

273.1399, include housing replacement districts and tax increments subject to sections 3 to 6, provided that Minnesota Statutes, sections 469.174 to 469.179, apply only to the extent specified in sections 1 to 4.

Subd. 3. MINNEAPOLIS SPECIAL LAW. Laws 1980, chapter 595, section 2, subdivision 2, does not apply to a district created under sections 3 to 6.

Sec. 7. EFFECTIVE DATE.

Sections 1 and 2 are effective for taxable years beginning after December 31, 1997. Sections 3 to 6 are effective July 1, 1997.

Presented to the governor April 4, 1996

Signed by the governor April 12, 1996, 2:30 p.m.

CHAPTER 465—H.F.No. 219

An act relating to human services; providing for MNJOBS program; making changes to MFIP and income assistance programs; changing assistance programs; changing health plan regulations; requiring coverage for treatment of Lyme disease; appropriating money; amending Minnesota Statutes 1994, sections 53A.09; 62A.047; 256.031, by adding a subdivision; 256.033, by adding a subdivision; 256.034, by adding a subdivision; 256.035, subdivisions 1 and 6a; 256.73, subdivision 1, and by adding subdivisions; 256.736, subdivisions 1a, 3b, 4, and 12; 256D.06, by adding a subdivision; 256D.10; 256D.49, subdivision 3; 256E.08, subdivision 8; and 336.3-206; Minnesota Statutes 1995 Supplement, sections 256.0475, by adding a subdivision; 256.048, subdivisions 1, 4, 6, and 13; 256.73, subdivision 8; 256.736, subdivisions 10, 10a, 14, and 16; 256.737, subdivision 7; 256.76, subdivision 1; 256.81; 256D.02, subdivision 12a; 256D.03, subdivisions 2, 2a, and 3; 256D.05, subdivision 1; 256D.051, subdivisions 1 and 6; 256D.055; and 256D.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62A and 256; repealing Minnesota Statutes 1994, section 256.736, subdivisions 10b and 11; Minnesota Statutes 1995 Supplement, section 256.736, subdivision 13.

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

ARTICLE 1

MNJOBS PROGRAM

Section 1. [256.7381] MNJOBS PROGRAM.

Subdivision 1. CITATION. Sections 256.7381 to 256.7387 may be cited as the MNJOBS program.

Subd. 2. DEFINITIONS. As used in sections 256.7381 to 256.7387, the following words have the meanings given them.

New language is indicated by underline, deletions by ~~strikeout~~.

- (a) "Recipient" means an individual who is receiving AFDC.
- (b) "Caretaker" means a parent or eligible adult, including a pregnant woman, who is part of the assistance unit that has applied for or is receiving AFDC or a grant.
- (c) "Child support" means a voluntary or court-ordered payment by a noncustodial parent.
- (d) "Commissioner" means the commissioner of human services.
- (e) "Employability development plan" or "EDP" means a plan developed by the recipient, with advice from the employment advisor, for the purposes of identifying an employment goal, improving work skills through certification or education, training or skills recertification, and which addresses barriers to employment.
- (f) "Employment advisor" means a provider staff person who is qualified to assist the participant to develop a job search or employability development plan, match the participant with existing job openings, refer the participant to employers, and has an extensive knowledge of employers in the area.
- (g) "Financial specialist" means a program staff who is trained to explain the benefits offered under the program, determine eligibility for different assistance programs, and broker other resources.
- (h) "Participant" means a recipient who is required to participate in the MNJOBS program.
- (i) "Program" means the MNJOBS program.
- (j) "Provider" means an employment and training agency certified by the commissioner of economic security under section 268.871, subdivision 1.
- (k) "Suitable employment" means employment which meets conditions set forth in section 256.736, subdivision 1, clause (h).

Subd. 3. ESTABLISHING THE MNJOBS PROGRAM. At the request of a county or counties, the commissioners of human services and economic security shall develop and establish the MNJOBS program, which requires recipients of AFDC to meet the requirements of the program. The purpose of the program is to:

- (1) ensure that the participant is working as soon as possible;
- (2) promote a greater opportunity for economic self-support, participation, and mobility in the work force; and
- (3) minimize the risk for long-term welfare dependency.

Subd. 4. COUNTY DESIGN; MNJOBS PROGRAM. The commissioner shall issue a notice to counties to submit a plan for developing and implementing a MNJOBS program. The plan must be consistent with provisions of the program.

