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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2558**

03/03/2014 Authored by Mullery and Slocum

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

03/17/2014 Adoption of Report: Amended and re-referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; increasing funding for the early learning
1.3 scholarship program; extending neighborhood achievement zone services; fully
1.4 funding the basic sliding fee child care assistance program; modifying provider
1.5 reimbursement rates; expanding the home visiting program; appropriating
1.6 money; amending Minnesota Statutes 2012, sections 119B.02, subdivisions 1,
1.7 2; 119B.03, subdivision 9; 119B.035, subdivisions 1, 4; 119B.05, subdivision
1.8 5; 119B.08, subdivision 3; 119B.09, subdivision 4a; 119B.231, subdivision
1.9 5; 256.017, subdivision 9; Minnesota Statutes 2013 Supplement, sections
1.10 119B.011, subdivision 19b; 119B.05, subdivision 1; 124D.165; Laws 2013,
1.11 chapter 116, article 8, section 5, subdivision 8; repealing Minnesota Statutes
1.12 2012, sections 119B.011, subdivision 20a; 119B.03, subdivisions 1, 2, 5, 6,
1.13 6a, 6b, 8; 119B.09, subdivision 3; Minnesota Statutes 2013 Supplement,
1.14 section 119B.03, subdivision 4; Minnesota Rules, parts 3400.0020, subpart 8;
1.15 3400.0030; 3400.0060, subparts 2, 4, 6, 6a, 7.

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

1.17 Section 1. Minnesota Statutes 2013 Supplement, section 119B.011, subdivision 19b,
1.18 is amended to read:

1.19 Subd. 19b. **Student parent.** "Student parent" means a person who is:

1.20 (1) under 21 years of age and has a child;

1.21 (2) pursuing a high school or general equivalency diploma; and

1.22 ~~(3) residing within a county that has a basic sliding fee waiting list under section~~

1.23 ~~119B.03, subdivision 4; and~~

1.24 ~~(4)~~ (3) not an MFIP participant.

1.25 Sec. 2. Minnesota Statutes 2012, section 119B.02, subdivision 1, is amended to read:

1.26 Subdivision 1. **Child care services.** The commissioner shall develop standards
1.27 for county and human services boards to provide child care services to enable eligible

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

2.20 Sec. 3. Minnesota Statutes 2012, section 119B.02, subdivision 2, is amended to read:

2.21 Subd. 2. **Contractual agreements with tribes.** The commissioner may enter into
2.22 contractual agreements with a federally recognized Indian tribe with a reservation in
2.23 Minnesota to carry out the responsibilities of county human service agencies to the extent
2.24 necessary for the tribe to operate child care assistance programs under sections 119B.03 and
2.25 119B.05. An agreement may allow for the tribe to be reimbursed for child care assistance
2.26 services provided under ~~section~~ sections 119B.03 and 119B.05. The commissioner shall
2.27 consult with the affected county or counties in the contractual agreement negotiations, if
2.28 the county or counties wish to be included, in order to avoid the duplication of county
2.29 and tribal child care services. ~~Funding to support services under section 119B.03 may be~~
2.30 ~~transferred to the federally recognized Indian tribe with a reservation in Minnesota from~~
2.31 ~~allocations available to counties in which reservation boundaries lie. When funding is~~
2.32 ~~transferred under section 119B.03, the amount shall be commensurate to estimates of the~~
2.33 ~~proportion of reservation residents with characteristics identified in section 119B.03,~~
2.34 ~~subdivision 6, to the total population of county residents with those same characteristics.~~

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

3.2 Subd. 9. **Portability pool.** ~~(a) The commissioner shall establish a pool of up to five~~
 3.3 ~~percent of the annual appropriation for the basic sliding fee program to provide continuous~~
 3.4 ~~child care assistance for eligible families who move between Minnesota counties. At the~~
 3.5 ~~end of each allocation period, any unspent funds in the portability pool must be used for~~
 3.6 ~~assistance under the basic sliding fee program. If expenditures from the portability pool~~
 3.7 ~~exceed the amount of money available, the reallocation pool must be reduced to cover~~
 3.8 ~~these shortages.~~

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

3.14 (1) ~~meet~~ meets the income and eligibility guidelines for the basic sliding fee
 3.15 program; and

3.16 (2) ~~notify~~ notifies the new county of residence within 60 days of moving and ~~submit~~
 3.17 submits information to the new county of residence to verify eligibility for the basic
 3.18 sliding fee program.

