A bill for an act
relating to education; modifying prekindergarten exploratory projects eligibility; amending Laws 2007, chapter 147, article 2, section 62; article 19, section 3, subdivision 4.

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

Section 1. Laws 2007, chapter 147, article 2, section 62, is amended to read:

Sec. 62. **PREKINDERGARTEN EXPLORATORY PROJECTS.**

Subdivision 1. **Early childhood allowance.** The ~~commissioners~~ commissioner of ~~human services and~~ education shall ~~establish~~ fund three prekindergarten exploratory projects to ~~be conducted in partnership with the Minnesota Early Learning Foundation to~~ promote children's school readiness in the city of St. Paul; north Minneapolis; Wayzata School District; and Blue Earth and Nicollet Counties. ~~The exploratory projects shall be designed and evaluated by the Minnesota Early Learning Foundation.~~

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~~ an eligible early education ~~setting. A quality program is one that meets the standards~~ program as defined in subdivision 3.

Subd. 3. ~~**Quality standards**~~ **Eligible Program.** (a) ~~A quality early care and education setting is any service or~~ An eligible program is (1) a federally designated Head Start program as defined in section 119A.50 approved by the commissioner; (2) a school readiness program as defined in section 124D.15 approved by the commissioner; (3) an accredited child care program; and (4) any child care program that receives a quality or provisional 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 years 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~~ programs:

(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)~~ and (b) 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**~~ **Not income for purposes of other publicly funded programs.** ~~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.

Sec. 2. Laws 2007, chapter 147, article 19, section 3, subdivision 4, is amended to read:

Subd. 4. **Children and Economic Assistance Grants**

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

(a) **MFIP/DWP Grants**

Appropriations by Fund		
General	62,069,000	62,405,000
Federal TANF	75,904,000	80,841,000

(b) **Support Services Grants**

Appropriations by Fund		
General	8,715,000	8,715,000
Federal TANF	113,429,000	115,902,000

TANF Prior Appropriation Cancellation. Notwithstanding Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 11, paragraph (b), any unexpended TANF funds appropriated to the commissioner to contract with the Board of Trustees of Minnesota State Colleges and Universities, to provide tuition waivers to employees of health care and human service providers that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15, must cancel at the end of fiscal year 2007.

MFIP Pilot Program. Of the TANF appropriation, $100,000 in fiscal year 2008 and $750,000 in fiscal year 2009 are for a grant to the Stearns-Benton Employment and Training Council for the Workforce U pilot program. Base level funding for this program shall be $750,000 in 2010 and $0 in 2011.

Supported Work. (1) Of the TANF appropriation, $5,468,000 in fiscal year 2008 and $7,291,000 in fiscal year 2009 are for supported work for MFIP participants, to be allocated to counties and tribes based on the criteria under clauses (2) and (3). Paid transitional work experience and other supported employment under this rider provides a 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. * (The preceding text "and $7,291,000 in fiscal year 2009" was indicated as vetoed by the governor.)

(2) A county or tribe is eligible to receive an allocation under this rider if:

(i) the county or tribe is not meeting the federal work participation rate;

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

(iii) the county or tribe 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 or tribe has determined that the participant would benefit from working in a supported work environment.

(3) A county or tribe may also be eligible for funds in order to contract for supplemental hours of paid work at the participant's child's place of education, child care location, or the child's physical or mental health treatment facility or office. This grant to counties and tribes is specifically for MFIP participants who need to work up to five hours more per week in order to meet the hourly work requirement, and the participant's employer cannot or will not offer more hours to the participant.

Work Study. Of the TANF appropriation, $750,000 each year are to the commissioner to contract with 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, and for grants to opportunities industrialization centers. * (The preceding text beginning "Work Study. Of the TANF appropriation," was indicated as vetoed by the governor.)

Integrated Service Projects. $2,500,000 in fiscal year 2008 and $2,500,000 in fiscal year 2009 are appropriated from the TANF fund to the commissioner to continue to fund the existing integrated services projects for MFIP families, and if funding allows, additional similar projects.

Base Adjustment. The TANF base for fiscal year 2010 is $115,902,000 and for fiscal year 2011 is $115,152,000.

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

General	74,654,000	71,951,000

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

General	42,995,000	45,008,000

Base Adjustment. The general fund base is $44,881,000 for fiscal year 2010 and $44,852,000 for fiscal year 2011.

At-Home Infant Care Program. No funding shall be allocated to or spent on the at-home infant care program under Minnesota Statutes, section 119B.035.

