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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1694

04/04/2013 Authored by Moran

The bill was read for the first time and referred to the Committee on Early Childhood and Youth Development Policy

1.1 A bill for an act
 1.2 relating to welfare reform; enabling low-income workers to meet basic needs;
 1.3 reducing welfare costs to taxpayers; providing child care assistance to low-income
 1.4 workers; increasing working family tax credit; increasing minimum wage;
 1.5 reestablishing the Minnesota emergency employment development program;
 1.6 appropriating money; amending Minnesota Statutes 2012, sections 119B.02,
 1.7 subdivisions 1, 2; 119B.03, subdivisions 3, 9, 10; 119B.035, subdivisions 1, 2, 4,
 1.8 5; 119B.05, subdivision 5; 119B.08, subdivision 3; 119B.09, subdivisions 4a, 7;
 1.9 119B.10; 119B.11, subdivision 1; 119B.12, subdivision 2; 119B.13, subdivision
 1.10 1; 119B.15; 119B.24; 177.24, subdivision 1; 290.0671, subdivision 1; repealing
 1.11 Minnesota Statutes 2012, sections 119B.011, subdivisions 20, 20a; 119B.03,
 1.12 subdivisions 1, 2, 4, 5, 6, 6a, 6b, 8; 119B.05, subdivision 1; 119B.07; 119B.09,
 1.13 subdivision 3; 119B.11, subdivision 4; 290.0671, subdivision 7.

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

1.15 ARTICLE 1

1.16 FINDINGS

1.17 Section 1. **FINDINGS.**

1.18 (a) At this time of economic crisis, a growing number of Minnesotans are struggling
 1.19 to make ends meet. More than one in ten Minnesotans lives in poverty, and three in ten
 1.20 are struggling to meet basic needs. Some workers cannot afford housing and go from
 1.21 their jobs to a homeless shelter at night.

1.22 (b) Because low-income people frequently need government assistance to feed
 1.23 their families, the most effective welfare reform is to help Minnesota workers succeed
 1.24 in the economy. This includes ensuring that there are jobs available to them, they have
 1.25 access to affordable child care, and that, through higher wages and an increase in the
 1.26 working family tax credit, they are able to afford basic needs. The welfare reform would

2.1 improve the lives of those workers and their families, boost their productivity, improve the
 2.2 economy, and reduce financial assistance costs for the state.

2.3 ARTICLE 2

2.4 CHILD CARE ASSISTANCE CONSOLIDATION

2.5 Section 1. Minnesota Statutes 2012, section 119B.02, subdivision 1, is amended to read:

2.6 Subdivision 1. **Child care services.** The commissioner shall develop standards
 2.7 for county and human services boards to provide child care services to enable eligible
 2.8 families to participate in employment, training, or education programs. ~~Within the limits~~
 2.9 ~~of available appropriations,~~ The commissioner shall distribute money to counties to
 2.10 reduce the costs of child care for eligible families. The commissioner shall adopt rules to
 2.11 govern the program in accordance with this section. The rules must establish a sliding
 2.12 schedule of fees for parents receiving child care services. The rules shall provide that
 2.13 funds received as a lump-sum payment of child support arrearages shall not be counted
 2.14 as income to a family in the month received but shall be prorated over the 12 months
 2.15 following receipt and added to the family income during those months. The commissioner
 2.16 shall maximize the use of federal money under title I and title IV of Public Law 104-193,
 2.17 the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and
 2.18 other programs that provide federal or state reimbursement for child care services for
 2.19 low-income families who are in education, training, job search, or other activities allowed
 2.20 under those programs. Money appropriated under this section must be coordinated with
 2.21 the programs that provide federal reimbursement for child care services to accomplish
 2.22 this purpose. ~~Federal reimbursement obtained must be allocated to the county that spent~~
 2.23 ~~money for child care that is federally reimbursable under programs that provide federal~~
 2.24 ~~reimbursement for child care services.~~ The ~~counties~~ commissioner shall use the federal
 2.25 money to expand child care services. The commissioner may adopt rules under chapter 14
 2.26 to implement and coordinate federal program requirements.

