

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

2.3 (d) Fourth priority must be given to eligible families who do not meet the specifications
2.4 of paragraph (a), (b), (c), or (e).

2.5 (e) Fifth priority must be given to eligible families receiving services under section
2.6 119B.011, subdivision 20a, if the parents have completed their MFIP or diversionary work
2.7 program transition year or the parents are no longer receiving or eligible for diversionary
2.8 work program supports.

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

2.13 **EFFECTIVE DATE.** This section is effective July 1, 2018.

2.14 Sec. 2. Minnesota Statutes 2016, section 119B.03, subdivision 6, is amended to read:

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

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

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

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

3.1 ~~(d)~~ (c) Up to ~~one-fourth~~ one-half of the funds shall be allocated in proportion to the
3.2 average of each county's most recent ~~six~~ 12 months of reported waiting list as defined in
3.3 subdivision 2 and the reinstatement list of those families whose assistance was terminated
3.4 with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1.
3.5 Funds in excess of the amount necessary to serve all families in this category shall be
3.6 allocated according to paragraph ~~(f)~~ (e).

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

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

3.14 (f) Calendar year 2019 shall be a phase-in year for the revised formula factors based on
3.15 averaging the final allocation for calendar year 2018 and the amount that would otherwise
3.16 be the initial allocation using the revised formula for calendar year 2019. This paragraph
3.17 expires January 1, 2020.

3.18 **EFFECTIVE DATE.** This section is effective January 1, 2019.