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

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

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

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

3.26 Sec. 5. Minnesota Statutes 2012, section 119B.035, subdivision 1, is amended to read:

3.27 Subdivision 1. **Establishment.** A family in which a parent provides care for the
 3.28 family's infant child may receive a subsidy in lieu of assistance if the family is eligible for
 3.29 or is receiving assistance under the basic sliding fee program. An eligible family must
 3.30 meet the eligibility factors under section 119B.09, except as provided in subdivision 4,
 3.31 and the requirements of this section. Subject to federal match and maintenance of effort
 3.32 requirements for the child care and development fund, ~~and up to available appropriations,~~
 3.33 the commissioner shall provide assistance under the at-home infant child care program
 3.34 and for administrative costs associated with the program. At the end of a fiscal year, the

4.1 commissioner may carry forward any unspent funds under this section to the next fiscal
4.2 year within the same biennium for assistance under the basic sliding fee program.

4.3 Sec. 6. Minnesota Statutes 2012, section 119B.035, subdivision 4, is amended to read:

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

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

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

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

4.15 Sec. 7. Minnesota Statutes 2013 Supplement, section 119B.05, subdivision 1, is
4.16 amended to read:

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

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

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

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

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

4.29 (5) MFIP families who are participating in social services activities under chapter
4.30 256J as required in their employment plan approved according to chapter 256J;

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

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

5.1 ~~(8) families who are participating in the transition year extension under section~~
5.2 ~~119B.011, subdivision 20a; and~~
5.3 ~~(9) (8) student parents as defined under section 119B.011, subdivision 19b.~~

5.4 Sec. 8. Minnesota Statutes 2012, section 119B.05, subdivision 5, is amended to read:

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

5.9 Sec. 9. Minnesota Statutes 2012, section 119B.08, subdivision 3, is amended to read:

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

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

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

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

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

6.9 Sec. 10. Minnesota Statutes 2012, section 119B.09, subdivision 4a, is amended to read:

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

6.17 Sec. 11. Minnesota Statutes 2012, section 119B.231, subdivision 5, is amended to read:

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

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

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

- 6.29 (1) there was an error in the amount of care authorized for the family; or
6.30 (2) the family or provider did not timely report a change as required under the law.
6.31 (d) Care provided through an SRSA is authorized on a weekly basis.

6.32 (e) ~~Funds appropriated under this section to serve families eligible under section~~
6.33 ~~119B.03 are not allocated through the basic sliding fee formula under section 119B.03.~~

7.1 Funds appropriated under this section are used to offset increased costs when payments
7.2 are made under SRSA's.

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

7.6 (g) Effective May 23, 2008, absent day payment limits under section 119B.13,
7.7 subdivision 7, do not apply to children for care paid through SRSA's provided the family
7.8 remains eligible under subdivision 3.

7.9 Sec. 12. Minnesota Statutes 2013 Supplement, section 124D.165, is amended to read:

7.10 **124D.165 EARLY LEARNING SCHOLARSHIPS.**

7.11 Subdivision 1. **Establishment; purpose.** There is established an early learning
7.12 scholarships program in order to increase access to high-quality early childhood programs
7.13 for children ages three to five.

7.14 Subd. 1a. **Definitions.** (a) The terms defined in this subdivision apply to this section.

7.15 (b) "Director" means the director of the Office of Early Learning.