2.27 Sec. 2. Minnesota Statutes 2012, section 119B.02, subdivision 2, is amended to read:

2.28 Subd. 2. **Contractual agreements with tribes.** The commissioner may enter into
 2.29 contractual agreements with a federally recognized Indian tribe with a reservation in
 2.30 Minnesota to carry out the responsibilities of county human service agencies to the extent
 2.31 necessary for the tribe to operate child care assistance programs for families eligible
 2.32 under sections ~~119B.03~~ 119B.09 and ~~119B.05~~ 119B.10. An agreement may allow for the
 2.33 tribe to be reimbursed for child care assistance services provided under ~~section 119B.05~~
 2.34 this chapter. The commissioner shall consult with the affected county or counties in the

3.1 contractual agreement negotiations, if the county or counties wish to be included, in
 3.2 order to avoid the duplication of county and tribal child care services. ~~Funding to support~~
 3.3 ~~services under section 119B.03 may be transferred to the federally recognized Indian tribe~~
 3.4 ~~with a reservation in Minnesota from allocations available to counties in which reservation~~
 3.5 ~~boundaries lie. When funding is transferred under section 119B.03, the amount shall be~~
 3.6 ~~commensurate to estimates of the proportion of reservation residents with characteristics~~
 3.7 ~~identified in section 119B.03, subdivision 6, to the total population of county residents~~
 3.8 ~~with those same characteristics.~~

3.9 Sec. 3. Minnesota Statutes 2012, section 119B.03, subdivision 3, is amended to read:

3.10 Subd. 3. **Eligible participants.** Families that meet the eligibility requirements
 3.11 under sections ~~119B.07, 119B.09, and 119B.10, except MFIP participants, diversionary~~
 3.12 ~~work program, and transition year families~~ are eligible for child care assistance under the
 3.13 basic sliding fee child care assistance program. Families enrolled in the ~~basic sliding fee~~
 3.14 child care assistance program shall be continued until they are no longer eligible. Child
 3.15 care assistance provided through the child care fund is considered assistance to the parent.

3.16 Sec. 4. Minnesota Statutes 2012, section 119B.03, subdivision 9, is amended to read:

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

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

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

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

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

- 4.1 (1) accept administrative responsibility for ~~applicants for portable basic sliding fee~~
 4.2 assistance at the end of the two months of assistance under the Unitary Residency Act;
 4.3 (2) ~~continue basic sliding fee assistance for the lesser of six months or until the~~
 4.4 ~~family is able to receive assistance under the county's regular basic sliding program; and~~
 4.5 (3) ~~notify the commissioner through the quarterly reporting process of any family~~
 4.6 ~~that meets the criteria of the portable basic sliding fee assistance pool.~~

4.7 Sec. 5. Minnesota Statutes 2012, section 119B.03, subdivision 10, is amended to read:

4.8 Subd. 10. **Application; entry points.** Two or more methods of applying for the
 4.9 ~~basic sliding fee~~ child care assistance program under this chapter must be available to
 4.10 applicants in each county. To meet the requirements of this subdivision, a county may
 4.11 provide alternative methods of applying for assistance, including, but not limited to, a mail
 4.12 application, or application sites that are located outside of government offices.

4.13 Sec. 6. Minnesota Statutes 2012, section 119B.035, subdivision 1, is amended to read:

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

4.25 Sec. 7. Minnesota Statutes 2012, section 119B.035, subdivision 2, is amended to read:

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

- 4.28 (1) the family is not receiving MFIP, other cash assistance, or other child care
 4.29 assistance;
 4.30 (2) the family has not previously received a lifelong total of 12 months of assistance
 4.31 under this section; and

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

5.4 Sec. 8. Minnesota Statutes 2012, section 119B.035, subdivision 4, is amended to read:

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

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

5.11 (c) Persons who are admitted to the at-home infant child care program retain their
5.12 position in any ~~basic-sliding-fee~~ child care assistance program. Persons leaving the
5.13 at-home infant child care program re-enter the ~~basic-sliding-fee~~ child care assistance
5.14 program at the position they would have occupied.

