~~and~~ program and resource materials, supporting effective teacher-child interactions, child-focused teaching, and content-driven classroom instruction;

(4) interim financing;

(5) capacity building through the purchase of appropriate technology to create, enhance, and maintain business management systems;

(6) emergency assistance for child care programs;

(7) new programs or projects for the creation, expansion, or improvement of programs that serve ethnic immigrant and refugee communities; and

(8) targeted recruitment initiatives to expand and build the capacity of the child care system and to improve the quality of care provided by legal nonlicensed child care providers.

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

(1) licensed providers;

(2) providers in the process of being licensed;

(3) corporations or public agencies that develop or provide child care services;

(4) school-age care programs; or

(5) any combination of clauses (1) to (4).

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

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

Sec. 14. Minnesota Statutes 2006, section 245A.10, subdivision 2, is amended to read:

Subd. 2. **County fees for background studies and licensing inspections.** (a) For purposes of family and group family child care licensing under this chapter, a county agency may charge a ~~fee to an applicant or license holder to recover the actual cost of background studies, but in any case not to exceed \$100 annually. A county agency may also charge a~~ license fee to an applicant or license holder ~~to recover the actual cost of~~

~~licensing inspections, but in any case~~ not to exceed ~~$150 annually~~ <u>$50 for a one-year license or $100 for a two-year license</u>.

(b) A county agency may charge a fee to a legal nonlicensed child care provider or applicant for authorization to recover the actual cost of background studies completed under section 119B.125, but in any case not to exceed $100 annually.

(c) Counties may elect to reduce or waive the fees in paragraph (a) or (b):

(1) in cases of financial hardship;

(2) if the county has a shortage of providers in the county's area;

(3) for new providers; or

(4) for providers who have attained at least 16 hours of training before seeking initial licensure.

(d) Counties may allow providers to pay the applicant fees in paragraph (a) or (b) on an installment basis for up to one year. If the provider is receiving child care assistance payments from the state, the provider may have the fees under paragraph (a) or (b) deducted from the child care assistance payments for up to one year and the state shall reimburse the county for the county fees collected in this manner.

<u>**EFFECTIVE DATE.** This section is effective the day following final enactment.</u>

Sec. 15. Minnesota Statutes 2006, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. **Delegation of authority to agencies.** (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04 ~~and~~ <u>background studies for adult foster care, family adult day services, and child foster care under</u> chapter 245C, to recommend denial of applicants under section 245A.05, to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06, or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child care and child foster care, dual licensure of child and adult foster care, and adult foster care and family child care;

(2) adult foster care maximum capacity;

(3) adult foster care minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals except that county agencies may issue variances under section 245C.30 regarding disqualified individuals when the county

is responsible for conducting a consolidated reconsideration according to sections 245C.25 and 245C.27, subdivision 2, clauses (a) and (b), of a county maltreatment determination and a disqualification based on serious or recurring maltreatment; and

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours.

(b) County agencies must report:

(1) information about disqualification reconsiderations under sections 245C.25 and 245C.27, subdivision 2, clauses (a) and (b), and variances granted under paragraph (a), clause (5), to the commissioner at least monthly in a format prescribed by the commissioner; and

(2) for relative child foster care applicants and license holders, the number of relatives, as defined in section 260C.007, subdivision 27, and household members of relatives who are disqualified under section 245C.14; the disqualifying characteristics under section 245C.15; the number of these individuals who requested reconsideration under section 245C.21; the number of set-asides under section 245C.22; and variances under section 245C.30 issued. This information shall be reported to the commissioner annually by January 15 of each year in a format prescribed by the commissioner.

(c) For family day care programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(d) For family adult day services programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(e) A license issued under this section may be issued for up to two years.

(f) The commissioner shall work with counties to determine the cost and propose an ongoing funding allocation from the general fund to cover the cost to counties to implement an annual license review for licensed family child care providers. The commissioner shall solicit input from counties to determine the outcome. The commissioner shall report to the committees of the house of representatives and senate having jurisdiction over early childhood programs by January 15, 2008, as to the costs and the funding allocation recommended for future use.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 16. Minnesota Statutes 2006, section 245A.16, subdivision 3, is amended to read:

Subd. 3. **Recommendations to the commissioner.** The county or private agency shall not make recommendations to the commissioner regarding licensure without first conducting an inspection, and for adult foster care, family adult day services, and child foster care, a background study of the applicant, and evaluation pursuant to chapter 245C.

The county or private agency must forward its recommendation to the commissioner regarding the appropriate licensing action within 20 working days of receipt of a completed application.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 17. Minnesota Statutes 2006, section 245C.04, subdivision 1, is amended to read:

Subdivision 1. **Licensed programs.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at least upon application for initial license for all license types.

(b) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at reapplication for a license for ~~family child care,~~ child foster care~~,~~ and adult foster care.

(c) The commissioner is not required to conduct a study of an individual at the time of reapplication for a license if the individual's background study was completed by the commissioner of human services for an adult foster care license holder that is also:

(1) registered under chapter 144D; or

(2) licensed to provide home and community-based services to people with disabilities at the foster care location and the license holder does not reside in the foster care residence; and

(3) the following conditions are met:

(i) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder;

(ii) the individual has been continuously affiliated with the license holder since the last study was conducted; and

(iii) the last study of the individual was conducted on or after October 1, 1995.

(d) From January 1, 2008, to December 31, 2009, the commissioner shall conduct a study of an individual required to be studied under section 245C.03, at the time of reapplication for a family child care license. The county shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5. The background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, paragraph (a), and 3.

(e) The commissioner shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with a family child care license holder. The county shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5. The background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, paragraph (a), and 3.

(f) Applicants for licensure, license holders, and other entities as provided in this chapter must submit completed background study forms to the commissioner before individuals specified in section 245C.03, subdivision 1, begin positions allowing direct contact in any licensed program.

~~(e)~~ (g) For purposes of this section, a physician licensed under chapter 147 is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's background study results.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 18. Minnesota Statutes 2006, section 245C.05, is amended by adding a subdivision to read:

Subd. 2a. **County agency.** For background studies related to family child care, county agencies must collect the information under subdivision 1 and forward it to the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 19. Minnesota Statutes 2006, section 245C.05, subdivision 4, is amended to read:

Subd. 4. **Electronic transmission.** For background studies conducted by the Department of Human Services, the commissioner shall implement a system for the electronic transmission of:

(1) background study information to the commissioner; ~~and~~

(2) background study results to the license holder; and

(3) background study results to county agencies for background studies conducted by the commissioner for family child care.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 20. Minnesota Statutes 2006, section 245C.05, subdivision 7, is amended to read:

Subd. 7. **Probation officer and corrections agent.** (a) A probation officer or corrections agent shall notify the commissioner of an individual's conviction if the individual is:

(1) affiliated with a program or facility regulated by the Department of Human Services or Department of Health, a facility serving children or youth licensed by the

Department of Corrections, or any type of home care agency or provider of personal care assistance services; and

(2) convicted of a crime constituting a disqualification under section 245C.14.

(b) For the purpose of this subdivision, "conviction" has the meaning given it in section 609.02, subdivision 5.

(c) The commissioner, in consultation with the commissioner of corrections, shall develop forms and information necessary to implement this subdivision and shall provide the forms and information to the commissioner of corrections for distribution to local probation officers and corrections agents.

(d) The commissioner shall inform individuals subject to a background study that criminal convictions for disqualifying crimes will be reported to the commissioner by the corrections system.

(e) A probation officer, corrections agent, or corrections agency is not civilly or criminally liable for disclosing or failing to disclose the information required by this subdivision.

