

1.1 A bill for an act
1.2 relating to human services; establishing the family stabilization services program;
1.3 establishing a work participation bonus; appropriating money for supporting
1.4 work for low-income families; amending Minnesota Statutes 2006, sections
1.5 119B.011, by adding a subdivision; 119B.05, subdivision 1; 256J.01, by adding a
1.6 subdivision; 256J.021; 256J.08, subdivision 65; 256J.20, subdivision 3; 256J.24,
1.7 subdivision 10; 256J.30, subdivision 5; 256J.521, subdivisions 1, 2; 256J.53,
1.8 subdivision 2; 256J.55, subdivision 1; 256J.626, subdivisions 1, 2, 3, 4, 5, 6;
1.9 proposing coding for new law in Minnesota Statutes, chapter 256J; repealing
1.10 Minnesota Statutes 2006, sections 256J.29; 256J.626, subdivisions 7, 9.

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

1.12 **ARTICLE 1**
1.13 **SELF-SUFFICIENCY PROVISIONS**

1.14 Section 1. Minnesota Statutes 2006, section 119B.011, is amended by adding a
1.15 subdivision to read:

1.16 Subd. 13a. **Family stabilization services program.** "Family stabilization services
1.17 program" means the program under section 256J.575.

1.18 Sec. 2. Minnesota Statutes 2006, section 119B.05, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

~~(7)~~ (8) families who are participating in the transition year extension under section 119B.011, subdivision 20a.

Sec. 3. Minnesota Statutes 2006, section 256J.01, is amended by adding a subdivision to read:

Subd. 6. **Legislative approval to move programs or activities.** The commissioner shall not move programs or activities funded with MFIP or TANF maintenance of effort funds to other funding sources without legislative approval.

Sec. 4. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY PROGRAMS.

(a) Until October 1, ~~2006~~ 2007, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a ~~separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5~~ funded with state nonmaintenance of effort funds.

(b) Beginning October 1, ~~2006~~ 2007, and each year thereafter, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state's

3.1 maintenance of effort (MOE) requirements under the federal Temporary Assistance to
3.2 Needy Families (TANF) program except if counting certain families would allow the
3.3 commissioner to avoid a federal penalty. Families receiving assistance under this section
3.4 must comply with all applicable requirements in this chapter.

3.5 Sec. 5. Minnesota Statutes 2006, section 256J.08, subdivision 65, is amended to read:

3.6 Subd. 65. **Participant.** (a) "Participant" means includes any of the following:

3.7 (1) a person who is currently receiving cash assistance or the food portion available
3.8 through MFIP. ~~A person who fails to withdraw or access electronically any portion of the~~
3.9 ~~person's cash and food assistance payment by the end of the payment month, who makes a~~
3.10 ~~written request for closure before the first of a payment month and repays cash and food~~
3.11 ~~assistance electronically issued for that payment month within that payment month, or~~
3.12 ~~who returns any uncashed assistance check and food coupons and withdraws from the~~
3.13 ~~program is not a participant.~~

3.14 (2) a person who withdraws a cash or food assistance payment by electronic transfer
3.15 or receives and cashes an MFIP assistance check or food coupons and is subsequently
3.16 determined to be ineligible for assistance for that period of time is a participant, regardless
3.17 whether that assistance is repaid. ~~The term "participant" includes;~~

3.18 (3) the caregiver relative and the minor child whose needs are included in the
3.19 assistance payment;

3.20 (4) a person in an assistance unit who does not receive a cash and food assistance
3.21 payment because the case has been suspended from MFIP ~~is a participant;~~

3.22 (5) a person who receives cash payments under the diversionary work program
3.23 under section 256J.95 is a participant; and

3.24 (6) a person who receives cash payments under the family stabilization services
3.25 program under section 256J.575 is a participant.

3.26 (b) "Participant" does not include a person who fails to withdraw or access
3.27 electronically any portion of the person's cash and food assistance payment by the end of
3.28 the payment month, who makes a written request for closure before the first of a payment
3.29 month and repays cash and food assistance electronically issued for that payment month
3.30 within that payment month, or who returns any uncashed assistance check and food
3.31 coupons and withdraws from the program.

3.32 Sec. 6. Minnesota Statutes 2006, section 256J.20, subdivision 3, is amended to read:

3.33 Subd. 3. **Other property limitations.** To be eligible for MFIP, the equity value of
3.34 all nonexcluded real and personal property of the assistance unit must not exceed \$2,000

for applicants and \$5,000 for ongoing participants. The value of assets in clauses (1) to (19) must be excluded when determining the equity value of real and personal property:

~~(1) a licensed vehicle up to a loan value of less than or equal to \$7,500. The county agency shall apply any excess loan value as if it were equity value to the asset limit described in this section.~~ If the assistance unit owns more than one licensed vehicle, the county agency shall ~~determine the vehicle with the highest loan value and count only the loan value over \$7,500, excluding: (i) the value of one vehicle per physically disabled person when the vehicle is needed to transport the disabled unit member; this exclusion does not apply to mentally disabled people; (ii) the value of special equipment for a disabled member of the assistance unit; and (iii) also exclude~~ any vehicle used for long-distance travel, other than daily commuting, for the employment of a unit member.