The commissioner shall not approve a county plan that would have an adverse impact on the Minnesota family investment program (MFIP) or the MFIP evaluation. However, this does not preclude MFIP counties from operating a MNJOBS program. If the plan meets the requirements of the program, the commissioner shall approve the county plan and the county may implement the plan. No county may implement a MNJOBS pro-

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gram without an approved modification to its local service unit plan in accordance with section 268.88.

Subd. 5. PROGRAM ADMINISTRATION. The program must be administered in a way that, in addition to the county agency, other sectors in the community, such as employers from the public and private sectors, not-for-profit organizations, educational and social service agencies, labor unions, and community-based organizations, are involved.

Subd. 6. PROGRAM DESIGN. The purpose of the program is to enable immediate labor force participation and assist families in achieving self-sufficiency. The program plan must meet the following principles:

- (1) work is the primary means of economic support;
- (2) the individual's employment potential is reviewed during the development of the EDP;
- (3) public aid such as cash and medical assistance, child care, child support, and other cash benefits are used to support intensive job search and immediate work; and
- (4) maximum use is made of tax credits to supplement income.

Subd. 7. WAIVER REQUESTS. The commissioner shall request all waivers of federal law and regulation as soon as possible to implement the program. Upon obtaining all necessary federal waivers, the commissioner shall amend the state plans for the AFDC and the jobs opportunities and basic skills program (JOBS), and supportive services plan to coordinate these programs under the MNJOBS program for the approved counties, and shall seek approval of state plan amendments.

Subd. 8. DUTIES OF COMMISSIONER. In addition to any other duties imposed by law, the commissioner shall:

- (1) request all waivers to implement the program;
- (2) establish the MNJOBS program;
- (3) provide systems development and staff training;
- (4) accept and supervise the disbursement of any funds that may be provided from other sources for use in the program;
- (5) approve county MNJOBS plans; and
- (6) allocate program funds.

Subd. 9. DUTIES OF COUNTY AGENCY. The county agency shall:

- (1) collaborate with the commissioners of human services, economic security, and other agencies to develop, implement, and evaluate the demonstration of the program;
- (2) operate the program in partnership with private and public employers, workforce councils, labor unions, and employment, educational, and social service agencies, and according to subdivision 5; and
- (3) ensure that program components such as client orientation, immediate job search, job development, creation of community work experience jobs, job placements, and postplacement follow-up are implemented according to the MNJOBS program.

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Subd. 10. DUTIES OF PARTICIPANT. To be eligible for AFDC, a participant shall cooperate with the county agency, the provider, and the participant's employer in all aspects of the program.

Sec. 2. [256.7382] PROGRAM PARTICIPANTS; PROGRAM EXPECTATIONS.

(a) All recipients selected for participation are expected to meet the requirements of the program. In determining who may participate in the program, priority must be given to individuals who are on the county's project STRIDE waiting list, and also individuals who have applied for AFDC, and are subsequently determined to be eligible for STRIDE. An individual who is enrolled in STRIDE, and is making satisfactory progress towards completing the goals in the individual's approved EDP, may continue with the existing EDP, and is not required to participate in the MNJOBS program, but may volunteer to participate in the program.

(b) Caretakers who are exempt from the program may volunteer to participate in the program. The caretaker will be treated as a mandatory participant once an EDP is signed.

(c) Except as provided in paragraph (a), the program shall supersede the STRIDE program in counties that operate a MNJOBS program, except in MFIP counties, where STRIDE will be continued for families assigned to certain research groups.

Sec. 3. [256.7383] PROGRAM REQUIREMENTS.

Subdivision 1. NOTIFICATION OF PROGRAM. At the time of the face-to-face interview, the applicant or recipient being recertified must be given a written referral to the orientation and an appointment date for the EDP. Orientation must be completed within ten days of the face-to-face interview. The applicant or recipient must also be given the following information:

(1) notification that, as part of continued receipt of AFDC, the recipient is required to attend orientation, to be followed immediately by an assessment and intensive job search;

(2) the program provider, the date, time, and location of the scheduled program orientation;

(3) the procedures for qualifying for and receiving benefits under the program;

(4) the immediate availability of supportive services, including, but not limited to, child care, transportation, medical assistance, and other work-related aid;

(5) the rights, responsibilities, and obligations of participants in the program, including, but not limited to, the grounds for exemptions and deferrals, the consequences for refusing or failing to participate fully, and the appeal process; and

(6) a determination of whether the applicant or recipient is exempt from job search activity.