(f) Upon receipt of disqualifying information, the commissioner shall provide the notice required under section 245C.17, as appropriate, to agencies on record as having initiated a background study or making a request for documentation of the background study status of the individual.

(g) This subdivision does not apply to ~~family child care and~~ child foster care programs.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 21. Minnesota Statutes 2006, section 245C.08, subdivision 2, is amended to read:

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

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

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

(3) information from the Bureau of Criminal Apprehension; and

(4) arrest and investigative records maintained by the Bureau of Criminal Apprehension, county attorneys, county sheriffs, courts, county agencies, local police, the National Criminal Records Repository, and criminal records from other states.

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

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

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 22. Minnesota Statutes 2006, section 245C.17, is amended by adding a subdivision to read:

Subd. 5. **Notice to county agency.** For studies on individuals related to a license to provide family child care, the commissioner shall also provide a notice of the background study results to the county or private agency that initiated the background study.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 23. Minnesota Statutes 2006, section 245C.21, is amended by adding a subdivision to read:

Subd. 1a. **Submission of reconsideration request to county agency.** (a) For disqualifications related to studies conducted by county agencies, and for disqualifications related to studies conducted by the commissioner for family child care, the individual shall submit the request for reconsideration to the county that initiated the background study.

(b) A reconsideration request shall be submitted within the time frames specified in subdivision 2.

(c) The county agency shall forward the individual's request for reconsideration and provide the commissioner with a recommendation whether to set aside the individual's disqualification.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 24. Minnesota Statutes 2006, section 245C.23, subdivision 2, is amended to read:

Subd. 2. **Commissioner's notice of disqualification that is not set aside.** (a) The commissioner shall notify the license holder of the disqualification and order the license holder to immediately remove the individual from any position allowing direct contact with persons receiving services from the license holder if:

(1) the individual studied does not submit a timely request for reconsideration under section 245C.21;

(2) the individual submits a timely request for reconsideration, but the commissioner does not set aside the disqualification for that license holder under section 245C.22;

(3) an individual who has a right to request a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14 for a disqualification that has not been set aside, does not request a hearing within the specified time; or

(4) an individual submitted a timely request for a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14, but the commissioner does not set aside the disqualification under section 245A.08, subdivision 5, or 256.045.

(b) If the commissioner does not set aside the disqualification under section 245C.22, and the license holder was previously ordered under section 245C.17 to immediately remove the disqualified individual from direct contact with persons receiving services or to ensure that the individual is under continuous, direct supervision when providing direct contact services, the order remains in effect pending the outcome of a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14.

(c) For background studies related to family child care, the commissioner shall also notify the county that initiated the study of the results of the reconsideration.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 25. Minnesota Statutes 2006, section 256.017, subdivision 1, is amended to read:

Subdivision 1. **Authority and purpose.** The commissioner shall administer a compliance system for the Minnesota family investment program, the food stamp or food support program, emergency assistance, general assistance, medical assistance, general assistance medical care, emergency general assistance, Minnesota supplemental assistance, preadmission screening, ~~and~~ alternative care grants, and the child care assistance program under the powers and authorities named in section 256.01, subdivision 2. The purpose of the compliance system is to permit the commissioner to supervise the administration of public assistance programs and to enforce timely and accurate distribution of benefits, completeness of service and efficient and effective program management and operations, to increase uniformity and consistency in the administration and delivery of public assistance programs throughout the state, and to reduce the possibility of sanctions and fiscal disallowances for noncompliance with federal regulations and state statutes.

The commissioner shall utilize training, technical assistance, and monitoring activities, as specified in section 256.01, subdivision 2, to encourage county agency compliance with written policies and procedures.

Sec. 26. Minnesota Statutes 2006, section 256.017, subdivision 9, is amended to read:

Subd. 9. **Timing and disposition of penalty and case disallowance funds.** Quality control case penalty and administrative penalty amounts shall be disallowed or withheld from the next regular reimbursement made to the county agency for state and federal benefit reimbursements and federal administrative reimbursements for all programs covered in this section, according to procedures established in statute, but shall not be imposed sooner than 30 calendar days from the date of written notice of such penalties. Except for penalties withheld under the child care assistance program, all penalties must be deposited in the county incentive fund provided in section 256.018. Penalties withheld under the child care assistance program shall be reallocated to counties using the allocation formula under section 119B.03, subdivision 5. All penalties must be imposed according to this provision until a decision is made regarding the status of a written exception. Penalties must be returned to county agencies when a review of a written exception results in a decision in their favor.

Sec. 27. Minnesota Statutes 2006, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.711, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid

Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services necessary to verify income for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, food support, ~~and~~ Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

Sec. 28. **INSPECTION OF LEGAL UNLICENSED CHILD CARE PROVIDERS.**

The commissioner of human services, in consultation with the commissioners of health and education and the counties, shall develop and present recommendations to the legislature in January 2008 in order for each legally unlicensed child care provider receiving child care assistance funds to receive a onetime home visit to receive information on health and safety, and school readiness.

Sec. 29. **COMMISSIONER OF HUMAN SERVICES DUTIES; EARLY CHILDHOOD AND SCHOOL-AGE PROFESSIONAL DEVELOPMENT TRAINING.**

Subdivision 1. **Development and implementation of an early childhood and school-age professional development system.** (a) The commissioner of human services, in cooperation with the commissioners of education and health, shall develop and phase-in the implementation of a professional development system for practitioners serving children in early childhood and school-age programs. The system shall provide training options and supports for practitioners to voluntarily choose, as they complete or exceed existing licensing requirements.

The system must, at a minimum, include the following features:

(1) a continuum of training content based on the early childhood and school-age care practitioner core competencies that translates knowledge into improved practice to support children's school success;

(2) training strategies that provide direct feedback about practice to practitioners through ongoing consultation, mentoring, or coaching with special emphasis on early literacy and early mathematics;

(3) an approval process for trainers;

(4) a professional development registry for early childhood and school-age care practitioners that will provide tracking and recognition of practitioner training/career development progress;

(5) a career lattice that includes a range of professional development and educational opportunities that provide appropriate coursework and degree pathways;

(6) development of a plan with public higher education institutions for an articulated system of education, training, and professional development that includes credit for prior learning and development of equivalences to two- and four-year degrees;

(7) incentives and supports for early childhood and school-age care practitioners to seek additional training and education, including TEACH, other scholarships, and career guidance; and

(8) coordinated and accessible delivery of training to early childhood and school-age care practitioners.

(b) By January 1, 2008, the commissioner, in consultation with the organizations named in subdivision 2 shall develop additional opportunities in order to qualify more licensed family childcare providers under section 119B.13, subdivision 3a.

(c) The commissioner of human services must evaluate the professional development system and make continuous improvements.

(d) Beginning July 1, 2007, as appropriations permit, the commissioner shall phase-in the professional development system.

Subd. 2. **Two-hour early childhood training.** By January 15, 2008, the commissioner of human services, with input from the Minnesota Licensed Family Child Care Association and the Minnesota Professional Development Council, shall identify trainings that qualify for the two-hour early childhood development training requirement for new child care practitioners under Minnesota Statutes, section 245A.14, subdivision 9a, paragraphs (a) and (b). For licensed family child care, the commissioner shall also seek the input of labor unions that serve licensed family child care providers, if the union has been recognized by a county to serve licensed family child care providers.

Sec. 30. **SCHOOL READINESS SERVICE AGREEMENTS.**

Subdivision 1. **Overview.** (a) Effective July 1, 2007, funds must be made available to allow the commissioner to pay higher rates to up to 50 child care providers who are deemed by the commissioner to meet the requirements of a school readiness service agreement (SRSA) provider and perform services that support school readiness for children and economic stability for parents.

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

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

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

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

(4) funding is available under this section.