The county agency shall count the ~~loan~~ value of all other vehicles and apply this amount ~~as if it were equity value~~ to the asset limit described in this section. To establish the ~~loan~~ value of vehicles, a county agency must use the N.A.D.A. Official Used Car Guide, Midwest Edition, for newer model cars. When a vehicle is not listed in the guidebook, or when the applicant or participant disputes the ~~loan~~ value listed in the guidebook as unreasonable given the condition of the particular vehicle, the county agency may require the applicant or participant document the ~~loan~~ value by securing a written statement from a motor vehicle dealer licensed under section 168.27, stating the amount that the dealer would pay to purchase the vehicle. The county agency shall reimburse the applicant or participant for the cost of a written statement that documents a lower ~~loan~~ value;

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

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

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

(5) the value of personal property not otherwise specified which is commonly used by household members in day-to-day living such as clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living;

(6) the value of real and personal property owned by a recipient of Supplemental Security Income or Minnesota supplemental aid;

(7) the value of corrective payments, but only for the month in which the payment is received and for the following month;

(8) a mobile home or other vehicle used by an applicant or participant as the applicant's or participant's home;

(9) money in a separate escrow account that is needed to pay real estate taxes or insurance and that is used for this purpose;

(10) money held in escrow to cover employee FICA, employee tax withholding, sales tax withholding, employee worker compensation, business insurance, property rental, property taxes, and other costs that are paid at least annually, but less often than monthly;

(11) monthly assistance payments for the current month's or short-term emergency needs under section 256J.626, subdivision 2;

(12) the value of school loans, grants, or scholarships for the period they are intended to cover;

(13) payments listed in section 256J.21, subdivision 2, clause (9), which are held in escrow for a period not to exceed three months to replace or repair personal or real property;

(14) income received in a budget month through the end of the payment month;

(15) savings from earned income of a minor child or a minor parent that are set aside in a separate account designated specifically for future education or employment costs;

(16) the federal earned income credit, Minnesota working family credit, state and federal income tax refunds, state homeowners and renters credits under chapter 290A, property tax rebates and other federal or state tax rebates in the month received and the following month;

(17) payments excluded under federal law as long as those payments are held in a separate account from any nonexcluded funds;

(18) the assets of children ineligible to receive MFIP benefits because foster care or adoption assistance payments are made on their behalf; and

(19) the assets of persons whose income is excluded under section 256J.21, subdivision 2, clause (43).

Sec. 7. Minnesota Statutes 2006, section 256J.24, subdivision 10, is amended to read:

Subd. 10. **MFIP exit level.** The commissioner shall adjust the MFIP earned income disregard to ensure that most participants do not lose eligibility for MFIP until their income reaches at least ~~45~~ 45 percent of the federal poverty guidelines in effect in October of each fiscal year. The adjustment to the disregard shall be based on a household size of three, and the resulting earned income disregard percentage must be applied to all household sizes. The adjustment under this subdivision must be implemented at the same

time as the October food stamp or food support cost-of-living adjustment is reflected in the food portion of MFIP transitional standard as required under subdivision 5a.

Sec. 8. Minnesota Statutes 2006, section 256J.30, subdivision 5, is amended to read:

Subd. 5. **Monthly MFIP household reports.** Each assistance unit with a member who has earned income ~~or a recent work history~~, and each assistance unit that has income deemed to it from a financially responsible person, must complete ~~a monthly~~ an MFIP household report form every six months. ~~"Recent work history" means the individual received earned income in the report month or any of the previous three calendar months even if the earnings are excluded.~~ To be complete, the MFIP household report form must be signed and dated by the caregivers no earlier than the last day of the reporting period. All questions required to determine assistance payment eligibility must be answered, and documentation of earned income must be included.

Sec. 9. Minnesota Statutes 2006, section 256J.521, subdivision 1, is amended to read:

Subdivision 1. **Assessments.** (a) For purposes of MFIP employment services, assessment is a continuing process of gathering information related to employability for the purpose of identifying both participant's strengths and strategies for coping with issues that interfere with employment. The job counselor must use information from the assessment process to develop and update the employment plan under subdivision 2 or 3, as appropriate, ~~and~~ to determine whether the participant qualifies for a family violence waiver including an employment plan under subdivision 3, and to determine whether the participant should be referred to the family stabilization services program under section 256J.575.

(b) The scope of assessment must cover at least the following areas:

(1) basic information about the participant's ability to obtain and retain employment, including: a review of the participant's education level; interests, skills, and abilities; prior employment or work experience; transferable work skills; child care and transportation needs;

(2) identification of personal and family circumstances that impact the participant's ability to obtain and retain employment, including: any special needs of the children, the level of English proficiency, family violence issues, and any involvement with social services or the legal system;

(3) the results of a mental and chemical health screening tool designed by the commissioner and results of the brief screening tool for special learning needs. Screening tools for mental and chemical health and special learning needs must be approved by the

commissioner and may only be administered by job counselors or county staff trained in using such screening tools. The commissioner shall work with county agencies to develop protocols for referrals and follow-up actions after screens are administered to participants, including guidance on how employment plans may be modified based upon outcomes of certain screens. Participants must be told of the purpose of the screens and how the information will be used to assist the participant in identifying and overcoming barriers to employment. Screening for mental and chemical health and special learning needs must be completed by participants who are unable to find suitable employment after six weeks of job search under subdivision 2, paragraph (b), and participants who are determined to have barriers to employment under subdivision 2, paragraph (d). Failure to complete the screens will result in sanction under section 256J.46; and

(4) a comprehensive review of participation and progress for participants who have received MFIP assistance and have not worked in unsubsidized employment during the past 12 months. The purpose of the review is to determine the need for additional services and supports, including placement in subsidized employment or unpaid work experience under section 256J.49, subdivision 13, or referral to the family stabilization services program under section 256J.575.