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

5.17 Sec. 9. Minnesota Statutes 2012, section 119B.035, subdivision 5, is amended to read:

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

5.23 Sec. 10. Minnesota Statutes 2012, section 119B.05, subdivision 5, is amended to read:

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

5.28 Sec. 11. Minnesota Statutes 2012, section 119B.08, subdivision 3, is amended to read:

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

6.1 (1) a description of strategies to coordinate and maximize public and private
 6.2 community resources, including school districts, health care facilities, government
 6.3 agencies, neighborhood organizations, and other resources knowledgeable in early
 6.4 childhood development, in particular to coordinate child care assistance with existing
 6.5 community-based programs and service providers including child care resource and
 6.6 referral programs, early childhood family education, school readiness, Head Start, local
 6.7 interagency early intervention committees, special education services, early childhood
 6.8 screening, and other early childhood care and education services and programs to the extent
 6.9 possible, to foster collaboration among agencies and other community-based programs that
 6.10 provide flexible, family-focused services to families with young children and to facilitate
 6.11 transition into kindergarten. The county must describe a method by which to share
 6.12 information, responsibility, and accountability among service and program providers;

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

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

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

6.30 Sec. 12. Minnesota Statutes 2012, section 119B.09, subdivision 4a, is amended to read:

6.31 Subd. 4a. **Temporary ineligibility of military personnel.** Counties must reserve a
 6.32 family's position under the child care assistance fund if a family has been receiving child
 6.33 care assistance but is temporarily ineligible for assistance due to increased income from
 6.34 active military service. Activated military personnel may be temporarily ineligible until
 6.35 deactivation. ~~A county must reserve a military family's position on the basic sliding fee~~

7.1 ~~waiting list under the child care assistance fund if a family is approved to receive child care~~
 7.2 ~~assistance and reaches the top of the waiting list but is temporarily ineligible for assistance.~~

7.3 Sec. 13. Minnesota Statutes 2012, section 119B.09, subdivision 7, is amended to read:

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

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

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

7.21 Sec. 14. Minnesota Statutes 2012, section 119B.10, is amended to read:

7.22 **119B.10 EMPLOYMENT OR TRAINING ELIGIBILITY.**

7.23 Subdivision 1. **Assistance for persons seeking and retaining employment.** (a)
 7.24 Persons who are seeking employment and who are eligible for assistance under this ~~section~~
 7.25 chapter are eligible to receive up to 240 hours of child care assistance per calendar year.

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

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

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

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

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

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

8.11 (1) persons who are participating in employment orientation or job search, or
8.12 other employment or training activities that are included in an approved employability
8.13 development plan under chapter 256K;

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

8.17 (3) persons who are participating in social services activities under chapter 256J
8.18 or 256K as required in their employment plan approved according to chapter 256J or
8.19 256K; and

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

8.22 **Subd. 2. Financial eligibility required.** Persons participating in employment
8.23 programs, training programs, or education programs are eligible for continued assistance
8.24 from the child care fund, if they are financially eligible under the sliding fee scale set
8.25 by the commissioner in section 119B.12.

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

8.28 (1) persons who meet the requirements of section 119B.09 who are enrolled in
8.29 remedial or basic education or English as a second language, or persons up to the age of
8.30 19 who are enrolled in an educational program to attain a high school diploma or general
8.31 equivalency diploma;

8.32 (2) persons who meet the requirements of this section and section 119B.09 who
8.33 receive child care assistance to reduce the costs of child care for education when employed
8.34 an average of at least ten hours per week under subdivision 1, and are not receiving MFIP
8.35 benefits as defined in section 119B.011, subdivision 17; and

9.1 (3) persons who meet the requirements of this section and section 119B.09 who
 9.2 receive child care assistance to reduce the costs of child care for education when enrolled
 9.3 in a postsecondary educational institution as a full-time undergraduate student, and are not
 9.4 receiving MFIP benefits as defined in section 119B.011, subdivision 17.

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

9.8 Subd. 4. **Satisfactory progress.** Students enrolled in an education program
 9.9 under section 119B.011, subdivision 11, must be making satisfactory progress toward
 9.10 completion of the program as stipulated in the school's satisfactory progress policy.