(e) **Child Care Development Grants**

General	4,390,000	6,390,000

Prekindergarten Exploratory Projects. Of the general fund appropriation, $2,000,000 ~~the first year and $4,000,000 the second year are for grants to the city of St. Paul, Hennepin County, and Blue Earth County~~ in 2008 and $4,000,000 in 2009 are appropriated to the commissioner of education to establish ~~scholarship~~ demonstration projects ~~to be conducted in partnership with the Minnesota Early Learning Foundation~~ to promote children's school readiness. This appropriation is available until June 30, 2009.

Child Care Services Grants. Of this appropriation, $500,000 each year are for the purpose 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. Of this appropriation, $500,000 each year are 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.

Base Adjustment. The general fund base is $1,515,000 for each of fiscal years 2010 and 2011.

(f) **Child Support Enforcement Grants**

General	11,038,000	3,705,000

Child Support Enforcement. $7,333,000 for fiscal year 2008 is to make grants to counties for child support enforcement programs to make up for the loss under the 2005 federal Deficit Reduction Act of federal matching funds for federal incentive funds passed on to the counties by the state.

This appropriation is available until June 30, 2009.

(g) **Children's Services Grants**

Appropriations by Fund		
General	63,647,000	71,147,000
Health Care Access	250,000	-0-
TANF	240,000	340,000

Grants for Programs Serving Young Parents. Of the TANF fund appropriation, $140,000 each year is for a grant to a program or programs that provide comprehensive services through a private, nonprofit agency to young parents in Hennepin County who have dropped out of school and are receiving public assistance. The program administrator shall report annually to the commissioner on skills development, education, job training, and job placement outcomes for program participants.

County Allocations for Rate Increases. County Children and Community Services Act allocations shall be increased by $197,000 effective October 1, 2007, and $696,000 effective October 1, 2008, to help counties pay for the rate adjustments to day training and habilitation providers for participants paid by county social service funds. Notwithstanding the provisions of Minnesota Statutes, section 256M.40, the allocation to a county shall be based on the county's proportion of social services spending for day training and habilitation services as determined in the most recent social services expenditure and grant reconciliation report.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal year 2008 and fiscal year 2009 for the adoption incentive grants are appropriated to the commissioner for these purposes.

Adoption Assistance and Relative Custody Assistance. The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

Children's Mental Health Grants. Of the general fund appropriation, $5,913,000 in fiscal year 2008 and $6,825,000 in fiscal year 2009 are for children's mental health grants. The purpose of these grants is to increase and maintain the state's children's mental health service capacity, especially for school-based mental health services. The commissioner shall require grantees to utilize all available third party reimbursement sources as a condition of using state grant funds. At least 15 percent of these funds shall be used to encourage efficiencies through early intervention services. At least another 15 percent shall be used to provide respite care services for children with severe emotional disturbance at risk of out-of-home placement.

Mental Health Crisis Services. Of the general fund appropriation, $2,528,000 in fiscal year 2008 and $2,850,000 in fiscal year 2009 are for statewide funding of children's mental health crisis services. Providers must utilize all available funding streams.

Children's Mental Health Evidence-Based and Best Practices. Of the general fund appropriation, $375,000 in fiscal year 2008 and $750,000 in fiscal year 2009 are for children's mental health evidence-based and best practices including, but not limited to: Adolescent Integrated Dual Diagnosis Treatment services; school-based mental health services; co-location of mental health and physical health care, and; the use of technological resources to better inform diagnosis and development of treatment plan development by mental health professionals. The commissioner shall require grantees to utilize all available third-party reimbursement sources as a condition of using state grant funds.

Culturally Specific Mental Health Treatment Grants. Of the general fund appropriation, $75,000 in fiscal year 2008 and $300,000 in fiscal year 2009 are for children's mental health grants to support increased availability of mental health services for persons from cultural and ethnic minorities within the state. The commissioner shall use at least 20 percent of these funds to help members of cultural and ethnic minority communities to become qualified mental health professionals and practitioners. The commissioner shall assist grantees to meet third-party credentialing requirements and require them to utilize all available third-party reimbursement sources as a condition of using state grant funds.

Mental Health Services for Children with Special Treatment Needs. Of the general fund appropriation, $50,000 in fiscal year 2008 and $200,000 in fiscal year 2009 are for children's mental health grants to support increased availability of mental health services for children with special treatment needs. These shall include, but not be limited to: victims of trauma, including children subjected to abuse or neglect, veterans and their families, and refugee populations; persons with complex treatment needs, such as eating disorders; and those with low incidence disorders.