(c) Information gathered during a caregiver's participation in the diversionary work program under section 256J.95 must be incorporated into the assessment process.

(d) The job counselor may require the participant to complete a professional chemical use assessment to be performed according to the rules adopted under section 254A.03, subdivision 3, including provisions in the administrative rules which recognize the cultural background of the participant, or a professional psychological assessment as a component of the assessment process, when the job counselor has a reasonable belief, based on objective evidence, that a participant's ability to obtain and retain suitable employment is impaired by a medical condition. The job counselor may assist the participant with arranging services, including child care assistance and transportation, necessary to meet needs identified by the assessment. Data gathered as part of a professional assessment must be classified and disclosed according to the provisions in section 13.46.

Sec. 10. Minnesota Statutes 2006, section 256J.521, subdivision 2, is amended to read:

Subd. 2. **Employment plan; contents.** (a) Based on the assessment under subdivision 1, the job counselor and the participant must develop an employment plan that includes participation in activities and hours that meet the requirements of section 256J.55, subdivision 1. The purpose of the employment plan is to identify for each participant the most direct path to unsubsidized employment and any subsequent steps that

support long-term economic stability. The employment plan should be developed using the highest level of activity appropriate for the participant. Activities must be chosen from clauses (1) to (6), which are listed in order of preference. Notwithstanding this order of preference for activities, priority must be given for activities related to a family violence waiver when developing the employment plan. The employment plan must also list the specific steps the participant will take to obtain employment, including steps necessary for the participant to progress from one level of activity to another, and a timetable for completion of each step. Levels of activity include:

- (1) unsubsidized employment;
- (2) job search;
- (3) subsidized employment or unpaid work experience;
- (4) unsubsidized employment and job readiness education or job skills training;
- (5) unsubsidized employment or unpaid work experience and activities related to a family violence waiver or preemployment needs; and
- (6) activities related to a family violence waiver or preemployment needs.

(b) Participants who are determined to possess sufficient skills such that the participant is likely to succeed in obtaining unsubsidized employment must job search at least 30 hours per week for up to six weeks and accept any offer of suitable employment. The remaining hours necessary to meet the requirements of section 256J.55, subdivision 1, may be met through participation in other work activities under section 256J.49, subdivision 13. The participant's employment plan must specify, at a minimum: (1) whether the job search is supervised or unsupervised; (2) support services that will be provided; and (3) how frequently the participant must report to the job counselor. Participants who are unable to find suitable employment after six weeks must meet with the job counselor to determine whether other activities in paragraph (a) should be incorporated into the employment plan. Job search activities which are continued after six weeks must be structured and supervised.

(c) Beginning July 1, 2004, activities and hourly requirements in the employment plan may be adjusted as necessary to accommodate the personal and family circumstances of participants identified under section 256J.561, subdivision 2, paragraph (d). Participants who no longer meet the provisions of section 256J.561, subdivision 2, paragraph (d), must meet with the job counselor within ten days of the determination to revise the employment plan.

(d) Participants who are determined to have barriers to obtaining or retaining employment that will not be overcome during six weeks of job search under paragraph (b) must work with the job counselor to develop an employment plan that addresses those

9.1 barriers by incorporating appropriate activities from paragraph (a), clauses (1) to (6).

9.2 The employment plan must include enough hours to meet the participation requirements
9.3 in section 256J.55, subdivision 1, unless a compelling reason to require fewer hours
9.4 is noted in the participant's file.

9.5 (e) The job counselor and the participant must sign the employment plan to indicate
9.6 agreement on the contents. Failure to develop or comply with activities in the plan, or
9.7 voluntarily quitting suitable employment without good cause, will result in the imposition
9.8 of a sanction under section 256J.46.

9.9 (f) Employment plans must be reviewed at least every three months to determine
9.10 whether activities and hourly requirements should be revised. The job counselor is
9.11 encouraged to allow participants who are participating in at least 20 hours of work
9.12 activities to also participate in employment and training activities in order to meet the
9.13 federal hourly participation rates.

9.14 Sec. 11. Minnesota Statutes 2006, section 256J.53, subdivision 2, is amended to read:

9.15 Subd. 2. **Approval of postsecondary education or training.** (a) ~~In order for a~~
9.16 ~~postsecondary education or training program to be an approved activity in an employment~~
9.17 ~~plan, the participant must be working in unsubsidized employment at least 20 hours per~~
9.18 ~~week.~~

9.19 ~~(b)~~ Participants seeking approval of a postsecondary education or training plan
9.20 must provide documentation that:

9.21 (1) the employment goal can only be met with the additional education or training;

9.22 (2) there are suitable employment opportunities that require the specific education or
9.23 training in the area in which the participant resides or is willing to reside;

9.24 (3) the education or training will result in significantly higher wages for the
9.25 participant than the participant could earn without the education or training;

9.26 (4) the participant can meet the requirements for admission into the program; and

9.27 (5) there is a reasonable expectation that the participant will complete the training
9.28 program based on such factors as the participant's MFIP assessment, previous education,
9.29 training, and work history; current motivation; and changes in previous circumstances.