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

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

9.22 Subd. 7. **MFIP student moves to another county.** If an MFIP participant who is
 9.23 receiving child care assistance under this chapter moves to another county, continues
 9.24 to participate in educational or training programs authorized in the MFIP participant's
 9.25 employment plans, and continues to be eligible for child care assistance under this chapter,
 9.26 the MFIP participant must receive continued child care assistance from the county
 9.27 responsible for the MFIP participant's current employment plan under section 256G.07.

9.28 Sec. 15. Minnesota Statutes 2012, section 119B.11, subdivision 1, is amended to read:

9.29 Subdivision 1. **County contributions required.** (a) In addition to payments from
 9.30 ~~basic sliding fee child care assistance~~ program participants, each county shall contribute
 9.31 from county tax or other sources a fixed local match equal to its calendar year 1996
 9.32 required county contribution reduced by the administrative funding loss that would have
 9.33 occurred in state fiscal year 1996 under section 119B.15. The commissioner shall recover
 9.34 funds from the county as necessary to bring county expenditures into compliance with this

10.1 subdivision. The commissioner may accept county contributions, including contributions
10.2 above the fixed local match, in order to make state payments.

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

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

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

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

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

10.13 Sec. 16. Minnesota Statutes 2012, section 119B.12, subdivision 2, is amended to read:

10.14 Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period.
10.15 A family's parent fee must be a fixed percentage of its annual gross income. Parent fees
10.16 must apply to families eligible for child care assistance under ~~sections 119B.03 and~~
10.17 ~~119B.05~~ section 119B.09. Income must be as defined in section 119B.011, subdivision 15.
10.18 The fixed percent is based on the relationship of the family's annual gross income to 100
10.19 percent of the annual state median income. Parent fees must begin at 75 percent of the
10.20 poverty level. The minimum parent fees for families between 75 percent and 100 percent
10.21 of poverty level must be \$2 per biweekly period. Parent fees must provide for graduated
10.22 movement to full payment. Payment of part or all of a family's parent fee directly to the
10.23 family's child care provider on behalf of the family by a source other than the family shall
10.24 not affect the family's eligibility for child care assistance, and the amount paid shall be
10.25 excluded from the family's income. Child care providers who accept third-party payments
10.26 must maintain family specific documentation of payment source, amount, and time period
10.27 covered by the payment.

10.28 Sec. 17. Minnesota Statutes 2012, section 119B.13, subdivision 1, is amended to read:

10.29 Subdivision 1. **Subsidy restrictions.** (a) ~~Beginning October 31, 2011~~ July 1, 2013,
10.30 the maximum rate paid for child care assistance ~~in any county or multicounty region~~ under
10.31 the child care fund ~~shall be the rate for like-care arrangements in the county effective July~~
10.32 ~~1, 2006, decreased by 2.5 percent~~ is the 75th percentile rate for like-care arrangements as
10.33 surveyed by the commissioner in the most current market rate survey.

11.1 (b) Biennially, beginning in 2012, the commissioner shall survey rates charged
 11.2 by child care providers in Minnesota to determine the 75th percentile for like-care
 11.3 arrangements in counties. When the commissioner determines that, using the
 11.4 commissioner's established protocol, the number of providers responding to the survey is
 11.5 too small to determine the 75th percentile rate for like-care arrangements in a county or
 11.6 multicounty region, the commissioner may establish the 75th percentile maximum rate
 11.7 based on like-care arrangements in a county, region, or category that the commissioner
 11.8 deems to be similar.

11.9 (c) A rate which includes a special needs rate paid under subdivision 3 or under a
 11.10 school readiness service agreement paid under section 119B.231, may be in excess of the
 11.11 maximum rate allowed under this subdivision.

11.12 (d) The department shall monitor the effect of this paragraph on provider rates. The
 11.13 county shall pay the provider's full charges for every child in care up to the maximum
 11.14 established. The commissioner shall determine the maximum rate for each type of care
 11.15 on an hourly, full-day, and weekly basis, including special needs and disability care. The
 11.16 maximum payment to a provider for one day of care must not exceed the daily rate. The
 11.17 maximum payment to a provider for one week of care must not exceed the weekly rate.