7.16 (c) "Eligible program" means a Head Start program under section 119A.50, school
7.17 readiness program under section 124D.15, or other school district child-based program
7.18 designed to provide early education services to children not yet in kindergarten, licensed
7.19 center-based child care program under chapter 245A, or licensed family child care
7.20 program under chapter 245A, or other program providing early learning opportunities.

7.21 (d) "Income" has the meaning given in section 119B.011, subdivision 15.

7.22 (e) "Parent" means the parent or legal guardian of a child.

7.23 Subd. 2. **Family eligibility.** (a) For a family to receive an early childhood education
7.24 scholarship, ~~parents or guardians~~ a parent must meet the following eligibility requirements:

7.25 (1) have a child ~~three or four~~ under five years of age on September 1 of the current
7.26 year, who has not yet started kindergarten; and

7.27 (2) have income equal to or less than 185 percent of federal poverty level income
7.28 in the current calendar year, ~~or be able to document their child's current participation in.~~

7.29 A parent may document family income as required by the director. However, a parent

7.30 whose child or family participates in another public eligibility program including the

7.31 free and reduced-price lunch program or child and adult care food program, National

7.32 School Lunch Act, United States Code, title 42, sections 1751 and 1766; Head Start

7.33 under the federal Improving Head Start for School Readiness Act of 2007; Minnesota

7.34 family investment program under chapter 256J; child care assistance programs under

7.35 chapter 119B; the supplemental nutrition assistance program; or placement in foster care

8.1 under section 260C.212, is automatically qualified and no further information to verify
8.2 income is necessary.

8.3 (b) Notwithstanding the other provisions of this section, a parent under age 21 who
8.4 is pursuing a high school or general education equivalency diploma is eligible for an early
8.5 learning scholarship if the parent has a child age zero to five years old and meets the
8.6 income eligibility guidelines in this subdivision.

8.7 (c) Any siblings between the ages zero to five years old of a child who has been
8.8 awarded a scholarship under this section must be awarded a scholarship upon request,
8.9 provided the sibling attends the same program.

8.10 (d) A child who has received a scholarship under this section must continue to receive
8.11 a scholarship each year until that child is eligible for kindergarten under section 120A.20.

8.12 (e) Early learning scholarships may not be counted as earned income for the purposes
8.13 of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota
8.14 family investment program under chapter 256J, child care assistance programs under
8.15 chapter 119B, or Head Start under the federal Improving Head Start for School Readiness
8.16 Act of 2007. Scholarships paid to providers on behalf of an eligible parent must not be
8.17 considered child care funds for purposes of child care assistance under chapter 119B.

8.18 **Subd. 2a. Prioritization of scholarship awards.** (a) The director shall prioritize
8.19 applications according to this subdivision and may establish a range of scholarship
8.20 amounts taking into account the child's level of need and geographic location.

8.21 (b) The director shall prioritize scholarship amounts to recipients based on the
8.22 following characteristics:

8.23 (1) whether the child's family lives in a neighborhood transformation zone;

8.24 (2) the severity of poverty facing the family;

8.25 (3) the level of poverty and concentration of poverty among racial and ethnic groups
8.26 for the census tract where the family lives;

8.27 (4) the level of teen pregnancies in the area where the family lives;

8.28 (5) the achievement gap facing families in the area where the family lives;

8.29 (6) the number of single family households in the census tract where the family lives;

8.30 (7) the number of inmates in Minnesota's prisons convicted of a level 1 offense, as
8.31 defined by the National Crime Information Center, with home addresses in the census tract
8.32 or other region as determined by the director;

8.33 (8) the number of teenage mothers living in the census tract or other region as
8.34 determined by the director; and

8.35 (9) other risk families as determined by the director.