9.30 ~~(c) The hourly unsubsidized employment requirement does not apply for intensive~~
9.31 ~~education or training programs lasting 12 weeks or less when full-time attendance is~~
9.32 ~~required.~~

9.33 ~~(d)~~ (b) Participants with an approved employment plan in place on July 1, 2003,
9.34 which includes more than 12 months of postsecondary education or training shall be
9.35 allowed to complete that plan provided that hourly requirements in section 256J.55,

subdivision 1, and conditions specified in paragraph ~~(b)~~ (a), and subdivisions 3 and 5 are met. A participant whose case is subsequently closed for three months or less for reasons other than noncompliance with program requirements and who returns to MFIP shall be allowed to complete that plan provided that hourly requirements in section 256J.55, subdivision 1, and conditions specified in paragraph ~~(b)~~ (a) and subdivisions 3 and 5 are met.

Sec. 12. Minnesota Statutes 2006, section 256J.55, subdivision 1, is amended to read:

Subdivision 1. **Participation requirements.** (a) All caregivers must participate in employment services under sections 256J.515 to 256J.57 concurrent with receipt of MFIP assistance.

(b) Until July 1, 2004, participants who meet the requirements of section 256J.56 are exempt from participation requirements.

(c) Participants under paragraph (a) must develop and comply with an employment plan under section 256J.521 or section 256J.54 in the case of a participant under the age of 20 who has not obtained a high school diploma or its equivalent.

(d) With the exception of participants under the age of 20 who must meet the education requirements of section 256J.54, all participants must meet the hourly participation requirements of TANF or the hourly requirements listed in clauses (1) to (3), whichever is higher.

(1) In single-parent families with no children under six years of age, the job counselor and the caregiver must develop an employment plan that includes 30 ~~to 35~~ hours per week of work activities.

(2) In single-parent families with a child under six years of age, the job counselor and the caregiver must develop an employment plan that includes 20 ~~to 35~~ hours per week of work activities.

(3) In two-parent families, the job counselor and the caregivers must develop employment plans which result in a combined total of at least 55 hours per week of work activities.

(e) Failure to participate in employment services, including the requirement to develop and comply with an employment plan, including hourly requirements, without good cause under section 256J.57, shall result in the imposition of a sanction under section 256J.46.

Sec. 13. **[256J.575] FAMILY STABILIZATION SERVICES PROGRAM.**

11.1 Subdivision 1. **Purpose.** (a) The family stabilization services program is
11.2 Minnesota's cash assistance program to serve families who are not making significant
11.3 progress within the Minnesota family investment program (MFIP) due to a variety of
11.4 barriers to employment.

11.5 (b) The goal of this program is to stabilize and improve the lives of families at risk
11.6 of long-term welfare dependency or family instability due to employment barriers such
11.7 as physical disability, mental disability, age, or providing care for a disabled household
11.8 member. This program provides services to promote and support families to achieve the
11.9 greatest possible degree of self-sufficiency.

11.10 Subd. 2. **Definitions.** The terms used in this section have the meanings given them
11.11 in paragraphs (a) to (d).

11.12 (a) "Family stabilization services program" means the program established under
11.13 this section.

11.14 (b) "Case management" means the services provided by or through the county agency
11.15 to participating families, including assessment, information, referrals, and assistance in the
11.16 preparation and implementation of a family stabilization plan under subdivision 5.

11.17 (c) "Family stabilization plan" means a plan developed by a case manager and
11.18 the participant, which identifies the participant's most appropriate path to unsubsidized
11.19 employment, family stability, and barrier reduction, taking into account the family's
11.20 circumstances.

11.21 (d) "Family stabilization services" means programs, activities, and services in this
11.22 section that provide participants and their family members with assistance regarding,
11.23 but not limited to:

11.24 (1) obtaining and retaining unsubsidized employment;

11.25 (2) family stability;

11.26 (3) economic stability; and

11.27 (4) barrier reduction.

11.28 The goal of the program is to achieve the greatest degree of economic self-sufficiency
11.29 and family well-being possible for the family under the circumstances.

11.30 Subd. 3. **Eligibility.** (a) The following MFIP or diversionary work program (DWP)
11.31 participants are eligible for the program under this section:

11.32 (1) a participant identified under section 256J.561, subdivision 2, paragraph (d), who
11.33 has or is eligible for an employment plan developed under section 256J.521, subdivision
11.34 2, paragraph (c);

11.35 (2) a participant identified under section 256J.95, subdivision 12, paragraph (b), as
11.36 unlikely to benefit from the diversionary work program;

12.1 (3) a participant who meets the requirements for or has been granted a hardship
12.2 extension under section 256J.425, subdivision 2 or 3;

12.3 (4) a participant who is applying for supplemental security income or Social Security
12.4 disability insurance; and

12.5 (5) a participant who is a noncitizen who has been in the state for six or fewer months.

12.6 (b) Families must meet all other eligibility requirements for MFIP established in
12.7 this chapter. Families are eligible for financial assistance to the same extent as if they
12.8 were participating in MFIP.