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

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

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

11.26 Sec. 18. Minnesota Statutes 2012, section 119B.15, is amended to read:

11.27 **119B.15 ADMINISTRATIVE EXPENSES.**

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

12.1 Sec. 19. Minnesota Statutes 2012, section 119B.24, is amended to read:

12.2 **119B.24 DUTIES OF COMMISSIONER.**

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

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

12.7 (2) monitor the child care resource and referral programs established under section
12.8 119B.19; and

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

12.14 Sec. 20. **DIRECTION TO COMMISSIONER OF MANAGEMENT AND**
12.15 **BUDGET.**

12.16 The state obligation for the child care assistance program under Minnesota Statutes,
12.17 chapter 119B, must be included in the Department of Management and Budget February
12.18 and November forecast of state revenues and expenditures under Minnesota Statutes,
12.19 section 16A.103, beginning with the November 2013 forecast.

12.20 Sec. 21. **REVISOR'S INSTRUCTION.**

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

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

12.28 (b) The revisor of statutes shall correct internal cross-references to sections resulting
12.29 from the repealer in section 22. The revisor may make changes necessary to correct the
12.30 punctuation, grammar, or structure of the remaining text and preserve its meaning.

12.31 Sec. 22. **REPEALER.**

13.1 Minnesota Statutes 2012, sections 119B.011, subdivisions 20 and 20a; 119B.03,
 13.2 subdivisions 1, 2, 4, 5, 6, 6a, 6b, and 8; 119B.05, subdivision 1; 119B.07; 119B.09,
 13.3 subdivision 3; and 119B.11, subdivision 4, are repealed.

13.4 ARTICLE 3

13.5 WORKING FAMILY TAX CREDIT

13.6 Section 1. Minnesota Statutes 2012, section 290.0671, subdivision 1, is amended to read:

13.7 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax
 13.8 imposed by this chapter equal to a percentage 60 percent of earned income. ~~To receive a~~
 13.9 ~~credit, a taxpayer must be eligible for a~~ the credit for which the individual is eligible under
 13.10 section 32 of the Internal Revenue Code.

13.11 ~~(b) For individuals with no qualifying children, the credit equals 1.9125 percent of~~
 13.12 ~~the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned~~
 13.13 ~~income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no~~
 13.14 ~~case is the credit less than zero.~~

13.15 ~~(c) For individuals with one qualifying child, the credit equals 8.5 percent of the first~~
 13.16 ~~\$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than~~
 13.17 ~~\$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income,~~
 13.18 ~~whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.~~

13.19 ~~(d) For individuals with two or more qualifying children, the credit equals ten percent~~
 13.20 ~~of the first \$9,720 of earned income and 20 percent of earned income over \$14,860 but less~~
 13.21 ~~than \$16,800. The credit is reduced by 10.3 percent of earned income or adjusted gross~~
 13.22 ~~income, whichever is greater, in excess of \$17,890, but in no case is the credit less than zero.~~

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

13.25 ~~(f)~~ (c) For a person who was a resident for the entire tax year and has earned income
 13.26 not subject to tax under this chapter, including income excluded under section 290.01,
 13.27 subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal
 13.28 adjusted gross income reduced by the earned income not subject to tax under this chapter
 13.29 over federal adjusted gross income. For purposes of this paragraph, the subtractions
 13.30 for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not
 13.31 considered "earned income not subject to tax under this chapter."

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

14.1 (g) For tax years beginning after December 31, 2007, and before December 31,
14.2 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in
14.3 paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by
14.4 \$3,000 for married taxpayers filing joint returns. For tax years beginning after December
14.5 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined
14.6 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
14.7 section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009,
14.8 the commissioner shall then determine the percent change from the 12 months ending on
14.9 August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent
14.10 year, from the 12 months ending on August 31, 2007, to the 12 months ending on August
14.11 31 of the year preceding the taxable year. The earned income thresholds as adjusted
14.12 for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount
14.13 is rounded up to the nearest \$10. The determination of the commissioner under this
14.14 subdivision is not a rule under the Administrative Procedure Act.