9.1 Subd. 2b. **Scholarship amount.** The director annually shall determine the
9.2 maximum scholarship amounts based on the results of the rate survey conducted under
9.3 chapter 119B, and shall establish a range of scholarship amounts taking into account the
9.4 child's level of need taking into account the risk factors listed in subdivision 2a, whether
9.5 the child is in a home where the court has found the child in need of protection or services,
9.6 and geographic location. The director shall establish a scholarship amount schedule
9.7 according to the eligible program's rating. The scholarship amounts may be designed to
9.8 be layered around other assistance programs available to that child. The director shall
9.9 not consider local funds allocated to support an early learning program when layering
9.10 scholarships around other assistance programs. Eligible providers must be notified of the
9.11 scholarship allocations available in the provider's geographic location.

9.12 Subd. 3. **Administration.** (a) The ~~commissioner~~ director shall establish application
9.13 timelines and determine the schedule for awarding scholarships that meets operational
9.14 needs of eligible families and programs. The ~~commissioner~~ director may prioritize
9.15 applications on factors including family income, geographic location, and whether the
9.16 child's family is on a waiting list for a publicly funded program providing early education
9.17 or child care services.

9.18 (b) ~~Scholarships may be awarded up to \$5,000 for each eligible child per year~~ By
9.19 March 15, eligible programs may notify the director of the number of scholarship-eligible
9.20 children who are eligible under subdivision 2, and who have applied for enrollment in that
9.21 program. To facilitate enrollment planning, by April 15, the director shall notify eligible
9.22 programs that have provided enrollment information under this paragraph of the scholarship
9.23 status of each applicant. To the extent practicable, and taking into account family mobility,
9.24 the scholarships must be awarded to eligible recipients beginning April 15 of each year for
9.25 a child's participation in a program starting in July, August, or September of that year.

9.26 (c) A four-star rated program that has children eligible for a scholarship enrolled in
9.27 or on a waiting list for a program beginning in July, August, or September may notify the
9.28 ~~commissioner~~ director, in the form and manner prescribed by the ~~commissioner~~ director,
9.29 each year of the program's desire to enhance program services or to serve more children
9.30 than current funding provides. The ~~commissioner~~ director may designate a predetermined
9.31 number of scholarship slots for that program and notify the program of that number.

9.32 (d) A scholarship is awarded for a 12-month period. If the scholarship recipient has
9.33 not been accepted and subsequently enrolled in a rated program within ten months of the
9.34 awarding of the scholarship, the scholarship cancels and the recipient must reapply in
9.35 order to be eligible for another scholarship. A child may not be awarded more than one
9.36 scholarship in a 12-month period.

10.1 (e) A child who receives a scholarship who has not completed development
10.2 screening under sections 121A.16 to 121A.19 must complete that screening within 90
10.3 days of first attending an eligible program.

10.4 Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept
10.5 an early childhood education scholarship, a program must:

10.6 (1) participate in the quality rating and improvement system under section
10.7 124D.142; and

10.8 (2) beginning July 1, 2016, have a three- or four-star rating in the quality rating
10.9 and improvement system.

10.10 (b) Any program accepting scholarships must use the revenue to supplement and not
10.11 supplant federal funding.

10.12 Subd. 5. **Report required.** The ~~commissioner~~ director shall contract with an
10.13 independent contractor to evaluate the early learning scholarship program. The evaluation
10.14 must include recommendations regarding the appropriate scholarship amount, efficiency,
10.15 and effectiveness of the administration, and impact on kindergarten readiness.

10.16 Sec. 13. Minnesota Statutes 2012, section 256.017, subdivision 9, is amended to read:

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

10.30 Sec. 14. Laws 2013, chapter 116, article 8, section 5, subdivision 8, is amended to read:

10.31 Subd. 8. **Early childhood education scholarships.** For transfer to the Office of
10.32 Early Learning for early learning scholarships under Minnesota Statutes, section 124D.165:

11.1 \$ 23,000,000 2014
 11.2 ~~23,000,000~~
 11.3 \$ 273,000,000 2015

11.4 For fiscal year 2015 and later, the director shall allocate \$100,000,000 for
 11.5 scholarships for children who are under the age of four. Up to \$950,000 each year is for
 11.6 administration of this program.