12.9 Subd. 4. **Universal participation.** All caregivers must participate in family
12.10 stabilization services as defined in subdivision 2.

12.11 Subd. 5. **Case management; family stabilization plans; coordinated services.**

12.12 (a) The county agency shall provide family stabilization services to families through a
12.13 case management model. A case manager shall be assigned to each participating family
12.14 within 30 days after the family begins to receive financial assistance as a participant of
12.15 the family stabilization services program. The case manager, with the full involvement
12.16 of the family, shall recommend, and the county agency shall establish and modify as
12.17 necessary, a family stabilization plan for each participating family. If a participant is
12.18 already assigned to a county case manager or a county-contracted case manager in social
12.19 services or disability services, that case manager already assigned is the case manager for
12.20 purposes of this program.

12.21 (b) The family stabilization plan must include:

12.22 (1) each participant's plan for long-term self-sufficiency, including an employment
12.23 goal where applicable;

12.24 (2) an assessment of each participant's strengths and barriers, and any special
12.25 circumstances of the participant's family that impact, or are likely to impact, the
12.26 participant's progress towards the goals in the plan; and

12.27 (3) an identification of the services, supports, education, training, and
12.28 accommodations needed to reduce or overcome any barriers to enable the family to
12.29 achieve self-sufficiency and to fulfill each caregiver's personal and family responsibilities.

12.30 (c) The case manager and the participant shall meet within 30 days of the family's
12.31 referral to the case manager. The initial family stabilization plan must be completed within
12.32 30 days of the first meeting with the case manager. The case manager shall establish a
12.33 schedule for periodic review of the family stabilization plan that includes personal contact
12.34 with the participant at least once per month. In addition, the case manager shall review
12.35 and, if necessary, modify the plan under the following circumstances:

12.36 (1) there is a lack of satisfactory progress in achieving the goals of the plan;

13.1 (2) the participant has lost unsubsidized or subsidized employment;
13.2 (3) a family member has failed or is unable to comply with a family stabilization
13.3 plan requirement;
13.4 (4) services, supports, or other activities required by the plan are unavailable;
13.5 (5) changes to the plan are needed to promote the well-being of the children; or
13.6 (6) the participant and case manager determine that the plan is no longer appropriate
13.7 for any other reason.

13.8 Subd. 6. **Cooperation with program requirements.** (a) To be eligible, a participant
13.9 shall comply with paragraphs (b) to (e).

13.10 (b) Participants shall engage in family stabilization plan services for the appropriate
13.11 number of hours per week that the activities are scheduled and available, unless good
13.12 cause exists for not doing so, as defined in section 256J.57, subdivision 1. The appropriate
13.13 number of hours must be based on the participant's plan.

13.14 (c) The case manager shall review the participant's progress toward the goals in the
13.15 family stabilization plan every six months to determine whether conditions have changed,
13.16 including whether revisions to the plan are needed.

13.17 (d) When the participant has increased participation in work-related activities
13.18 sufficient to meet the federal participation requirements of TANF, the county agency shall
13.19 refer the participant to the MFIP program and assign the participant to a job counselor.
13.20 The participant and the job counselor shall meet within 15 days of referral to the MFIP
13.21 program to develop an employment plan under section 256J.521. No reapplication is
13.22 necessary and financial assistance continues without interruption.

13.23 (e) A participant's requirement to comply with any or all family stabilization plan
13.24 requirements under this subdivision is excused when the case management services,
13.25 training and educational services, and family support services identified in the participant's
13.26 family stabilization plan are unavailable for reasons beyond the control of the participant,
13.27 including when money appropriated is not sufficient to provide the services.

13.28 Subd. 7. **Sanctions.** (a) The financial assistance grant of a participating family is
13.29 reduced according to section 256J.46, if a participating adult fails without good cause to
13.30 comply or continue to comply with the family stabilization plan requirements in this
13.31 subdivision, unless compliance has been excused under subdivision 6, paragraph (e).

13.32 (b) Given the purpose of the family stabilization services program in this section and
13.33 the nature of the underlying family circumstances that act as barriers to both employment
13.34 and full compliance with program requirements, sanctions are appropriate only when it is
13.35 clear that there is both the ability to comply and willful noncompliance by the participant,
13.36 as confirmed by a behavioral health or medical professional.

14.1 (c) Prior to the imposition of a sanction, the county agency shall review the
14.2 participant's case to determine if the family stabilization plan is still appropriate and
14.3 meet with the participant face-to-face. The participant may bring an advocate to the
14.4 face-to-face meeting.

14.5 During the face-to-face meeting, the county agency must:

14.6 (1) determine whether the continued noncompliance can be explained and mitigated
14.7 by providing a needed family stabilization service, as defined in subdivision 2, paragraph
14.8 (d);

14.9 (2) determine whether the participant qualifies for a good cause exception under
14.10 section 256J.57, or if the sanction is for noncooperation with child support requirements,
14.11 determine if the participant qualifies for a good cause exemption under section 256.741,
14.12 subdivision 10;

14.13 (3) determine whether activities in the family stabilization plan are appropriate
14.14 based on the family's circumstances;

14.15 (4) explain the consequences of continuing noncompliance;

14.16 (5) identify other resources that may be available to the participant to meet the
14.17 needs of the family; and

14.18 (6) inform the participant of the right to appeal under section 256J.40.