MFIP and Children's Mental Health Pilot Project. Of the TANF appropriation, $100,000 in fiscal year 2008 and $200,000 in fiscal year 2009 are to fund the MFIP and children's mental health pilot project. Of these amounts, up to $100,000 may be expended on evaluation of this pilot.

Prenatal Alcohol or Drug Use. Of the general fund appropriation, $75,000 each year is to award grants beginning July 1, 2007, to programs that provide services under Minnesota Statutes, section 254A.171, in Pine, Kanabec, and Carlton Counties. This appropriation shall become part of the base appropriation.

Base Adjustment. The general fund base is $62,572,000 in fiscal year 2010 and $62,575,000 in fiscal year 2011.

(h) **Children and Community Services Grants**

General	101,369,000	69,208,000

Base Adjustment. The general fund base is $69,274,000 in each of fiscal years 2010 and 2011.

Targeted Case Management Temporary Funding. (a) Of the general fund appropriation, $32,667,000 in fiscal year 2008 is transferred to the targeted case management contingency reserve account in the general fund to be allocated to counties and tribes affected by reductions in targeted case management federal Medicaid revenue as a result of the provisions in the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) Contingent upon (1) publication by the federal Centers for Medicare and Medicaid Services of final regulations implementing the targeted case management provisions of the federal Deficit Reduction Act of 2005, Public Law 109-171, or (2) the issuance of a finding by the Centers for Medicare and Medicaid Services of federal Medicaid overpayments for targeted case management expenditures, up to $32,667,000 is appropriated to the commissioner of human services. Prior to distribution of funds, the commissioner shall estimate and certify the amount by which the federal regulations or federal disallowance will reduce targeted case management Medicaid revenue over the 2008-2009 biennium.

(c) Within 60 days of a contingency described in paragraph (b), the commissioner shall distribute the grants proportionate to each affected county or tribe's targeted case management federal earnings for calendar year 2005, not to exceed the lower of (1) the amount of the estimated reduction in federal revenue or (2) $32,667,000.

(d) These funds are available in either year of the biennium. Counties and tribes shall use these funds to pay for social service-related costs, but the funds are not subject to provisions of the Children and Community Services Act grant under Minnesota Statutes, chapter 256M.

(e) This appropriation shall be available to pay counties and tribes for expenses incurred on or after July 1, 2007. The appropriation shall be available until expended.

(i) **General Assistance Grants**

General	37,876,000	38,253,000

General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at $203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than $7,889,812 in fiscal year 2008 and $7,889,812 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

(j) **Minnesota Supplemental Aid Grants**

General	30,505,000	30,812,000

Emergency Minnesota Supplemental Aid Funds. The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than $1,100,000 in fiscal year 2008 and $1,100,000 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

(k) **Group Residential Housing Grants**

General	91,069,000	98,671,000

People Incorporated. Of the general fund appropriation, $460,000 each year is to augment community support and mental health services provided to individuals residing in facilities under Minnesota Statutes, section 256I.05, subdivision 1m.

(l) **Other Children and Economic Assistance Grants**

General	20,183,000	16,333,000
Federal TANF	1,500,000	1,500,000

Base Adjustment. The general fund base shall be $16,033,000 in fiscal year 2010 and $15,533,000 in fiscal year 2011. The TANF base shall be $1,500,000 in fiscal year 2010 and $1,181,000 in fiscal year 2011.

Homeless and Runaway Youth. Of the general fund appropriation, $500,000 each year are for the Runaway and Homeless Youth Act under Minnesota Statutes, section 256K.45. Funds shall be spent in each area of the continuum of care to ensure that programs are meeting the greatest need. This is a onetime appropriation.

Long-Term Homelessness. Of the general fund appropriation, $1,500,000 each year are for implementation of programs to address long-term homelessness. This is a onetime appropriation.

Minnesota Community Action Grants. (a) Of the general fund appropriation, $250,000 each year is for the purposes of Minnesota community action grants under Minnesota Statutes, sections 256E.30 to 256E.32. This is a onetime appropriation.

(b) Of the TANF appropriation, $1,500,000 each year is for community action agencies for auto repairs, auto loans, and auto purchase grants to individuals who are eligible to receive benefits under Minnesota Statutes, chapter 256J, or who have lost eligibility for benefits under Minnesota Statutes, chapter 256J, due to earnings in the prior 12 months. Base level funding for this activity shall be $1,500,000 in fiscal year 2010 and $1,181,000 in fiscal year 2011. * (The preceding text beginning "(b) Of the TANF appropriation," was indicated as vetoed by the governor.)

(c) Money appropriated under paragraphs (a) and (b) that is not spent in the first year does not cancel but is available for the second year.