14.15 (h) For tax years beginning after December 31, 2010, and before January 1, 2012,
14.16 the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph
14.17 (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for
14.18 married taxpayers filing joint returns. For tax years beginning after December 31, 2010,
14.19 and before January 1, 2012, the commissioner shall annually adjust the \$5,000 by the
14.20 percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue
14.21 Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word
14.22 "1992." For 2011, the commissioner shall then determine the percent change from the 12
14.23 months ending on August 31, 2008, to the 12 months ending on August 31, 2010. The
14.24 earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the
14.25 amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the
14.26 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

14.27 (i) (d) The commissioner shall construct tables showing the amount of the credit
14.28 at various income levels and make them available to taxpayers. The tables shall follow
14.29 the schedule contained in this subdivision, except that the commissioner may graduate
14.30 the transition between income brackets.

14.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
14.32 December 31, 2012.

14.33 **Sec. 2. REPEALER.**

14.34 Minnesota Statutes 2012, section 290.0671, subdivision 7, is repealed.

15.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
15.2 December 31, 2012.

15.3 **ARTICLE 4**

15.4 **MINIMUM WAGE**

15.5 Section 1. Minnesota Statutes 2012, section 177.24, subdivision 1, is amended to read:

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

15.8 (1) "Large employer" means an enterprise whose annual gross volume of sales
15.9 made or business done is not less than \$625,000 (exclusive of excise taxes at the retail
15.10 level that are separately stated) and covered by the Minnesota Fair Labor Standards Act,
15.11 sections 177.21 to 177.35.

15.12 (2) "Small employer" means an enterprise whose annual gross volume of sales made
15.13 or business done is less than \$625,000 (exclusive of excise taxes at the retail level that
15.14 are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections
15.15 177.21 to 177.35.

15.16 (b) Except as otherwise provided in sections 177.21 to 177.35, every large employer
15.17 must pay each employee wages at a rate of at least ~~\$5.15 an hour beginning September~~
15.18 ~~1, 1997, and at a rate of at least \$6.15 an hour beginning August 1, 2005~~ \$10 an hour
15.19 effective August 1, 2013. Every small employer must pay each employee at a rate of at
15.20 least ~~\$4.90 an hour beginning January 1, 1998, and at a rate of at least \$5.25 an hour~~
15.21 ~~beginning August 1, 2005~~ \$9 an hour effective August 1, 2013. Effective August 1, 2014,
15.22 every large employer must pay each employee wages at a rate of at least \$10.75 an hour,
15.23 and every small employer must pay each employee wages at a rate of \$10 an hour.

15.24 (c) Notwithstanding paragraph (b), during the first 90 consecutive days of
15.25 employment, an employer may pay an employee under the age of ~~20~~ 18 years a wage at a
15.26 rate of \$4.90 at least \$9 an hour effective August 1, 2013. No employer may take any
15.27 action to displace any employee, including a partial displacement through a reduction in
15.28 hours, wages, or employment benefits, in order to hire an employee at the wage authorized
15.29 in this paragraph.

15.30 (d) Beginning August 1, 2014, and each August 1 thereafter, employee wage rates
15.31 under paragraphs (b) and (c) shall be indexed to inflation.

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

16.1 **ARTICLE 5**

16.2 **MINNESOTA EMERGENCY EMPLOYMENT DEVELOPMENT**

16.3 Section 1. **CITATION.**

16.4 Sections 1 to 14 may be cited as the "Minnesota Emergency Employment
 16.5 Development (MEED) Act of 2013."

16.6 Sec. 2. **DEFINITIONS.**

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

16.9 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of employment
 16.10 and economic development.

16.11 Subd. 3. **Department.** "Department" means the Department of Employment and
 16.12 Economic Development.

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

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

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

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

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

16.20 (2) is unemployed;

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

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

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

16.27 Subd. 8. **Eligible nonprofit agency.** "Eligible nonprofit agency" means an
 16.28 organization exempt from taxation under the Internal Revenue Code of 1986, section
 16.29 501(c)(3), as amended.