Subd. 2. PROGRAM ORIENTATION. The county agency or the provider must give a face-to-face orientation regarding the program within ten days after the date of face-to-face interview. The orientation must be designed to inform the recipient of:

(1) the importance of locating and obtaining a job as soon as possible;

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(2) benefits to be provided to support work;

(3) how other supportive services such as medical assistance, child care, transportation, and other work-related aid shall be available to support job search and work;

(4) the consequences for failure without good cause to comply with program requirements; and

(5) the appeal process.

Subd. 3. ASSESSMENT AND EMPLOYMENT DEVELOPMENT PLAN. At the end of orientation, the provider must assign an employment advisor and a financial specialist to the recipient. Working with the recipient, the employment advisor must assess the recipient and develop an EDP based on the recipient's existing educational level, available program resources, existing job markets, prior employment, work experience, and transferable work skills, unless exempt under subdivision 7. The EDP must require caretakers to participate in initial job search activities for up to four consecutive weeks for at least 30 hours per week and accept suitable employment if offered during participation in the program unless exempt under subdivision 7, or subject to the provisions of subdivision 8, or deferred under subdivision 9. The job search activities must commence within 30 days of the face-to-face interview.

Subd. 4. JOB SEARCH ACTIVITIES. The following job search activities may be included in the job search plan:

(a) Job clubs, which shall consist of both of the following:

(1) job search workshops, which shall be group training sessions where participants learn various job finding skills, including training in basic job seeking skills, job development skills, job interviewing skills, understanding employer requirements and expectations, and how to enhance self-esteem, self-image, and confidence; and

(2) supervised job search, which shall include, but not be limited to, access to phone banks in a clean and well-lighted place, job orders, direct referrals to employers, or other organized methods of seeking work which are overseen, reviewed, and critiqued by a trained employment professional. The amount and type of activity required during this supervised job search period shall be determined by the employment and training service provider and the participant, based on the participant's employment history and need for support services as defined in section 256.736, subdivision 1a, paragraph (i), and shall be consistent with regulations developed by the employment and service training provider.

(b) Unsupervised job search, where the individual shall seek work in the individual's own way, and make periodic progress reports no less frequently than every two weeks to the employment and training service provider.

(c) Job placement, which shall include, but not be limited to, referrals to jobs listed by employers.

(d) Job development, which shall be active assistance in seeking employment provided to a participant by a training employment professional on a one-to-one basis.

(e) Employment counseling, which shall be counseling aimed at helping a person reach an informed decision on an appropriate employment goal.

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Subd. 5. **ACTIVITIES FOLLOWING INTENSE JOB SEARCH ACTIVITIES.** (a) On completion of initial job search activities, or determination that those services are not required, the participant shall continue in additional job search activities or be assigned to one or more of the following activities as needed to attain the participant's employment goal:

(1) job training, which shall include, but is not limited to, training employer-specific jobs skills in a classroom or on-site setting, including training provided by local private industry council programs;

(2)(i) community work experience, which shall include work for a public or non-profit agency that helps to provide basic job skills; enhance existing job skills in a position related to a participant's experience, training, or education; or provide a needed community service. Community work experience must be operated in accordance with section 256.737; and

(ii) the continuation of the participant seeking employment during the community work experience assignment. The participant may request job search services;

(3) adult basic education, which shall include reading, writing, arithmetic, high school proficiency or general education development certificate instruction, and English-as-a-second-language (ESL), including vocational ESL, to the extent necessary to attain the participant's employment goal. Vocational ESL shall be intensive instruction in English for non-English-speaking participants, coordinated with specific job training; or

(4) college and community college education, when that education provides employment skills training that can reasonably be expected to lead to employment and be limited to two years.

(b) The assignment to one or more of the program activities as required in paragraph (a), shall be based on the EDP developed after an assessment. The EDP shall be based, at a minimum, on consideration of the individual's existing education level, employment experience and goals, available program resources, and local labor market opportunities. The assessment and EDP must comply with section 256.736, subdivision 10, clauses (14) and (15).

(c) A participant who lacks basic literacy or mathematics skills, a high school diploma or general education development certificate, or English language skills, may be assigned to participate in adult basic education, as appropriate and necessary for achievement of the individual's employment goal.