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

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

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

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

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

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

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

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

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

(3) the provider's curriculum;

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

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

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

(7) the geographic distribution needed for SRSA providers;

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

(9) other related factors determined by the commissioner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 31. **FAMILY, FRIEND, AND NEIGHBOR GRANT PROGRAM.**

Subdivision 1. **Establishment.** A family, friend, and neighbor (FFN) grant program is established to promote children's early literacy, healthy development, and school readiness, and to foster community partnerships to promote children's school readiness. The commissioner shall attempt to ensure that grants are made in all areas of the state. The commissioner of human services shall make grants available to fund: community-based organizations, nonprofit organizations, and Indian tribes working with FFN caregivers under subdivision 2, paragraph (a); and community-based partnerships to implement early literacy programs under subdivision 2, paragraph (b).

Subd. 2. **Program components.** (a)(1) Grants that the commissioner awards under this section must be used by community-based organizations, nonprofit organizations, and Indian tribes working with FFN caregivers in local communities, cultural communities, and Indian tribes to:

(i) provide training, support, and resources to FFN caregivers in order to improve and promote children's health, safety, nutrition, and school readiness;

(ii) connect FFN caregivers and children's families with appropriate community resources that support the families' health, mental health, economic, and developmental needs;

(iii) connect FFN caregivers and children's families to early childhood screening programs and facilitate referrals where appropriate;

(iv) provide FFN caregivers and children's families with information about early learning guidelines from the Departments of Human Services and Education;

(v) provide FFN caregivers and children's families with information about becoming a licensed family child care provider; and

(vi) provide FFN caregivers and children's families with information about early learning allowances and enrollment opportunities in high quality community-based child-care and preschool programs.

(2) Grants that the commissioner awards under this paragraph also may be used for:

(i) health and safety and early learning kits for FFN caregivers;

(ii) play-and-learn groups with FFN caregivers;

(iii) culturally appropriate early childhood training for FFN caregivers;

(iv) transportation for FFN caregivers and children's families to school readiness and other early childhood training activities;

(v) other activities that promote school readiness;

(vi) data collection and evaluation;

(vii) staff outreach and outreach activities;

(viii) translation needs; or

(ix) administrative costs that equal up to 12 percent of the recipient's grant award.

(b) Grants that the commissioner awards under this section also must be used to fund partnerships among Minnesota public and regional library systems, community-based organizations, nonprofit organizations, and Indian tribes to implement early literacy programs in low-income communities, including tribal communities, to:

(1) purchase and equip early childhood read-mobiles that provide FFN caregivers and children's families with books, training, and early literacy activities;

(2) provide FFN caregivers and children's families with translations of early childhood books, training, and early literacy activities in native languages; or

(3) provide FFN caregivers and children's families with early literacy activities in local libraries.

Subd. 3. **Grant awards.** Interested entities eligible to receive a grant under this section may apply to the commissioner in the form and manner the commissioner determines. The commissioner shall awards grants to eligible entities consistent with the requirements of this section.

Subd. 4. **Evaluation.** The commissioner, in consultation with early childhood care and education experts at the University of Minnesota, must evaluate the impact of the grants under subdivision 2 on children's school readiness and submit a written report to the human services and education finance and policy committees of the legislature by February 15, 2010.

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

Sec. 32. **CHILD CARE PROVIDER STUDY.**

The commissioner of human services is directed to study the implications of restricting the use of state subsidies in center-based child care to centers meeting state quality standards under Minnesota Statutes, section 124D.175, paragraph (c), and to publish the results no later than January 1, 2010. The study must include:

(1) the likelihood of there being sufficient child care providers meeting the standards;

(2) the cost to bring providers up to the standards and how this cost would be funded;

(3) how the standards and the ratings would be communicated to both parents and the general public; and

(4) a determination whether a similar system could be implemented for non-center-based care.

Sec. 33. **SUMMARY OF APPROPRIATIONS.**

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

		2008		2009		Total
General	$	124,061,000	$	125,157,000	$	249,218,000
Federal TANF		10,300,000		12,200,000		22,500,000
Total	**$**	**134,361,000**	**$**	**137,357,000**	**$**	**271,718,000**

Sec. 34. **HUMAN SERVICES APPROPRIATIONS.**

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

			APPROPRIATIONS Available for the Year Ending June 30	
			2008	**2009**
Sec. 35. **HUMAN SERVICES**			**$ 134,361,000**	**$ 137,357,000**

Appropriations by Fund		
General	124,061,000	125,157,000
Federal TANF	10,300,000	12,200,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **Legal and Regulatory**

General	232,000	465,000

Base Adjustment. The general fund base is decreased by $177,000 in fiscal year 2010 and $353,000 in fiscal year 2011 for legal and regulatory.

Child Care Licensing. $697,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for purposes of completing background studies for family and group family child care providers under Minnesota Statutes, chapter 245C. This appropriation will be $288,000 in fiscal year 2010 and $112,000 in fiscal year 2011.

(b) **Revenues and Pass Through**

TANF	10,300,000	12,200,000

TANF Transfer to Federal Child Care and Development Fund. The following TANF fund amounts are appropriated to the commissioner for the purposes of MFIP transition year child care under MFIP, Minnesota Statutes, section 119B.05:

(1) fiscal year 2008, $9,478,000

(2) fiscal year 2009, $13,022,000

(3) fiscal year 2010, $3,332,000 and

(4) fiscal year 2011, $4,668,000.

The commissioner shall authorize transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according the federal child care and development fund regulations.

(c) **MFIP Child Care Assistance Grants**

General	74,453,000	73,131,000

(d) **Basic Sliding Fee Child Care Assistance Grants**

General	43,083,000	45,502,000

Base Adjustment. The general fund base is increased by $3,583,000 in fiscal year 2010 and $1,334,000 in fiscal year 2011 for basic sliding fee child care assistance grants.

(e) **Child Care Development Grants**

General	5,865,000	5,865,000

Child Care Services Grants. $5,000,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for purposes of providing child care services grants under Minnesota Statutes, section 119B.21, subdivision 5. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

Early Childhood Professional Development System. $2,000,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for purposes of the early childhood professional development system, which increases the quality and continuum of professional development opportunities for child care practitioners. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

Family, Friend, and Neighbor Grant Program. $750,000 in fiscal year 2008 and $750,000 in fiscal year 2009 are appropriated from the general fund to the commissioner of human services for the family, friend, and neighbor grant program in section 31. Any balance in the first year does not cancel but is available in the second year. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

(f) **Increased Child Care Provider Connections.** (1) $200,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for the following purposes: $100,000 each year is for a grant to Hennepin

County, and $100,000 each year is for a grant to Ramsey County. The two counties shall each contract with a nonprofit organization to work with the contracting county and county-based licensed family child care providers to facilitate county-based information regarding family and children's resources and to make training and peer support available to licensed family child care providers consistent with clause (2). These appropriations are available until June 30, 2009, and shall not become part of base-level funding for the biennium beginning July 1, 2009.

(2) Programs to improve child care provider connections to county services shall be established in Hennepin and Ramsey counties to:

(i) improve county contact activities with county-licensed family child care providers that facilitate utilization of county educational, social service, public health, and economic assistance services by eligible families, parents, and children using licensed family child care; and

(ii) support licensed family child care providers to qualify as quality-rated child care providers through peer support and coaching networks.

Hennepin and Ramsey Counties shall contract with a nonprofit organization under clause (1) that utilizes licensed family child care providers as contacts for families using licensed family child care and to provide peer support to licensed family child care providers.

(3) Hennepin and Ramsey Counties must report back on successful strategies for increasing contact with county-based licensed family child care providers and report their findings to the appropriate legislative committees by February 15, 2010.

