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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1703

02/25/2019 Authored by Richardson; Hansen; Xiong, J.; Gomez; Urdahl and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to human services; providing increased child care assistance to low-income
1.3 workers to enable higher-quality early childhood care and education; increasing
1.4 child care assistance reimbursement rates; forecasting the basic sliding fee child
1.5 care assistance program; amending Minnesota Statutes 2018, sections 119B.02,
1.6 subdivisions 1, 2; 119B.03, subdivisions 3, 9, 10; 119B.035, subdivisions 1, 2, 4,
1.7 5; 119B.05, subdivision 5; 119B.08, subdivision 3; 119B.09, subdivision 7;
1.8 119B.10; 119B.11, subdivision 1; 119B.12, subdivision 2; 119B.13, subdivision
1.9 1; 119B.15; 119B.24; repealing Minnesota Statutes 2018, sections 119B.011,
1.10 subdivisions 20, 20a; 119B.03, subdivisions 1, 2, 4, 5, 6, 6a, 6b, 8; 119B.05,
1.11 subdivision 1; 119B.09, subdivisions 3, 4a; 119B.11, subdivision 4.

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

1.13 Section 1. Minnesota Statutes 2018, section 119B.02, subdivision 1, is amended to read:

1.14 Subdivision 1. Child care services. The commissioner shall develop standards for county
1.15 and human services boards to provide child care services to enable eligible families to
1.16 participate in employment, training, or education programs. Within the limits of available
1.17 appropriations; The commissioner shall distribute money to counties to reduce the costs of
1.18 child care for eligible families. The commissioner shall adopt rules to govern the program
1.19 in accordance with this section. The rules must establish a sliding schedule of fees for parents
1.20 receiving child care services. The rules shall provide that funds received as a lump-sum
1.21 payment of child support arrearages shall not be counted as income to a family in the month
1.22 received but shall be prorated over the 12 months following receipt and added to the family
1.23 income during those months. The commissioner shall maximize the use of federal money
1.24 under title I and title IV of Public Law 104-193, the Personal Responsibility and Work
1.25 Opportunity Reconciliation Act of 1996, and other programs that provide federal or state
1.26 reimbursement for child care services for low-income families who are in education, training,

2.1 job search, or other activities allowed under those programs. Money appropriated under
 2.2 this section must be coordinated with the programs that provide federal reimbursement for
 2.3 child care services to accomplish this purpose. ~~Federal reimbursement obtained must be~~
 2.4 ~~allocated to the county that spent money for child care that is federally reimbursable under~~
 2.5 ~~programs that provide federal reimbursement for child care services.~~ The counties
 2.6 commissioner shall use the federal money to expand child care services. The commissioner
 2.7 may adopt rules under chapter 14 to implement and coordinate federal program requirements.

2.8 Sec. 2. Minnesota Statutes 2018, section 119B.02, subdivision 2, is amended to read:

2.9 Subd. 2. **Contractual agreements with tribes.** The commissioner may enter into
 2.10 contractual agreements with a federally recognized Indian tribe with a reservation in
 2.11 Minnesota to carry out the responsibilities of county human service agencies to the extent
 2.12 necessary for the tribe to operate child care assistance programs for families eligible under
 2.13 sections ~~119B.03~~ 119B.09 and ~~119B.05~~ 119B.10. An agreement may allow the state to
 2.14 make payments for child care assistance services provided under ~~section 119B.05~~ this
 2.15 chapter. The commissioner shall consult with the affected county or counties in the
 2.16 contractual agreement negotiations, if the county or counties wish to be included, in order
 2.17 to avoid the duplication of county and tribal child care services. ~~Funding to support services~~
 2.18 ~~under section 119B.03 may be transferred to the federally recognized Indian tribe with a~~
 2.19 ~~reservation in Minnesota from allocations available to counties in which reservation~~
 2.20 ~~boundaries lie. When funding is transferred under section 119B.03, the amount shall be~~
 2.21 ~~commensurate to estimates of the proportion of reservation residents with characteristics~~
 2.22 ~~identified in section 119B.03, subdivision 6, to the total population of county residents with~~
 2.23 ~~those same characteristics.~~

2.24 Sec. 3. Minnesota Statutes 2018, section 119B.03, subdivision 3, is amended to read:

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

2.31 Sec. 4. Minnesota Statutes 2018, section 119B.03, subdivision 9, is amended to read:

2.32 Subd. 9. **Portability pool Family move; continued participation.** (a) ~~The commissioner~~
 2.33 ~~shall establish a pool of up to five percent of the annual appropriation for the basic sliding~~

3.1 ~~fee program to provide continuous child care assistance for eligible families who move~~
 3.2 ~~between Minnesota counties. At the end of each allocation period, any unspent funds in the~~
 3.3 ~~portability pool must be used for assistance under the basic sliding fee program. If~~
 3.4 ~~expenditures from the portability pool exceed the amount of money available, the reallocation~~
 3.5 ~~pool must be reduced to cover these shortages.~~