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

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

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

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

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

17.11 Subdivision 1. **Duties.** The commissioner shall administer the provisions of sections
 17.12 1 to 14. The commissioner shall:

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

17.14 (2) review the emergency employment development plan submitted by the
 17.15 employment administrator of each workforce service area and approve satisfactory plans.

17.16 If an employment administrator submits an unsatisfactory plan, the department shall assist
 17.17 the employment administrator in developing a satisfactory one;

17.18 (3) coordinate the program with other state agencies;

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

17.21 (5) set policy regarding disbursement of program funds;

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

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

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

17.29 (1) affirmative action;

17.30 (2) occupational health and safety standards;

17.31 (3) environmental standards; and

17.32 (4) fair labor practices.

17.33 Subd. 3. **Report to governor and legislature.** The commissioner shall report
 17.34 semiannually to the chairs of the standing committees of the house of representatives

18.1 and senate having jurisdiction over employment and economic development issues and
 18.2 the governor on:

18.3 (1) the number of persons employed;

18.4 (2) the number and type of employers under the program;

18.5 (3) the amount of money spent in each service delivery area for wages for each type
 18.6 of employment and each type of other expense;

18.7 (4) the number of persons who have completed participation in the program and their
 18.8 current employment, educational, or training status; and

18.9 (5) any other information deemed pertinent by the commissioner.

18.10 Subd. 4. **Rules.** The commissioner may adopt rules necessary to implement the
 18.11 Minnesota emergency employment development program of 2013.

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

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

18.18 (b) Ten percent of the funds available for allocation to employment administrators
 18.19 under the program must be allocated at the discretion of the commissioner to employment
 18.20 administrators:

18.21 (1) who will maximize the use of the funds through coordination with other
 18.22 programs and state, local, and federal agencies, through the use of matching funds or
 18.23 through the involvement of low-income constituent groups;

18.24 (2) who have demonstrated need beyond the allocation available under paragraph
 18.25 (a); or

18.26 (3) who have demonstrated outstanding performance in job creation.

18.27 Sec. 5. **ALLOCATION WITHIN WORKFORCE SERVICE AREAS;**
 18.28 **PRIORITIES.**

18.29 Subdivision 1. **Among job applicants.** Allocation of funds among eligible job
 18.30 applicants within a workforce service area shall be determined by the employment
 18.31 administrator in each workforce service area. The employment administrator shall give
 18.32 priority to:

18.33 (1) applicants living in households with no other income source;

19.1 (2) applicants who would otherwise be eligible to participate in the Minnesota
 19.2 family investment program or the diversionary work program; and

19.3 (3) veterans as defined under Minnesota Statutes, section 196.21, subdivision 2.

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

19.10 **Sec. 6. USE OF FUNDS.**

19.11 (a) Funds appropriated for the purposes of sections 1 to 14 may be used as follows:

19.12 (1) to provide a state contribution for wages and fringe benefits for eligible job
 19.13 applicants for a maximum of 1,040 hours over a maximum period of 26 weeks per job
 19.14 applicant. For eligible job applicants participating in a job training program, the state
 19.15 contribution for wages may be used for a maximum period of 26 weeks per job applicant.
 19.16 The employer must pay at least \$10 per hour to each eligible employee. The state
 19.17 contribution for wages shall be 50 percent of the wage up to \$12 per hour for each eligible
 19.18 job applicant employed by an eligible employer. The employer may use funds from other
 19.19 sources to provide increased wages to the applicants it employs. At least 70 percent of the
 19.20 funds appropriated for the program must be used to pay wages for eligible job applicants;

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

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

19.29 (4) to provide child care services or subsidies to applicants employed under sections
 19.30 1 to 14;

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

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

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

20.3 (b) Any funds allocated to the workforce service area for which there is no spending
20.4 plan approved by the commissioner or which are significantly underspent in the reporting
20.5 period shall cancel back to the Minnesota emergency employment development account
20.6 and must be reallocated by the commissioner to other employment administrators.