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

11.8 Sec. 15. **DIRECTION TO COMMISSIONER OF MANAGEMENT AND**
 11.9 **BUDGET.**

11.10 The state obligation for the basic sliding fee child care assistance program under
 11.11 Minnesota Statutes, section 119B.03, must be included in the Minnesota Management
 11.12 and Budget February and November forecast of state revenues and expenditures under
 11.13 Minnesota Statutes, section 16A.103, beginning with the November 2014 forecast.

11.14 Sec. 16. **APPROPRIATION; BASIC SLIDING FEE CHILD CARE**
 11.15 **ASSISTANCE PROGRAM.**

11.16 \$80,000,000 in fiscal year 2015 is appropriated from the general fund to the
 11.17 commissioner of human services to fully fund the basic sliding fee child care assistance
 11.18 program. This appropriation is in addition to any other appropriation for this purpose.

11.19 Sec. 17. **APPROPRIATION; HOME VISITING PROGRAM FOR HIGHEST**
 11.20 **RISK FAMILIES.**

11.21 \$..... in fiscal year 2015 is appropriated from the general fund to the commissioner
 11.22 of health to expand high-quality home visiting focusing on the youngest children living in
 11.23 the highest risk families receiving assistance through the Minnesota family investment
 11.24 program under Minnesota Statutes, chapter 256J. The commissioner of health shall consult
 11.25 with the commissioner of human services on the administration of this program.

11.26 Sec. 18. **APPROPRIATION; OFFICE OF EARLY LEARNING.**

11.27 (a) \$..... in fiscal year 2015 is appropriated from the general fund to the
 11.28 commissioner of education for distribution to the Office of Early Learning.

11.29 (b) Up to \$..... of the appropriation in paragraph (a) is for training for early
 11.30 learning providers regarding early brain development. The Office of Early Learning may
 11.31 contract with the University of Minnesota or other parties to develop and disseminate
 11.32 this information.

12.1 (c) The remainder of the appropriation in paragraph (a) may be used by the Office of
12.2 Early Learning to encourage voluntary participation by early learning providers in the
12.3 quality rating and improvement system under Minnesota Statutes, section 124D.142.

12.4 Sec. 19. **REPEALER.**

12.5 (a) Minnesota Statutes 2012, sections 119B.011, subdivision 20a; 119B.03,
12.6 subdivisions 1, 2, 5, 6, 6a, 6b, and 8; and 119B.09, subdivision 3, are repealed.

12.7 (b) Minnesota Statutes 2013 Supplement, section 119B.03, subdivision 4, is repealed.

12.8 (c) Minnesota Rules, parts 3400.0020, subpart 8; 3400.0030; and 3400.0060,
12.9 subparts 2, 4, 6, 6a, and 7, are repealed.

119B.011 DEFINITIONS.

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. 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.

(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).

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(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.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.

3400.0020 DEFINITIONS.

Subp. 8. **Allocation.** "Allocation" means the share of the total state appropriation of child care funds that a county may earn and be reimbursed for in an allocation period. A county's allocation may be raised or lowered during the allocation period when the commissioner redistributes unexpended or unencumbered allocations or when additional funds become available.

3400.0030 NOTICE OF BASIC SLIDING FEE PROGRAM ALLOCATION.

By July 1 of each year, the commissioner shall notify all county and human services boards of their allocation under the basic sliding fee program, including the amount available for payment of administrative expenses.

3400.0060 BASIC SLIDING FEE PROGRAM.

Subp. 2. **Basic sliding fee allocation.** The commissioner shall allocate child care funds for the basic sliding fee program as provided in Minnesota Statutes, section 119B.03, subdivisions 6 to 9.