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

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

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

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

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

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

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

3.23 Sec. 5. Minnesota Statutes 2018, section 119B.03, subdivision 10, is amended to read:

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

3.29 Sec. 6. Minnesota Statutes 2018, section 119B.035, subdivision 1, is amended to read:

3.30 Subdivision 1. **Establishment.** A family in which a parent provides care for the family's
 3.31 infant child may receive a subsidy in lieu of assistance if the family is eligible for or is

4.1 receiving assistance under the ~~basic sliding fee~~ child care assistance program. An eligible
 4.2 family must meet the eligibility factors under section 119B.09, except as provided in
 4.3 subdivision 4, and the requirements of this section. Subject to federal match and maintenance
 4.4 of effort requirements for the child care and development fund, ~~and up to available~~
 4.5 ~~appropriations~~; the commissioner shall provide assistance under the at-home infant child
 4.6 care program and for administrative costs associated with the program. At the end of a fiscal
 4.7 year, the commissioner may carry forward any unspent funds under this section to the next
 4.8 fiscal year within the same biennium for assistance under the ~~basic sliding fee~~ child care
 4.9 assistance program.

4.10 Sec. 7. Minnesota Statutes 2018, section 119B.035, subdivision 2, is amended to read:

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

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

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

4.17 ~~(3)~~ (2) the family is participating in the ~~basic sliding fee~~ child care assistance program
 4.18 or provides verification of participating in an authorized activity at the time of application
 4.19 and meets the program requirements.

4.20 Sec. 8. Minnesota Statutes 2018, section 119B.035, subdivision 4, is amended to read:

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

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

4.27 ~~(c) Persons who are admitted to the at-home infant child care program retain their position~~
 4.28 ~~in any basic sliding fee program. Persons leaving the at-home infant child care program~~
 4.29 ~~reenter the basic sliding fee program at the position they would have occupied.~~

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

5.1 Sec. 9. Minnesota Statutes 2018, section 119B.035, subdivision 5, is amended to read:

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

5.7 Sec. 10. Minnesota Statutes 2018, section 119B.05, subdivision 5, is amended to read:

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

5.12 Sec. 11. Minnesota Statutes 2018, section 119B.08, subdivision 3, is amended to read:

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

5.16 (1) a description of strategies to coordinate and maximize public and private community
5.17 resources, including school districts, health care facilities, government agencies,
5.18 neighborhood organizations, and other resources knowledgeable in early childhood
5.19 development, in particular to coordinate child care assistance with existing community-based
5.20 programs and service providers including child care resource and referral programs, early
5.21 childhood family education, school readiness, Head Start, local interagency early intervention
5.22 committees, special education services, early childhood screening, and other early childhood
5.23 care and education services and programs to the extent possible, to foster collaboration
5.24 among agencies and other community-based programs that provide flexible, family-focused
5.25 services to families with young children and to facilitate transition into kindergarten. The
5.26 county must describe a method by which to share information, responsibility, and
5.27 accountability among service and program providers;

5.28 (2) a description of procedures and methods to be used to make copies of the proposed
5.29 state plan reasonably available to the public, including members of the public particularly
5.30 interested in child care policies such as parents, child care providers, culturally specific
5.31 service organizations, child care resource and referral programs, interagency early
5.32 intervention committees, potential collaborative partners and agencies involved in the

6.1 provision of care and education to young children, and allowing sufficient time for public
6.2 review and comment; and

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

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

6.13 Sec. 12. Minnesota Statutes 2018, section 119B.09, subdivision 7, is amended to read:

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

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

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

7.1 Sec. 13. Minnesota Statutes 2018, section 119B.10, is amended to read:

7.2 **119B.10 EMPLOYMENT, EDUCATION, OR TRAINING ELIGIBILITY.**

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

7.6 (b) At application and redetermination, employed persons who work at least an average
7.7 of 20 hours and full-time students who work at least an average of ten hours a week and
7.8 receive at least a minimum wage for all hours worked are eligible for child care assistance
7.9 for employment. For purposes of this section, work-study programs must be counted as
7.10 employment. An employed person with an MFIP or DWP employment plan shall receive
7.11 child care assistance as specified in the person's employment plan. Child care assistance
7.12 during employment must be authorized as provided in paragraphs (c) and (d).

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

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

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

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

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

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

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

8.1 (3) families who are participating in programs as required in tribal contracts under section
 8.2 119B.02, subdivision 2, or 256.01, subdivision 2; and

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

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

8.9 Subd. 3. **Assistance for persons attending an approved education or training**
 8.10 **program.** (a) The following persons are eligible for child care assistance for education or
 8.11 training:

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

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

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

8.24 (b) Notwithstanding paragraph (d), assistance for persons under paragraph (a), clause
 8.25 (3), is limited to 48 months or the length of time necessary to complete the degree, whichever
 8.26 is shorter.