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

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

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

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

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

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

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

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

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

21.4 Sec. 8. **ELIGIBLE GOVERNMENT AND NONPROFIT AGENCY**
 21.5 **EMPLOYMENT.**

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

21.13 Sec. 9. **BUSINESS EMPLOYMENT.**

21.14 Subdivision 1. **Eligible businesses.** A business employer is an eligible employer
 21.15 if it enters into a written contract with the employment administrator in its workforce
 21.16 service area containing assurances that:

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

21.18 (2) the business has submitted a plan to the employment administrator:

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

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

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

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

21.30 (5) the business will cooperate with the commissioner and the employment
 21.31 administrator in collecting data to assess the result of the program; and

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

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

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

22.4 (2) are labor intensive;

22.5 (3) meet the definition of a small business as defined in Minnesota Statutes, section
 22.6 645.445;

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

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

22.9 (6) make extensive use of new technology;

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

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

22.13 Subd. 3. **Employer accountability.** (a) A business receiving funds under this
 22.14 program is expected to retain employees at least six months beyond the initial six-month
 22.15 subsidized period. In the event an employer terminates participation in the subsidy program
 22.16 during the initial six-month subsidy phase for any participant, the employer shall pay back
 22.17 20 percent of the subsidies received to date. In the event an employer has not retained
 22.18 a participant at least 90 days beyond the subsidy phase, the employer shall pay back 20
 22.19 percent of the wage subsidies received. In the event a business employer has retained a
 22.20 participant 180 days beyond the subsidy period, a business employer will be eligible for a
 22.21 bonus equivalent to \$2 per hour for the hours the participant worked during those 180 days.

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

22.27 Sec. 10. **MINNESOTA EMERGENCY EMPLOYMENT DEVELOPMENT**
 22.28 **ACCOUNT.**

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

22.33 Sec. 11. **WORKER DISPLACEMENT PROHIBITED.**

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

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

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

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

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

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

23.17 **Sec. 12. TERMINATION; NOTIFICATION.**

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

23.22 (b) The commissioner shall immediately terminate the Minnesota emergency
 23.23 employment development program if and when none of the money appropriated under
 23.24 section 13 remains.

23.25 **Sec. 13. APPROPRIATION.**

23.26 \$200,000,000 is appropriated from the general fund to the commissioner for
 23.27 deposit in the Minnesota emergency employment development account each year in the
 23.28 2014-2015 biennium for the Minnesota Emergency Employment Development (MEED)
 23.29 Act of 2013. Any unexpended balance remaining at the end of the fiscal year does not
 23.30 cancel and is available until expended.

23.31 **Sec. 14. EFFECTIVE DATE.**

23.32 This article is effective the day following final enactment.

APPENDIX
Article locations in 13-1304

ARTICLE 1	FINDINGS	Page.Ln 1.15
ARTICLE 2	CHILD CARE ASSISTANCE CONSOLIDATION	Page.Ln 2.3
ARTICLE 3	WORKING FAMILY TAX CREDIT	Page.Ln 13.4
ARTICLE 4	MINIMUM WAGE	Page.Ln 15.3
ARTICLE 5	MINNESOTA EMERGENCY EMPLOYMENT DEVELOPMENT ...	Page.Ln 16.1

119B.011 DEFINITIONS.

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

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

119B.03 BASIC SLIDING FEE PROGRAM.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

119B.05 MFIP CHILD CARE ASSISTANCE PROGRAM.

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

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

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

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

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

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

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

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

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

119B.07 USE OF MONEY.

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

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

119B.09 FINANCIAL ELIGIBILITY.

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

119B.11 COUNTY CONTRIBUTION.

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

290.0671 MINNESOTA WORKING FAMILY CREDIT.

Subd. 7. **Inflation adjustment.** The earned income amounts used to calculate the credit and the income thresholds at which the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "1999" shall be substituted for the word "1992." For 2001, the commissioner shall then determine the percent change from the 12 months ending on August 31, 1999, to the 12 months ending on August 31, 2000, and in each subsequent year, from the 12 months ending on August 31, 1999, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.