(g) **Children and Economic Assistance Administration**

General	304,000	194,000

(h) **Children and Economic Assistance Operations**

General	124,000	-0-

Sec. 36. **REPEALER.**

Minnesota Statutes 2006, section 119B.08, subdivision 4, is repealed.

ARTICLE 2
EARLY CHILDHOOD PROGRAMS

Section 1. Minnesota Statutes 2006, section 119A.52, is amended to read:

119A.52 DISTRIBUTION OF APPROPRIATION.

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start ~~grantee~~ program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation, how the money must be used, and the number of low-income children to be served with the allocation based upon the federally funded per child rate. Each program must present a plan under section 119A.535. For any ~~grantee~~ program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible ~~grantees~~ programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

Sec. 2. Minnesota Statutes 2006, section 119A.535, is amended to read:

119A.535 APPLICATION REQUIREMENTS.

Eligible Head Start organizations must submit a plan to the department for approval on a form and in the manner prescribed by the commissioner. The plan must include:

(1) the ~~estimated~~ number of low-income children and families the program will be able to serve;

(2) a description of the program design and service delivery area which meets the needs of and encourages access by low-income working families;

(3) a program design that ensures fair and equitable access to Head Start services for all populations and parts of the service area;

(4) a plan for ~~coordinating services to maximize assistance for child care costs available to families under chapter 119B~~ providing Head Start services in conjunction with full-day child care programs to minimize child transitions, increase program intensity and duration, and improve child and family outcomes as required in section 119A.5411; and

(5) identification of regular Head Start, early Head Start, full-day services identified in section 119A.5411, and innovative services based upon demonstrated needs to be provided.

Sec. 3. **[119A.5411] FULL-DAY REQUIREMENTS.**

The following phase-in of full-day services in Head Start programs or licensed child care as defined in chapter 245A is required:

(1) by fiscal year 2009, a minimum of 25 percent of the total state-funded enrollment throughout the state must be provided in full-day services;

(2) by fiscal year 2011, a minimum of 40 percent of the total state-funded enrollment throughout the state must be provided in full-day services; and

(3) by fiscal year 2013, a minimum of 50 percent of the total state-funded enrollment throughout the state must be provided in full-day services.

Head Start programs may provide full-day services as part of their own program model or through agreements with licensed full-day child care programs. If licensed child care providers do not exist in a geographic area, choose not to participate, cannot meet the federal Head Start performance standards after sufficient opportunity, or a Head Start program is unable to establish the full-day services as a part of their own program model, the Head Start program may request exemption from the commissioner.

Sec. 4. Minnesota Statutes 2006, section 124D.13, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A district that provides a community education program under sections 124D.18 and 124D.19 may establish an early childhood family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program. The purpose of the early childhood family education program is to provide parenting education to support children's learning and development.

Sec. 5. Minnesota Statutes 2006, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program ~~characteristics~~ requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, and for expectant parents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for ~~a child~~ children from birth to age three, and ~~encourage parents and other relatives to~~ for children at risk of not being ready for kindergarten and the children's parents. Program providers also are encouraged to involve four- and five-year-old children and their families in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs ~~may include the following~~ must provide:

(1) programs to educate parents and other relatives about the physical, mental, and emotional development of children;

(2) ~~programs to enhance the skills of parents and other relatives in providing for their children's learning and development~~ structured learning activities requiring interaction between children and their parents or relatives;

(3) structured learning ~~experiences~~ activities for children ~~and parents and other relatives~~ that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;

~~(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;~~

~~(5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;~~

~~(6) educational materials which may be borrowed for home use;~~

~~(7)~~ (4) information on related community resources;

~~(8) programs to prevent~~ (5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect; and

~~(9) other programs or activities to improve the health, development, and school readiness of children; or~~

~~(10) activities designed to maximize development during infancy.~~

(6) a community outreach plan to ensure participation by families who reflect the racial, cultural, and economic diversity of the school district.

The programs must not include activities for children that do not require substantial involvement of the children's parents or other relatives. The ~~programs~~ program must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

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

Sec. 6. Minnesota Statutes 2006, section 124D.13, subdivision 11, is amended to read:

Subd. 11. **Teachers and coordinators.** A school board must employ necessary qualified teachers licensed in early childhood or parent education for its early childhood family education programs. Coordinators of early childhood family education programs shall meet, as a minimum, the licensure requirements for a teacher within the ECFE program.

Sec. 7. Minnesota Statutes 2006, section 124D.13, is amended by adding a subdivision to read:

Subd. 13. **Plan and program data submission requirements.** (a) An early childhood family education program must submit a biennial plan addressing the requirements of subdivision 2 for approval by the commissioner. The plan must also describe how the program provides parenting education and ensures participation of families representative of the school district. A school district must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half of districts, as determined by the commissioner, must first submit a biennial plan by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.

(b) Districts receiving early childhood family education revenue under section 124D.135 must submit annual program data to the department by July 15 in the form and manner prescribed by the commissioner.

(c) Beginning with levies for fiscal year 2011, a school district must submit its annual program data to the department before it may certify a levy under section 124D.135. Districts selected by the commissioner to submit a biennial plan by April 1, 2010, must also have an approved plan on file with the commissioner before certifying a levy under section 124D.135 for fiscal year 2011. Beginning with levies for fiscal year 2012, all districts must submit annual program data and have an approved biennial plan on file with the commissioner before certifying a levy under section 124D.135.

Sec. 8. Minnesota Statutes 2006, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals $112 for fiscal year 2007 and $120 for fiscal year 2008 and later, times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 9. Minnesota Statutes 2006, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001 to obtain early childhood family education revenue, a district may levy an amount equal to the tax~~

~~rate of .5282 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002,~~ By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises ~~$21,027,000 for fiscal year 2002 and~~ $22,135,000 in each fiscal year ~~2003 and each subsequent year~~. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. Beginning with levies for fiscal year 2011, a district may not certify an early childhood family education levy unless it has met the annual program data reporting and biennial plan requirements under section 124D.13, subdivision 13.

Sec. 10. Minnesota Statutes 2006, section 124D.135, subdivision 5, is amended to read:

Subd. 5. **Use of revenue restricted.** (a) Early childhood family education revenue may be used only for early childhood family education programs.

(b) Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

(c) An early childhood family education program may use up to ten percent of its early childhood family education revenue as defined in subdivision 1, including revenue from participant fees, for equipment that is used in the early childhood family education program. This revenue may only be used for the following purposes:

(1) to purchase or lease computers and related materials; and

(2) to purchase or lease equipment for instruction for participating children and their families.

If a district anticipates an unusual circumstance requiring its early childhood family education program capital expenditures to exceed the ten percent limitation, prior approval to exceed the limit must be obtained in writing from the commissioner.

Sec. 11. **[124D.141] STATE ADVISORY BOARD ON SCHOOL READINESS.**

Subdivision 1. **Establishment.** A 13-member State Advisory Board on School Readiness is established in the Office of the Governor to advise the governor and the legislature on developing a coordinated, efficient, and cost-effective system for delivering throughout Minnesota early childhood programs that focus on early care and education, health care, and family support.

Subd. 2. **Board members; terms.** (a) The advisory board includes the following 13 members:

(1) the commissioner of employment and economic development or the commissioner's designee;

(2) the commissioner of health or the commissioner's designee;

(3) the commissioner of education or the commissioner's designee;

(4) the commissioner of human services or the commissioner's designee;

(5) six public members, one of whom is the parent of a child currently enrolled in an early care and education program, five of whom are recognized experts in early care and education, one of whom is a higher education representative, one of whom is a licensed professional who currently provides student support services, and one of whom is a currently practicing early childhood educator, appointed jointly by the majority and minority leaders in the house of representatives and senate; and

(6) three public members who are community or business leaders, one of whom is a member of the Minnesota Early Learning Foundation board of directors under section 124D.175, appointed jointly by the speaker and minority leader in the house of representatives and the majority and minority leaders in the senate.