3400.0060 BASIC SLIDING FEE PROGRAM.

Subp. 4. **Reallocation of unexpended or unencumbered funds.** The commissioner shall reallocate unexpended or unencumbered funds according to items A to D.

A. The commissioner may reallocate unexpended or unencumbered funds following the first, second, and third quarters of the allocation period as provided in Minnesota Statutes, section 119B.03, subdivision 5. Following the fourth quarter of the allocation period, the commissioner shall review county expenditures under the basic sliding fee program and shall reallocate unearned allocations to counties that had direct service earnings in excess of their allocation.

B. The amount reallocated to any county shall be based on direct service earnings in excess of its allocation. The amount reallocated shall not be greater than the direct service earnings in excess of allocation minus the county's fixed local match to be calculated as specified in Minnesota Statutes, section 119B.11, subdivision 1.

C. If the amount of funds available for reallocation is less than total county direct service earnings in excess of allocations, the reallocated funds shall be prorated to each county based on the ratio of the county's direct service earnings in excess of its allocation to the total of all county direct service earnings in excess of their allocation.

D. If the amount of funds available for reallocation is greater than total county direct service earnings in excess of allocations under the basic sliding fee program, the funds remaining after the basic sliding fee reallocation shall be carried forward and added to the funds available for allocation in the next allocation period.

3400.0060 BASIC SLIDING FEE PROGRAM.

Subp. 6. **Basic sliding fee program waiting lists.** Counties must keep a written record of families who have requested child care assistance. When a family requests information about child care assistance, the county shall perform a preliminary determination of eligibility. If it appears that a family is or will be eligible for child care assistance and funds are not immediately available, the family shall be placed on a child care waiting list. The county must determine the highest priority group for which a family qualifies and must notify the family of this determination.

Families who inquire or apply while they are temporarily ineligible shall be placed on the waiting list if it appears they will be eligible for child care assistance. When a family advances to the top of the county's waiting list and is temporarily ineligible for child care assistance, the county shall leave the family at the top of the list according to priority group and serve the applicant who is next on the waiting list unless a different procedure is provided in the county's child care fund plan.

3400.0060 BASIC SLIDING FEE PROGRAM.

Subp. 6a. **Transfer of families from waiting list to basic sliding fee program.** Families on the basic sliding fee waiting list shall be moved into the basic sliding fee program as funding permits according to the priorities listed in Minnesota Statutes, section 119B.03. After the county has complied with the priority requirement in section 119B.03, the county must comply with any priority requirements adopted under part 3400.0140, subpart 10, to move families on the waiting list into the basic sliding fee program.

3400.0060 BASIC SLIDING FEE PROGRAM.

Subp. 7. Waiting list; transfer of transition year families to the basic sliding fee program.

A. The county shall place transition year families on the county's basic sliding fee program waiting list effective on the date the family became eligible for transition year child care assistance.

B. If a transition year family moves to a new county, the date the family was placed on the basic sliding fee waiting list in the original county shall transfer with the family.

C. Families who are eligible for, but do not use, transition year child care assistance retain their priority status for the basic sliding fee program. Families lose their priority status at the conclusion of their transition year.

D. The county shall manage its basic sliding fee allocation in a way that allows families to move from transition year to the basic sliding fee program without any interruption in services. The county shall not serve families who are a lower priority on the basic sliding fee waiting list than a transition year family unless the county can ensure basic sliding fee program funding for the transition year family at the end of the transition year.

E. When the transition year ends, the county shall move the transition year family into the basic sliding fee program. A transition year family that does not come to the top of the county's basic sliding fee program waiting list before completion of the transition year shall be moved into the basic sliding fee program as funding becomes available according to the priority under Minnesota Statutes, section 119B.03, subdivision 4. Transition year extension child care may be used to support employment or a job search that meets the requirements of Minnesota Statutes, section 119B.10, for the time necessary for the family to be moved from the basic sliding fee waiting list into the basic sliding fee program.