14.19 If the lack of an identified activity or service can explain the noncompliance, the
14.20 county shall work with the participant to provide the identified activity.

14.21 (d) If the participant fails to come to the face-to-face meeting, the case manager or a
14.22 designee shall attempt at least one home visit. If a face-to-face meeting is not conducted,
14.23 the county agency shall send the participant a written notice that includes the information
14.24 under paragraph (c).

14.25 (e) After the requirements of paragraphs (c) and (d) are met and prior to imposition
14.26 of a sanction, the county agency shall provide a notice of intent to sanction under section
14.27 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section
14.28 256J.31.

14.29 (f) Section 256J.57 applies to this section except to the extent that it is modified
14.30 by this subdivision.

14.31 **Sec. 14. [256J.621] WORK PARTICIPATION BONUS.**

14.32 (a) Upon exiting the diversionary work program (DWP) or upon terminating MFIP
14.33 cash assistance with earnings, a participant who is employed and working 24 hours a week
14.34 may be eligible for transitional assistance of \$100 per month to assist in meeting the
14.35 family's basic needs as the participant continues to move toward self-sufficiency.

15.1 (b) To be eligible for a transitional assistance payment, the participant shall not
15.2 receive MFIP cash assistance or diversionary work program assistance during the
15.3 month and shall be employed an average of at least 24 hours a week to be determined
15.4 prospectively. If a holiday falls on a day during a participant's normal work shift, that
15.5 holiday counts as a work shift for purposes of calculating hours. When determining a
15.6 monthly average, the week that contains the first of the month is counted in the month
15.7 in which the following Friday falls. Transitional assistance is available for a maximum
15.8 of 12 months from the date the participant exited the diversionary work program or
15.9 terminated MFIP cash assistance.

15.10 (c) The commissioner shall establish minimal policies and develop forms to verify
15.11 eligibility for transitional assistance. The commissioner is authorized to change or
15.12 modify the provisions of this section in order to comply with federal rules or regulations
15.13 promulgated as a result of federal legislation passed in February 2006.

15.14 (d) Expenditures on the transitional assistance program are maintenance of effort
15.15 state funds. Months in which a participant receives transitional assistance under this
15.16 section do not count toward the participant's MFIP 60-month time limit.

15.17 Sec. 15. Minnesota Statutes 2006, section 256J.626, subdivision 1, is amended to read:

15.18 Subdivision 1. **Consolidated fund.** The consolidated fund is established to support
15.19 counties and tribes in meeting their duties under this chapter. Counties and tribes must use
15.20 funds from the consolidated fund to develop programs and services that are designed to
15.21 improve participant outcomes as measured in section 256J.751, subdivision 2. Counties
15.22 may use the funds for any allowable expenditures under subdivision 2, and to provide case
15.23 management services to participants of the family stabilization services program. Tribes
15.24 may use the funds for any allowable expenditures under subdivision 2, except those in
15.25 clauses (1) and (6).

15.26 Sec. 16. Minnesota Statutes 2006, section 256J.626, subdivision 2, is amended to read:

15.27 Subd. 2. **Allowable expenditures.** (a) The commissioner must restrict expenditures
15.28 under the consolidated fund to benefits and services allowed under title IV-A of the federal
15.29 Social Security Act. Allowable expenditures under the consolidated fund may include, but
15.30 are not limited to:

15.31 (1) short-term, nonrecurring shelter and utility needs that are excluded from the
15.32 definition of assistance under Code of Federal Regulations, title 45, section 260.31, for
15.33 families who meet the residency requirement in section 256J.12, subdivisions 1 and 1a.

16.1 Payments under this subdivision are not considered TANF cash assistance and are not
16.2 counted towards the 60-month time limit;

16.3 (2) transportation needed to obtain or retain employment or to participate in other
16.4 approved work activities or activities under a family stabilization plan;

16.5 (3) direct and administrative costs of staff to deliver employment services for
16.6 MFIP ~~or~~ the diversionary work program, or the family stabilization services program;
16.7 to administer financial assistance; and to provide specialized services intended to assist
16.8 hard-to-employ participants to transition to work or transition from the family stabilization
16.9 services program to MFIP;

16.10 (4) costs of education and training including functional work literacy and English as
16.11 a second language;

16.12 (5) cost of work supports including tools, clothing, boots, telephone service, and
16.13 other work-related expenses;

16.14 (6) county administrative expenses as defined in Code of Federal Regulations, title
16.15 45, section 260(b);

16.16 (7) services to parenting and pregnant teens;

16.17 (8) supported work;

16.18 (9) wage subsidies;

16.19 (10) child care needed for MFIP ~~or~~ the diversionary work program, or the family
16.20 stabilization services program participants to participate in social services;

16.21 (11) child care to ensure that families leaving MFIP or diversionary work program
16.22 will continue to receive child care assistance from the time the family no longer qualifies
16.23 for transition year child care until an opening occurs under the basic sliding fee child
16.24 care program; ~~and~~

16.25 (12) services to help noncustodial parents who live in Minnesota and have minor
16.26 children receiving MFIP or DWP assistance, but do not live in the same household as the
16.27 child, obtain or retain employment; and

16.28 (13) services to help families participating in the family stabilization services
16.29 program achieve the greatest possible degree of self-sufficiency.