(b) Members appointed by the speaker and minority leader in the house of representatives and the majority and minority leaders in the senate serve staggered three-year terms. Board members must nominate and elect a chair and other officers from among the public members. Members initially appointed to the board shall assign themselves by lot to terms of one, two, or three years. The chair must notify the governor on the assignment of these terms. The board shall meet regularly at the times and places the board determines. Meetings shall be called by the chair or at the written request of any three members. Members' terms, compensation, removal, and vacancies are governed by section 15.0575.

Subd. 3. **Duties.** (a) The board shall recommend to the governor and the legislature:

(1) the most effective method to improve the coordination and delivery of early care and education services that integrates child care, early care and education programs, and family support services and programs;

(2) a multiyear plan for effectively and efficiently coordinating and integrating state services for early care and education, improving service delivery and standards of care, avoiding duplication and fragmentation of service, and enhancing public and private investment;

(3) methods for measuring the quality, quantity, and effectiveness of early care and education programs throughout the state;

(4) how to identify and measure school readiness indicators on a regular basis;

(5) how to track, enhance, integrate, and coordinate federal, state, and local funds allocated for early care and education and related family support services;

(6) policy changes to improve children's ability to start school ready to learn; and

(7) how to provide technical assistance to community efforts that promote school readiness and encourage community organizations to collaborate in promoting school readiness.

(b) In developing recommendations for the governor and the legislature under this section, the board must evaluate on an ongoing basis:

(1) what government can do to enhance families' capacity to help themselves and others; and

(2) the positive or negative effects of policies and programs recommended under this section on families affected by these programs.

(c) The board shall convene policy work groups as necessary to make recommendations to the governor and the legislature on:

(1) financing early childhood programs;

(2) building a coordinated service delivery system based on an assessment of early childhood systems and available state and federal funding;

(3) integrating a coordinated, collaborative health care component, including medical homes, parent education, family support, developmental health and early education, into early childhood programs and avoiding duplication of services;

(4) enhancing the quality and measuring the cost of child care and preschool programs; and

(5) improving the wages, benefits, and supply of early childhood professionals.

Subd. 4. **Report.** The task force annually by February 15 must report to the education policy and finance committees of the legislature on the recommendations the task force made during the preceding calendar year.

Subd. 5. **Board expiration.** The State Advisory Board on School Readiness expires January 1, 2013.

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

Sec. 12. Minnesota Statutes 2006, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) ~~For fiscal year 2002 and thereafter,~~ A district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid entitlement for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid entitlement for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.

(c) For fiscal year 2008 and later, the total statewide school readiness aid entitlement equals $10,095,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 13. **[124D.1625] EXPANDING DEPARTMENT DEVELOPMENTAL ASSESSMENT ADMINISTERED TO ENTERING KINDERGARTNERS.**

(a) The commissioner of education shall encourage school districts to implement the voluntary school readiness kindergarten assessment initiative in the 2008-2009 school year, to assess up to 30 percent of children.

(b) The commissioner must report the assessment results for the current school year to the legislature by January 1 of the next year.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 14. **[124D.163] TARGETED TRAINING OF EARLY CHILDHOOD PROFESSIONALS TO IMPROVE SCHOOL READINESS.**

Subdivision 1. **Establishment; purpose.** The commissioner of education shall provide a training program for the purpose of improving the school readiness of prekindergarten children.

Subd. 2. **Eligible participants.** The training program is available to all staff in school readiness programs as defined in section 124D.15, Head Start programs as defined in section 119A.50, and child care centers as defined in chapter 245A. The commissioner of education shall cooperate with the commissioner of human services to identify child care center program and licensed family child care provider participants and implement the training program for them.

Subd. 3. **Training content.** The commissioner shall develop three foundational and sequential training modules on child observation, child and program assessment, and curriculum planning.

Subd. 4. **Availability.** To the extent practical, the training must be made available throughout the state on an ongoing basis. In addition to the geographic availability, the commissioner shall consider the availability of training to meet the needs of diverse cultural groups. Training materials may be translated and training may be delivered in other languages as determined by the commissioner. The training may be provided through a variety of methods that may include on-site and Web-based delivery.

Sec. 15. **[124D.165] EARLY CHILDHOOD SCHOLARSHIPS.**

Subdivision 1. **Purpose.** The commissioner must establish an early childhood scholarship fund to improve the school readiness of prekindergarten children at risk of being unprepared for kindergarten. Scholarships are available for the purpose of participating in an approved program as specified in subdivision 4 the year prior to kindergarten entrance.

Subd. 2. **Eligibility.** A parent or legal guardian of a four-year-old child with a household income that does not exceed 185 percent of the federal poverty guidelines, adjusted for family size, is eligible to apply for an annual scholarship of up to $4,000 for each eligible child.

Subd. 3. **Scholarship application, award, and process.** Parents or guardians meeting the eligibility requirements defined in subdivision 2 may apply for a scholarship certificate. Application must be made according to the form and manner prescribed by the commissioner. The certificates must be redeemable for instruction at an approved early childhood program, as specified in subdivision 4, for up to one year from the date of issue or until the child for whom the scholarship is designated enrolls in kindergarten, whichever occurs first. The commissioner shall annually award scholarship certificates to eligible applicants in the order applications are received until all funds available for the year have been obligated. Recipients may not transfer a scholarship certificate to another person. The parent or guardian may transfer the scholarship certificate to another approved early childhood program according to requirements established by the commissioner.

Subd. 4. **Program approval.** A program must be approved by the commissioner to be eligible to receive state early childhood scholarship program funds on behalf of an enrolled scholarship certificate recipient. Early childhood programs must apply for approval in the form and manner prescribed by the commissioner and must be:

(1) a federally designated Head Start program as defined in section 119A.50;

(2) a school readiness program as defined in section 124D.15; or

(3) a licensed child care program as defined in chapter 245A.

The application must include evidence that the program provides research-based instruction to support school readiness. Programs must submit any program changes related to approval as they occur and must reapply for approval every three years.

Subd. 5. **Payments to approved programs.** The commissioner shall issue payments of scholarship funds on a reimbursement basis to approved programs as defined in subdivision 4 for services provided that are comparable to service costs for program participants who do not receive a scholarship. Scholarship funds may not be used for services that are available at no cost to nonscholarship recipient families. Approved programs must maintain documentation of services provided and the commissioner shall verify information submitted by approved programs to ensure appropriate services were provided to eligible recipients for whom state early childhood scholarship funds are paid. Scholarship funds awarded to families receiving other forms of assistance, such as child care assistance, must be used to supplement and may not be used to supplant services provided through that assistance.

Subd. 6. **Scholarship not income for purposes of other publicly funded programs.** Notwithstanding any law to the contrary, the receipt of a scholarship does not count as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Sec. 16. Minnesota Statutes 2006, section 124D.175, is amended to read:

124D.175 MINNESOTA EARLY LEARNING FOUNDATION.

(a) The ~~commissioner must make a grant to the~~ Minnesota Early Learning Foundation ~~to~~ may implement an early childhood development grant program for low-income and other challenged families that increases the effectiveness and expands the capacity of public and nonpublic early childhood development programs, which may include child care programs, and leads to improved early childhood parent education and children's kindergarten readiness. The program ~~must~~ may include:

(1) grant awards to existing early childhood development program providers that also provide parent education programs and to qualified providers proposing to implement pilot programs for this same purpose;

(2) grant awards to enable low-income families to participate in these programs;

(3) grant awards to improve overall programmatic quality; and

(4) an evaluation of the programmatic and financial efficacy of all these programs, which may be performed using measures of services, staffing, and management systems

that provide consistent information about system performance, show trends, confirm successes, and identify potential problems in early childhood development programs.