8.27 ~~(a) Money for an eligible person according to sections 119B.03, subdivision 3, and~~
 8.28 ~~119B.05, subdivision 1, shall be used to reduce child care costs for a student.~~ (c) The county
 8.29 shall not limit the duration of child care subsidies for a person in an employment or
 8.30 educational program unless the person is found to be ineligible for under the child care
 8.31 funds eligibility standards. Any other limitation must be based on ~~county policies included~~
 8.32 ~~in the approved child care fund plan~~ a person's employment or family stabilization plan in
 8.33 the case of an MFIP participant.

9.1 ~~(b)~~ (d) To be eligible, the student must be in good standing and be making satisfactory
 9.2 progress toward ~~the degree~~ completion of the program as stipulated in the school's satisfactory
 9.3 progress policy. The maximum length of time a student participant is eligible for child care
 9.4 assistance under the child care fund for education and training is no more than the maximum
 9.5 time necessary allowed to complete the credit requirements for an associate's associate or
 9.6 baccalaureate degree as ~~determined by the educational institution~~ stipulated in the school's
 9.7 satisfactory progress policy. ~~Time limitations for child care assistance do not apply to~~ This
 9.8 length of time excludes basic or remedial educational programs needed to prepare for
 9.9 postsecondary education or employment. Basic or remedial educational programs include
 9.10 high school, commissioner of education-selected high school equivalency, and English as
 9.11 a second language programs. A program exempt from this time limit must not run
 9.12 concurrently with a postsecondary program.

9.13 ~~(e)~~ (e) If a student meets the conditions of paragraphs ~~(a)~~ (c) and ~~(b)~~ (d), child care
 9.14 assistance must be authorized for all hours of class time and credit hours, including
 9.15 independent study and internships, and up to two hours of travel time per day. A
 9.16 postsecondary student shall receive four hours of child care assistance per credit hour for
 9.17 study time and academic appointments per service period.

9.18 ~~(d) For an MFIP or DWP participant, child care assistance must be authorized according~~
 9.19 ~~to the person's approved employment plan.~~ (f) If an MFIP or DWP participant who is
 9.20 receiving MFIP or DWP child care assistance under this chapter moves to another county,
 9.21 continues to participate in an authorized educational or training program authorized in the
 9.22 MFIP or DWP participant's employment or family stabilization plan, and remains eligible
 9.23 for ~~MFIP or DWP~~ child care assistance under this chapter, the participant must receive
 9.24 continued child care assistance from the county responsible for the person's current
 9.25 employment or family stabilization plan under section 256G.07.

9.26 ~~(e)~~ (g) If a person with an approved education program under section 119B.03,
 9.27 subdivision 3, or 119B.05, subdivision 1, begins receiving MFIP or DWP assistance, the
 9.28 person continues to receive child care assistance for the approved education program until
 9.29 the person's education is included in an approved MFIP or DWP employment plan or until
 9.30 redetermination, whichever occurs first.

9.31 ~~(f)~~ (h) If a person's MFIP or DWP assistance ends and the approved MFIP or DWP
 9.32 employment plan included education, the person continues to be eligible for child care
 9.33 assistance for education under transition year child care assistance until the person's education
 9.34 is included in an approved education plan or until redetermination.

10.1 Sec. 14. Minnesota Statutes 2018, section 119B.11, subdivision 1, is amended to read:

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

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

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

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

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

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

10.20 Sec. 15. Minnesota Statutes 2018, section 119B.12, subdivision 2, is amended to read:

10.21 Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period. A
 10.22 family's parent fee must be a fixed percentage of its annual gross income. Parent fees must
 10.23 apply to families eligible for child care assistance under ~~sections 119B.03 and 119B.05~~
 10.24 section 119B.09. Income must be as defined in section 119B.011, subdivision 15. The fixed
 10.25 percentage is based on the relationship of the family's annual gross income to 100 percent
 10.26 of the annual state median income. Parent fees must begin at 75 percent of the poverty level.
 10.27 The minimum parent fees for families between 75 percent and 100 percent of poverty level
 10.28 must be \$2 per biweekly period. Parent fees must provide for graduated movement to full
 10.29 payment. At initial application, the parent fee is established for the family's 12-month
 10.30 eligibility period. At redetermination, if the family remains eligible, the parent fee is
 10.31 recalculated and is established for the next 12-month eligibility period. A parent fee shall
 10.32 not increase during the 12-month eligibility period. Payment of part or all of a family's
 10.33 parent fee directly to the family's child care provider on behalf of the family by a source

11.1 other than the family shall not affect the family's eligibility for child care assistance, and
11.2 the amount paid shall be excluded from the family's income. Child care providers who
11.3 accept third-party payments must maintain family specific documentation of payment source,
11.4 amount, and time period covered by the payment.