16.30 (b) Administrative costs that are not matched with county funds as provided in
16.31 subdivision 8 may not exceed 7.5 percent of a county's or 15 percent of a tribe's allocation
16.32 under this section. The commissioner shall define administrative costs for purposes of
16.33 this subdivision.

16.34 (c) The commissioner may waive the cap on administrative costs for a county or tribe
16.35 that elects to provide an approved supported employment, unpaid work, or community
16.36 work experience program for a major segment of the county's or tribe's MFIP population.

17.1 The county or tribe must apply for the waiver on forms provided by the commissioner. In
17.2 no case shall total administrative costs exceed the TANF limits.

17.3 Sec. 17. Minnesota Statutes 2006, section 256J.626, subdivision 3, is amended to read:

17.4 Subd. 3. **Eligibility for services.** Families with a minor child, a pregnant woman,
17.5 or a noncustodial parent of a minor child receiving assistance, with incomes below 200
17.6 percent of the federal poverty guideline for a family of the applicable size, are eligible
17.7 for services funded under the consolidated fund. Counties and tribes must give priority
17.8 to families currently receiving MFIP ~~or, the~~ diversionary work program, or the family
17.9 stabilization services program, and families at risk of receiving MFIP or diversionary
17.10 work program.

17.11 Sec. 18. Minnesota Statutes 2006, section 256J.626, subdivision 4, is amended to read:

17.12 Subd. 4. **County and tribal biennial service agreements.** (a) Effective January 1,
17.13 2004, and each two-year period thereafter, each county and tribe must have in place an
17.14 approved biennial service agreement related to the services and programs in this chapter.
17.15 In counties with a city of the first class with a population over 300,000, the county must
17.16 consider a service agreement that includes a jointly developed plan for the delivery of
17.17 employment services with the city. Counties may collaborate to develop multicounty,
17.18 multitribal, or regional service agreements.

17.19 (b) The service agreements will be completed in a form prescribed by the
17.20 commissioner. The agreement must include:

17.21 (1) a statement of the needs of the service population and strengths and resources
17.22 in the community;

17.23 (2) numerical goals for participant outcomes measures to be accomplished during
17.24 the biennial period. The commissioner may identify outcomes from section 256J.751,
17.25 subdivision 2, as core outcomes for all counties and tribes;

17.26 (3) strategies the county or tribe will pursue to achieve the outcome targets.
17.27 Strategies must include specification of how funds under this section will be used and may
17.28 include community partnerships that will be established or strengthened; ~~and~~

17.29 (4) strategies the county or tribe will pursue under the family stabilization services
17.30 program; and

17.31 (5) other items prescribed by the commissioner in consultation with counties and
17.32 tribes.

17.33 (c) The commissioner shall provide each county and tribe with information needed
17.34 to complete an agreement, including: (1) information on MFIP cases in the county or

tribe; (2) comparisons with the rest of the state; (3) baseline performance on outcome measures; and (4) promising program practices.

(d) The service agreement must be submitted to the commissioner by October 15, 2003, and October 15 of each second year thereafter. The county or tribe must allow a period of not less than 30 days prior to the submission of the agreement to solicit comments from the public on the contents of the agreement.

(e) The commissioner must, within 60 days of receiving each county or tribal service agreement, inform the county or tribe if the service agreement is approved. If the service agreement is not approved, the commissioner must inform the county or tribe of any revisions needed prior to approval.

(f) The service agreement in this subdivision supersedes the plan requirements of section 116L.88.

Sec. 19. Minnesota Statutes 2006, section 256J.626, subdivision 5, is amended to read:

Subd. 5. **Innovation projects.** Beginning January 1, 2005, no more than \$3,000,000 of the funds annually appropriated to the commissioner for use in the consolidated fund shall be available to the commissioner for projects testing innovative approaches to improving outcomes for MFIP participants, family stabilization services program participants, and persons at risk of receiving MFIP as detailed in subdivision 3, and for providing incentives to counties and tribes that exceed performance. Projects shall be targeted to geographic areas with poor outcomes as specified in section 256J.751, subdivision 5, or to subgroups within the MFIP case load who are experiencing poor outcomes. For purposes of an incentive, a county or tribe exceeds performance if the county or tribe is above the top of the county or tribe's annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), and achieves a 50 percent MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available.

Sec. 20. Minnesota Statutes 2006, section 256J.626, subdivision 6, is amended to read:

Subd. 6. **Base allocation to counties and tribes; definitions.** (a) For purposes of this section, the following terms have the meanings given.

(1) "2002 historic spending base" means the commissioner's determination of the sum of the reimbursement related to fiscal year 2002 of county or tribal agency expenditures for the base programs listed in clause (6), items (i) through (iv), and earnings related to calendar year 2002 in the base program listed in clause (6), item (v), and the

amount of spending in fiscal year 2002 in the base program listed in clause (6), item (vi), issued to or on behalf of persons residing in the county or tribal service delivery area.

(2) "Adjusted caseload factor" means a factor weighted:

(i) 47 percent on the MFIP cases in each county at four points in time in the most recent 12-month period for which data is available multiplied by the county's caseload difficulty factor; and

(ii) 53 percent on the count of adults on MFIP in each county and tribe at four points in time in the most recent 12-month period for which data is available multiplied by the county or tribe's caseload difficulty factor.