This grant program must not supplant existing early childhood development programs or child care funds.

~~(b) The commissioner must make a grant to a private nonprofit, section 501(c)(3) organization to implement the requirements of paragraph (a). The private nonprofit organization must be governed by a board of directors composed of members from the public and nonpublic sectors, where the nonpublic sector members compose a simple majority of board members and where the public sector members are state and local government officials, kindergarten through grade 12 or postsecondary educators, and early childhood providers appointed by the governor. Membership on the board of directors by a state agency official are work duties for the official and are not a conflict of interest under section 43A.38. The board of directors must appoint an executive director and must seek advice from geographically and ethnically diverse parents of young children and representatives of early childhood development providers, kindergarten through grade 12 and postsecondary educators, public libraries, and the business sector.~~

~~The board of directors is subject to the open meeting law under chapter 13D. All other terms and conditions under which board members serve and operate must be described in the articles and bylaws of the organization. The private nonprofit organization is not a state agency and is not subject to laws governing public agencies except the provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits by the legislative auditor under chapter 3 apply.~~

~~(c)~~ (b) In addition to the duties under paragraph (a), the Minnesota Early Learning Foundation (MELF) shall evaluate the effectiveness of ~~the~~ a voluntary ~~NorthStar~~ quality ~~Improvement and~~ rating system. The ~~NorthStar Quality Improvement and Rating System~~ quality rating system must:

(1) provide consumer information for parents on child care and early education program quality and ratings;

(2) set indicators to identify quality in care and early education settings, including licensed family child care and centers, tribal providers and programs, and Head Start ~~and school-age~~ programs, and identify quality programs through ratings and ongoing monitoring of programs;

(3) provide ~~funds~~ resources and incentives for provider improvement ~~grants~~ and quality achievement ~~grants~~;

(4) require participating providers to ~~incorporate the state's early learning standards in their curriculum activities and develop appropriate child assessments aligned with the~~

~~kindergarten readiness assessment~~ implement a curriculum and child assessments that align with the kindergarten through grade 2 standards;

(5) provide ~~accountability for the NorthStar Quality Improvement and Rating System's effectiveness in improving child outcomes and kindergarten readiness~~ an evaluation of the quality rating system; and

(6) align current and new state investments to improve the quality of child care with the ~~NorthStar~~ quality ~~Improvement and~~ rating system framework, by providing accountability and informed parent choice.

(c) The Minnesota Early Learning Foundation shall report back to the legislature ~~by January 15, 2008,~~ annually on the progress being made under ~~this paragraph~~ paragraphs (a) and (b).

(d) This section expires June 30, ~~2011~~ 2012. ~~If no state appropriation is made for purposes of this section, the commissioner must not implement paragraphs (a) and (b).~~

(e) A legislative advisory task force shall be established to meet with MELF regarding pilot projects for scholarship programs, and regarding other programs and pilot projects of a similar nature conducted in Minnesota or elsewhere. The task force shall have eight members, appointed as follows: two members from the majority party of the house of representatives, appointed by the speaker, one of whom shall be designated the house of representatives cochair, and two from nonmajority members of the house of representatives, appointed by the speaker with advice from the minority leader; two members from the majority party in the senate, one of whom shall be designated the senate cochair, and two from nonmajority members of the senate, appointed by the senate subcommittee on committees. Appointments shall be balanced geographically, with at least two members from substantially suburban districts and four members from nonmetropolitan districts. The task force shall meet at least twice per year.

Sec. 17. **[124D.2211] AFTER-SCHOOL COMMUNITY LEARNING PROGRAMS.**

Subdivision 1. **Establishment.** A competitive statewide after-school community learning grant program is established to provide grants to community or nonprofit organizations, political subdivisions, for-profit or nonprofit child care centers, or school-based programs that serve youth after school or during nonschool hours. The commissioner shall develop criteria for after-school community learning programs.

Subd. 2. **Program outcomes.** The expected outcomes of the after-school community learning programs are to increase:

(1) school connectedness of participants;

(2) academic achievement of participating students in one or more core academic areas;

(3) the capacity of participants to become productive adults; and

(4) prevent truancy from school and prevent juvenile crime.

Subd. 3. **Grants.** An applicant shall submit an after-school community learning program proposal to the commissioner. The submitted plan must include:

(1) collaboration with and leverage of existing community resources that have demonstrated effectiveness;

(2) outreach to children and youth; and

(3) involvement of local governments, including park and recreation boards or schools, unless no government agency is appropriate.

Proposals will be reviewed and approved by the commissioner.

Sec. 18. Minnesota Statutes 2006, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2005 is $36,509,000. The state total adult basic education aid for fiscal year 2006 equals $36,587,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2007 equals $37,673,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2008 equals $40,650,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 19. Minnesota Statutes 2006, section 124D.531, subdivision 4, is amended to read:

Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed ~~$21~~ $22 per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight percent or $10,000.

(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the sum of the aid for that program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9, article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or $10,000.

(d) For fiscal ~~year~~ years 2006 and ~~later~~ 2007, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of eight percent or $10,000.

(e) For fiscal year 2008, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, shall not be limited.

(f) For fiscal year 2009 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 11 percent or $10,000.

~~(e)~~ (g) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

~~(f)~~ (h) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b), (c), or (d), must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

Sec. 20. Minnesota Statutes 2006, section 124D.55, is amended to read:

124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.

(a) The commissioner shall pay ~~60~~ 75 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than ~~$20~~ $75 for an eligible individual.

(b) Notwithstanding paragraph (a), the commissioner shall pay 100 percent of the initial fee for an eligible individual who is homeless or precariously housed, as determined by the commissioner.

Sec. 21. Minnesota Statutes 2006, section 124D.56, subdivision 1, is amended to read:

Subdivision 1. **Revenue amount.** A district that is eligible according to section 124D.20, subdivision 2, may receive revenue for a program for adults with disabilities. Revenue for the program for adults with disabilities for a district or a group of districts equals the lesser of:

(1) the actual expenditures for approved programs and budgets; or

(2) ~~$60,000~~ $75,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 22. Minnesota Statutes 2006, section 124D.56, subdivision 2, is amended to read:

Subd. 2. **Aid.** Program aid for adults with disabilities equals the lesser of:

(1) one-half of the actual expenditures for approved programs and budgets; or

(2) ~~$30,000~~ $37,500.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 23. Minnesota Statutes 2006, section 124D.56, subdivision 3, is amended to read:

Subd. 3. **Levy.** A district may levy for a program for adults with disabilities an amount ~~up to the amount designated~~ not to exceed the difference between the revenue amount calculated in subdivision 1 and the aid amount calculated in subdivision 2. In the case of a program offered by a group of districts, the levy amount must be apportioned among the districts according to the agreement submitted to the department.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 24. **EARLY CHILDHOOD COMMUNITY HUB PLANNING AND IMPLEMENTATION GRANTS.**

Subdivision 1. **Establishment.** (a) A two-year grant program is established to increase children's school readiness and success using early childhood community hubs. An early childhood community hub must promote children's school readiness from before birth to kindergarten by coordinating and improving families' access to:

(1) community early care and education services;

(2) school;

(3) health services; and

(4) other family support services that stabilize, support, and assist families in meeting their children's health and developmental needs.

(b) The commissioner of education shall designate at least four hubs to be established under this section. One hub must be located in a rural area of the state, one must be in a suburban area, and one must be in an urban area. The commissioner shall consider other demographic and cultural factors to ensure that hubs are selected in diverse areas of the state, and shall ensure that a significant number of participants in each area are eligible for free or reduced-price lunch.