11.5 Sec. 16. Minnesota Statutes 2018, section 119B.13, subdivision 1, is amended to read:

11.6 Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~February 3, 2014~~ July 1, 2019, the
11.7 maximum rate paid for child care assistance ~~in any county or county price cluster under the~~
11.8 ~~child care fund shall be the greater of the 25th percentile of the 2011 child care provider~~
11.9 ~~rate survey or the maximum rate effective November 28, 2011. For a child care provider~~
11.10 ~~located within the boundaries of a city located in two or more of the counties of Benton,~~
11.11 ~~Sherburne, and Stearns, the maximum rate paid for child care assistance shall be equal to~~
11.12 ~~the maximum rate paid in the county with the highest maximum reimbursement rates or the~~
11.13 ~~provider's charge, whichever is less. The commissioner may: (1) assign a county with no~~
11.14 ~~reported provider prices to a similar price cluster; and (2) consider county level access when~~
11.15 ~~determining final price clusters~~ is the 75th percentile rate for like-care arrangements as
11.16 surveyed by the commissioner in the most current market rate survey.

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

11.19 (c) The department shall monitor the effect of this paragraph on provider rates. The
11.20 county shall pay the provider's full charges for every child in care up to the maximum
11.21 established. The commissioner shall determine the maximum rate for each type of care on
11.22 an hourly, full-day, and weekly basis, including special needs and disability care.

11.23 (d) If a child uses one provider, the maximum payment for one day of care must not
11.24 exceed the daily rate. The maximum payment for one week of care must not exceed the
11.25 weekly rate.

11.26 (e) If a child uses two providers under section 119B.097, the maximum payment must
11.27 not exceed:

11.28 (1) the daily rate for one day of care;

11.29 (2) the weekly rate for one week of care by the child's primary provider; and

11.30 (3) two daily rates during two weeks of care by a child's secondary provider.

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

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

12.7 (h) All maximum provider rates changes shall be implemented on the Monday following
 12.8 the effective date of the maximum provider rate.

12.9 (i) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration
 12.10 fees in effect on January 1, 2013, shall remain in effect.

12.11 Sec. 17. Minnesota Statutes 2018, section 119B.15, is amended to read:

12.12 **119B.15 ADMINISTRATIVE EXPENSES.**

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

12.19 Sec. 18. Minnesota Statutes 2018, section 119B.24, is amended to read:

12.20 **119B.24 DUTIES OF COMMISSIONER.**

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

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

12.25 (2) monitor the child care resource and referral programs established under section
 12.26 119B.19; and

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

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

13.2 The state obligation for the child care assistance program under Minnesota Statutes,
 13.3 chapter 119B, must be included in the Department of Management and Budget February
 13.4 and November forecast of state revenues and expenditures under Minnesota Statutes, section
 13.5 16A.103, beginning with the November 2019 forecast.

13.6 Sec. 20. **REVISOR'S INSTRUCTION.**

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

	<u>Column A</u>	<u>Column B</u>
13.10	<u>119B.035</u>	<u>119B.106</u>
13.11	<u>119B.05, subd. 4</u>	<u>119B.03, subd. 11</u>
13.12	<u>119B.05, subd. 5</u>	<u>119B.03, subd. 12</u>

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

13.17 Sec. 21. **REPEALER.**

13.18 Minnesota Statutes 2018, sections 119B.011, subdivisions 20 and 20a; 119B.03,
 13.19 subdivisions 1, 2, 4, 5, 6, 6a, 6b, and 8; 119B.05, subdivision 1; 119B.09, subdivisions 3
 13.20 and 4a; and 119B.11, subdivision 4, are repealed.

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. Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2, transition year child care may be used to support employment, approved education or training programs, or job search that meets the requirements of section 119B.10. 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. Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2, transition year extension child care may be used to support employment, approved education or training programs, 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 diploma or commissioner of education-selected high school equivalency certification or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. This includes student parents as defined under section 119B.011, subdivision 19b. Within this priority, the following subpriorities must be used:

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

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

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

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

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

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

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(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:

(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;

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(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;

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

(9) student parents as defined under section 119B.011, subdivision 19b; and

(10) student parents who turn 21 years of age and who continue to meet the other requirements under section 119B.011, subdivision 19b. A student parent continues to be eligible until the student parent is approved for basic sliding fee child care assistance or until the student parent's redetermination, whichever comes first. At the student parent's redetermination, if the student parent was not approved for basic sliding fee child care assistance, a student parent's eligibility ends following a 15-day adverse action notice.

119B.09 FINANCIAL ELIGIBILITY.

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

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

119B.11 COUNTY CONTRIBUTION.

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