(3) "Caseload difficulty factor" means a factor determined by the commissioner for each county and tribe based upon the self-support index described in section 256J.751, subdivision 2, clause (7).

(4) "Initial allocation" means the amount potentially available to each county or tribe based on the formula in paragraphs (b) through (h).

(5) "Final allocation" means the amount available to each county or tribe based on the formula in paragraphs (b) through (h), ~~after adjustment by subdivision 7.~~

(6) "Base programs" means the:

(i) MFIP employment and training services under Minnesota Statutes 2002, section 256J.62, subdivision 1, in effect June 30, 2002;

(ii) bilingual employment and training services to refugees under Minnesota Statutes 2002, section 256J.62, subdivision 6, in effect June 30, 2002;

(iii) work literacy language programs under Minnesota Statutes 2002, section 256J.62, subdivision 7, in effect June 30, 2002;

(iv) supported work program authorized in Laws 2001, First Special Session chapter 9, article 17, section 2, in effect June 30, 2002;

(v) administrative aid program under section 256J.76 in effect December 31, 2002;

and

(vi) emergency assistance program under Minnesota Statutes 2002, section 256J.48, in effect June 30, 2002.

(b) The commissioner shall:

(1) beginning July 1, 2003, determine the initial allocation of funds available under this section according to clause (2);

(2) allocate all of the funds available for the period beginning July 1, 2003, and ending December 31, 2004, to each county or tribe in proportion to the county's or tribe's share of the statewide 2002 historic spending base;

(3) determine for calendar year 2005 the initial allocation of funds to be made available under this section in proportion to the county or tribe's initial allocation for the period of July 1, 2003, to December 31, 2004;

(4) determine for calendar year 2006 the initial allocation of funds to be made available under this section based 90 percent on the proportion of the county or tribe's share of the statewide 2002 historic spending base and ten percent on the proportion of the county or tribe's share of the adjusted caseload factor;

(5) determine for calendar year 2007 the initial allocation of funds to be made available under this section based 70 percent on the proportion of the county or tribe's share of the statewide 2002 historic spending base and 30 percent on the proportion of the county or tribe's share of the adjusted caseload factor; and

(6) determine for calendar year 2008 and subsequent years the initial allocation of funds to be made available under this section based 50 percent on the proportion of the county or tribe's share of the statewide 2002 historic spending base and 50 percent on the proportion of the county or tribe's share of the adjusted caseload factor.

(c) With the commencement of a new or expanded tribal TANF program or an agreement under section 256.01, subdivision 2, paragraph (g), in which some or all of the responsibilities of particular counties under this section are transferred to a tribe, the commissioner shall:

(1) in the case where all responsibilities under this section are transferred to a tribal program, determine the percentage of the county's current caseload that is transferring to a tribal program and adjust the affected county's allocation accordingly; and

(2) in the case where a portion of the responsibilities under this section are transferred to a tribal program, the commissioner shall consult with the affected county or counties to determine an appropriate adjustment to the allocation.

~~(d) Effective January 1, 2005, counties and tribes will have their final allocations adjusted based on the performance provisions of subdivision 7.~~

Sec. 21. **REPEALER.**

Minnesota Statutes 2006, sections 256J.29; and 256J.626, subdivisions 7 and 9, are repealed.

ARTICLE 2

SUPPORTING WORK FOR LOW-INCOME FAMILIES

Section 1. **SUPPORTED WORK.**

Funds appropriated to the commissioner under section 2, subdivision 4, must be allocated to counties based on the criteria under this section. Supported work under this section must be modeled after the mental health supported work model, which provides an intensive continuum of employment assistance, including outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up in addition to extensive case management and referral services.

A county is eligible to receive an allocation under section 2, subdivision 4, if:

(1) the county is not meeting the federal work participation rate;

(2) the county has participants who are required to perform work activities under Minnesota Statutes, chapter 256J, but are not meeting hourly work requirements; and

(3) the county has assessed participants who have completed six weeks of job search or are required to perform work activities and are not meeting the hourly requirements, and the county has determined that the participant would benefit from working in a supported work environment.

Sec. 2. APPROPRIATIONS.

Subdivision 1. **Work study.** \$1,500,000 is appropriated from the TANF reserve account to the Minnesota Office of Higher Education for the biennium beginning July 1, 2007, for work study grants under Minnesota Statutes, section 136A.233, specifically for low-income individuals who receive assistance under Minnesota Statutes, chapter 256J.

Subd. 2. **Car loans and car repairs.** \$3,000,000 is appropriated from the TANF reserve account to the commissioner of human services for the biennium beginning July 1, 2007, for programs that provide car loans and car repairs to individuals who receive assistance under Minnesota Statutes, chapter 256J.

Subd. 3. **Integrated service projects.** \$3,000,000 is appropriated from the TANF reserve account to the commissioner of human services for the biennium beginning July 1, 2007, to fund the integrated services project for MFIP families.

Subd. 4. **Supported work.** \$..... is appropriated from the TANF reserve account to the commissioner of human services for the biennium beginning July 1, 2007, for supported work for MFIP participants. The funds appropriated under this section are specifically for counties that are not meeting the work participation rates and must be allocated according to section 1.