Subd. 2. **Eligibility; application.** (a) An applicant for a grant must be a school district, a consortium of school districts, or a tribal school interested in collaborating with community-based early childhood care and education providers to maximize the services available to eligible families.

(b) An interested applicant must submit a plan to the commissioner of education, in the form and manner the commissioner determines, to implement an early childhood community hub that is located in a public school, a tribal school, or other appropriate community location. An applicant must include in the plan a community-based assessment of the existing resources and needs for providing high quality early care and education services, health and mental health services, and other social services that support healthy families and safe neighborhoods. A district superintendent or a designated representative, or a tribal school principal or a designated representative, must oversee the community collaboration.

Subd. 3. **Program components.** (a) Grant recipients must:

(1) provide for an ongoing assessment of local resources and needs for high quality early care and education services, health and mental health services, and other social services that support safe neighborhoods and healthy families;

(2) develop and implement, in consultation with an advisory committee under subdivision 4, a plan to improve the healthy development and school readiness of children from before birth to kindergarten;

(3) develop collaborative partnerships among school-based early childhood programs, kindergarten teachers and other school officials, community-based Head Start and child care programs including licensed centers, family child care homes, and unlicensed family friend and neighbor caregivers, early intervention interagency committees, and other appropriate partners that:

(i) use the Minnesota child care resource and referral network to provide parents with information on quality early care and education services and financial aid options for their children from birth to kindergarten;

(ii) provide high quality early care and education settings for children from birth to kindergarten;

(iii) connect families to health, mental health, adult basic education, English language learning, family literacy programs, and other relevant social services; and

(iv) promote shared professional development activities in early care and education settings that integrate curriculum, assessment, and instruction and are aligned with kindergarten through grade 12 standards;

(4) provide meaningful kindergarten transition services for families that begin one school year before a child enters kindergarten;

(5) develop and implement an evaluation plan to determine the effectiveness of the collaboration, the level of parent satisfaction, and children's kindergarten readiness before and after participating in the program; and

(6) assign an unduplicated MARSS number to each child participating in the program.

(b) An applicant must agree to contract with a qualified person to coordinate the hub who, at a minimum, must have:

(1) a bachelor's degree in early childhood development or a related field;

(2) experience working with low-income families from diverse cultural communities; and

(3) experience working with state and community school readiness providers.

(c) An applicant must agree to provide a 15 percent local match for any grant money it receives, of which five percent may be in-kind contributions. A grant recipient must use the grant, including the local match, to supplement but not supplant existing early childhood initiatives in the community.

Subd. 4. **Advisory committees.** Each early childhood community hub grantee must have an advisory committee, which may be a preexisting early childhood committee or a newly formed early childhood advisory committee. A newly formed early childhood advisory committee must include at least the following members selected by the school administrator who oversees the community collaboration:

(1) 30 percent parents;

(2) the school administrator who oversees the community collaboration;

(3) licensed teachers for kindergarten through grade 3;

(4) licensed child care providers that include family child care and center-based providers;

(5) Head Start providers;

(6) early childhood family education and school readiness providers;

(7) early childhood special education providers;

(8) a child care resource and referral agency;

(9) community business leaders;

(10) an early intervention interagency committee liaison;

(11) other appropriate community members serving young children and their families; and

(12) an official from a county-recognized labor organization that serves as a partner with licensed family day care providers.

Subd. 5. **Evaluation.** The commissioner must provide for an evaluation of this grant program and must recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to expand the program throughout the state.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 25. **PROVISIONAL QUALITY RATING SYSTEM, LICENSED CHILD CARE.**

For fiscal year 2009 only, a licensed child care program shall receive a provisional quality rating system approval if the provider certifies to the Department of Human Services that it uses curricula and child assessment instruments approved by the Department of Human Services, provides opportunities for parent involvement and parent education, proves a program with sufficient intensity and duration to improve school readiness of participating children, and meets other criteria determined necessary by the commissioner of human services.

Sec. 26. **PROVISIONAL QUALITY RATING SYSTEM, SCHOOL READINESS.**

For fiscal year 2009 only, a school readiness program shall receive a provisional quality rating system approval if the provider certifies to the Department of Education that it uses curricula and child assessment instruments approved by the Department of Education, provides opportunities for parent involvement and parent education, proves a program with sufficient intensity and duration to improve school readiness of participating children, and meets other criteria determined necessary by the commissioner of education.

Sec. 27. **SCHOLARSHIP DEMONSTRATION PROJECTS.**

Subdivision 1. **Early childhood allowance.** The commissioners of human services and education shall establish two scholarship demonstration projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. The demonstration projects shall be designed and evaluated by the Minnesota Early Learning Foundation in consultation with the legislative advisory group. The programs shall be conducted in nonurban areas outside the seven-county metropolitan area.

Subd. 2. **Family eligibility.** Parents or legal guardians with incomes less than or equal to 185 percent of the federal poverty guidelines are eligible to receive allowances to pay for their children's education in a quality early education program, in an amount not to exceed $4,000 per child per year. The allowance must be used during the 12 months following receipt of the allowance by the claimant for a child who is age 3 or 4 on August 31, to pay for services designed to promote school readiness in a quality early education setting. A quality program is one that meets the standards in subdivision 3.

Subd. 3. **Quality standards.** (a) A quality early care and education setting is any service or program that receives a quality rating from the Department of Human Services under the Minnesota Early Learning Foundation quality rating system administered by the Department of Human Services and agrees to accept a prekindergarten education allowance to pay for services. For fiscal year 2008 and 2009 only, a provider may satisfy the quality rating system requirements and be deemed eligible to participate in this program if the provider has received a provisional quality rating system approval from either the Department of Human Services or the Department of Education.

(b) For the purposes of receiving a provisional quality rating, a child care program or provider must be approved by the commissioner of human services and a school readiness program or a Head Start program must be approved by the commissioner of education. Programs and providers must apply for approval in the form and manner prescribed by the commissioners. To receive approval, the commissioners must determine that applicants:

(1) use research-based curricula that are aligned with the education standards under Minnesota Statutes, section 120B.021, instruction, and child assessment instruments approved by the Department of Education and the Department of Human Services, in consultation with the Minnesota Early Learning Foundation;

(2) provide a program of sufficient intensity and duration to improve the school readiness of participating children;

(3) provide opportunities for parent involvement; and

(4) meet other research-based criteria determined necessary by the commissioners.

(c) For 2008 and 2009, notwithstanding paragraph (b), Head Start programs meeting Head Start performance standards and accredited child care centers are granted a provisional quality rating for the purposes of receiving a prekindergarten education allowance under this statute.

(d) A provider deemed eligible to receive a prekindergarten education allowance under paragraphs (a) to (c) may use the allowance to enhance services above the current quality levels, increase the duration of services provided, or expand the number of children to whom services are provided.

(e) For fiscal years 2008 and 2009 only, when no quality program is available, a recipient may direct the prekindergarten education allowance to a provider or program for school readiness quality improvements that will make the provider or program eligible for a quality rating according to the quality rating system. Allowable expenditures that will increase the capacity of the provider or program to help children be ready for school include purchase of curricula and assessment tools, training on the use of curriculum and assessment tools, purchase of materials to improve the learning environment, or other expenditures approved by the commissioner of human services for child care providers and the commissioner of education for school readiness programs.

Subd. 4. **Eligibility; applications.** The Department of Human Services and Department of Education shall, in cooperation with the Minnesota Early Learning Foundation, develop an application process for eligible families. Eligible families must have incomes less than or equal to 185 percent of the federal poverty guidelines. Allowances paid to families under this program may not be counted as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Subd. 5. **Expenditures.** This program shall operate during fiscal years 2008 and 2009.

EFFECTIVE DATE. This section is effective the day following final enactment and its provisions sunset on January 1, 2012.

Sec. 28. **GRANT PROGRAM TO PROMOTE THE HEALTHY DEVELOPMENT OF CHILDREN AND YOUTH WITHIN THEIR COMMUNITIES.**

(a) The commissioner of education must contract with the Search Institute to help local communities develop, expand, and maintain the tools, training, and resources needed to foster positive child and youth development and effectively engage young people in their communities. The Search Institute must educate individuals and community-based organizations to adequately understand and meet the development needs of their children and youth, use best practices to promote the healthy development of children and youth, share best program practices with other interested communities, and create electronic and other opportunities for communities to share experiences in and resources for promoting the healthy development of children and youth.

(b) The commissioner of education must provide for an evaluation of the effectiveness of this program and must recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to make the program available statewide. The Search Institute annually must report to the commissioner of education on the services it provided and the grant money it expended under this section.

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

Sec. 29. **APPROPRIATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

$	21,053,000	.....	2008
$	21,800,000	.....	2009

The 2008 appropriation includes $1,801,000 for 2007 and $19,252,000 for 2008.

The 2009 appropriation includes $2,139,000 for 2008 and $19,661,000 for 2009.

Subd. 3. **Targeted training of early childhood professionals.** For the targeted training of early childhood professionals under Minnesota Statutes, section 124D.163:

$	155,000	.....	2008
$	70,000	.....	2009

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2010 and later is $70,000.

Subd. 4. **Early childhood community hub planning and implementation grants.** For planning and implementation grants under section 24:

$	1,000,000	.....	2008
$	1,000,000	.....	2009

This is a onetime appropriation.

Subd. 5. **Early childhood scholarships.** For early childhood scholarships under section 15:

$	392,000	.....	2008
$	2,108,000	.....	2009

These appropriations are onetime.

Subd. 6. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$	9,995,000	.....	2008
$	10,095,000	.....	2009

The 2008 appropriation includes $909,000 for 2007 and $9,086,000 for 2008.

The 2009 appropriation includes $1,009,000 for 2008 and $9,086,000 for 2009.

Subd. 7. **State Advisory Board on School Readiness.** For the State Advisory Board on School Readiness under section 11:

$	46,000	.....	2008
$	40,000	.....	2009

These appropriations are added to the base.

Subd. 8. **Lifetrack Resources.** For a contract with Lifetrack Resources to provide a program in Ramsey County to expand school readiness and home visiting services for children from birth to kindergarten who are at risk of or have been diagnosed with mental illness or developmental delays due to fetal alcohol or drug exposure, child neglect, or abuse, and their families in order to ensure the children's school readiness:

$	500,000	.....	2008
$	500,000	.....	2009

This appropriation does not increase base funding.

Subd. 9. **Minnesota Learning Resource Center.** For a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children acquire learning readiness skills:

$	75,000	.....	2008
$	75,000	.....	2009

Any balance in the first year does not cancel but is available in the second year.

This is onetime funding.

The Minnesota Learning Resource Center shall issue a report by January 15, 2009, to the committees of the house of representatives and senate responsible for early childhood programs. The report shall describe the conduct of the training provided to the A Chance to Grow/New Visions program, and any findings or lessons learned that might prove useful to the training of education professionals or the improvement of learning readiness services for children from such training.

Subd. 10. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

$	3,159,000	.....	2008
$	3,330,000	.....	2009

The 2008 appropriation includes $293,000 for 2007 and $2,866,000 for 2008.

The 2009 appropriation includes $318,000 for 2008 and $3,012,000 for 2009.

Subd. 11. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

$	50,000	.....	2008
$	50,000	.....	2009

Subd. 12. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

$	584,000	.....	2008
$	776,000	.....	2009

Subd. 13. **Head Start programs.** For Head Start programs under Minnesota Statutes, section 119A.52:

$	20,100,000	.....	2008
$	20,100,000	.....	2009

Of these amounts, up to 10 percent of the funds allocated to local Head Start programs annually may be used for innovative services designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently allowable under federal Head Start regulations. Head Start programs must submit a plan for innovative services as part of the application process described under Minnesota Statutes, section 119A.535.

Subd. 14. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$	1,307,000	.....	2008
$	816,000	.....	2009

The 2008 appropriation includes $195,000 for 2007 and $1,112,000 for 2008.

The 2009 appropriation includes $123,000 for 2008 and $693,000 for 2009.

Subd. 15. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$	881,000	.....	2008
$	900,000	.....	2009

The 2008 appropriation includes $71,000 for 2007 and $810,000 for 2008.

The 2009 appropriation includes $90,000 for 2008 and $810,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Subd. 16. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

$	70,000	.....	2008
$	70,000	.....	2009

Subd. 17. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

$	1,000	.....	2008
$	1,000	.....	2009

The 2008 appropriation includes $0 for 2007 and $1,000 for 2008.

The 2009 appropriation includes $0 for 2008 and $1,000 for 2009.

Subd. 18. **After-school community learning grants.** For after-school community learning grants:

$	2,775,000	.....	2008
$	2,600,000	.....	2009

The commissioner may hire one full-time equivalent staff person to administer the statewide after-school community learning grant program. This is a onetime appropriation and does not accrue to the agency base.

The Department of Education shall give strong consideration to an application for a grant under this subdivision by Independent School District No. 625, St. Paul, on behalf of the city of St. Paul to increase the number and quality of after school and school release time activities for children within the school district. A grant provided under this subdivision to Independent School District No. 625, St. Paul, in partnership with the city of St. Paul must improve opportunities for learning provided by the district and by nonprofit programs serving youth, and for staff development for library and park and recreation workers who have frequent contact with children.

Subd. 19. **Children and youth healthy development grant.** For children and youth healthy development grant under section 28:

$	250,000	.....	2008
$	250,000	.....	2009

These appropriations are onetime.

Subd. 20. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

$	37,486,000	.....	2007
$	40,344,000	.....	2008
$	41,748,000	.....	2009

The 2007 appropriation includes $3,654,000 for 2006 and $33,832,000 for 2007.

The 2008 appropriation includes $3,759,000 for 2007 and $36,585,000 for 2008.

The 2009 appropriation includes $4,065,000 for 2008 and $37,683,000 for 2009.

Subd. 21. **GED test fees.** For GED test fees under Minnesota Statutes, section 124D.55:

$	300,000	.....	2008
$	200,000	.....	2009

$100,000 in fiscal year 2008 is for GED test fees for homeless persons.

Any balance in the first year does not cancel but is available in the second year.

Subd. 22. **Adult literacy grants for recent immigrants.** For adult literacy grants for recent immigrants to Minnesota under Laws 2006, chapter 282, article 2, section 26:

$	1,250,000	.....	2008

EFFECTIVE DATE. Subdivision 20 is effective the day following final enactment.

Sec. 30. **DEPARTMENT OF HEALTH.**

$100,000 in fiscal year 2008 and $100,000 in fiscal year 2009 are appropriated from the general fund to the commissioner of health for lead hazard reduction.

Sec. 31. **MINNESOTA EARLY LEARNING FOUNDATION.**

$1,250,000 in fiscal year 2008 and $1,250,000 in fiscal year 2009 are appropriated from the general fund to the Minnesota Early Learning Foundation for the scholarship demonstration projects in section 27. Any balance in the first year does not cancel but is available in the second year.

Sec. 32. **REPEALER.**

Minnesota Statutes 2006, section 124D.531, subdivision 5, is repealed.