(d) Participation in activities assigned pursuant to this section may be sequential or concurrent. The provider may require concurrent participation in the assigned activities if it is appropriate to the participant's abilities, consistent with the participant's EDP, and the activities can be concurrently scheduled. However, to the extent possible, activities should be full time. The combined hours of participation in assigned concurrent activities shall not exceed 32 hours per week for an individual who has primary responsibility for personally providing care to a child under six years of age or 40 hours per week for any other individual. The maximum number of hours any participant may be required to participate in activities under this subdivision is a number equal to the amount of AFDC payable to the recipient divided by the greater of the federal minimum wage or the applicable state minimum wages.

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Subd. 6. **IMMEDIATE JOB SEARCH.** A recipient is required to begin job search activities within 30 days after the face-to-face interview for at least 30 hours per week for up to four weeks, unless exempt under subdivision 7, subject to the provisions of subdivision 8, or deferred under subdivision 9. Notwithstanding section 256H.11, subdivision 1, for purposes of the program the limit on job search child care is 480 hours annually. For a recipient who is working at least 20 hours per week, job search must consist of 12 hours per week for up to eight weeks. The recipient is required to carry out the other activities under the EDP developed under subdivision 3.

Subd. 7. **EXEMPTION CATEGORIES.** The recipient is exempted from mandatory participation in all activities except orientation, if the recipient belongs to any of the following groups:

(1) caretakers under age 20 who have not completed a high school education and are attending high school or an equivalency program under section 256.736, subdivision 3b;

(2) individuals who are age 60 or older;

(3) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(4) caretakers whose presence in the home is needed because of illness or incapacity of another member in the household;

(5) women who are pregnant, if it has been medically verified that the child is expected to be born within the next six months;

(6) caretakers or other caretaker relatives of a child under the age of three years who personally provide full-time care for the child. In AFDC-UP cases, only one parent or other relative may qualify for this exemption;

(7) individuals employed at least 30 hours per week;

(8) individuals for whom participation would require a round trip commuting time by available transportation of more than two hours, excluding transporting of children for child care;

(9) a child under age 16, or a child age 16 or 17 who is attending elementary or secondary school or a secondary-level vocational or technical school full time; or

(10) individuals experiencing a personal or family crisis which make them incapable of participating in the program, as determined by the county.

Subd. 8. **AFDC-UP RECIPIENTS.** All recipients under the AFDC-UP program are required to meet the requirements of the job search program under section 256.736, subdivision 14, and the community work experience program under section 256.737.

Subd. 9. **DEFERRAL FROM JOB SEARCH REQUIREMENT.** The recipient may be deferred from the requirement to conduct at least 30 hours of job search per week for up to four consecutive weeks, if during the development of the EDP, the recipient is determined to:

(1) be within two years of completing a post-secondary training program that is likely to lead to employment provided the recipient is attending school full time. The re-

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recipient must agree to develop and carry out an EDP which includes jobs search immediately after the training is completed;

(2) be in treatment for chemical dependency, be a victim of domestic abuse, or be homeless, provided that the recipient agrees to develop an EDP, and immediately follow through with the activities in the EDP. The EDP must include specific outcomes that the recipient must achieve for the duration of the EDP and activities that are needed to address the issues identified. Under this clause, the recipient may be deferred for up to three months;

(3) lack proficiency in English which is a barrier to employment, provided such individuals are successfully participating in an ESL program. Caretakers can be deferred for ESL for no longer than 12 months. The EDP shall establish an education plan which assigns caretakers to ESL programs available in the community that provide the quickest advancement of the caretaker's language skills; or

(4) need refresher courses for purposes of obtaining professional certification or licensure, provided the plans are approved in the EDP.

Subd. 10. DUTY TO REPORT. The participant must immediately inform the provider of any changes related to the participant's employment status.

Sec. 4. [256.7384] COMMUNITY WORK EXPERIENCE PROGRAM FOR SINGLE-PARENT FAMILIES.

To the extent that funds are available or appropriated, recipients who are participating in the program and are not working in unsubsidized employment within 24 months are required to participate in a community work experience program in accordance with section 256.737.

Sec. 5. [256.7385] MOVE TO A DIFFERENT COUNTY.

If the recipient who is required to participate in the program moves to a different county, the benefits and enabling services agreed upon in the EDP must be provided by the pilot county where the recipient originated. If the recipient is moving to a different county and has failed to comply with the requirements of the program, the recipient is not eligible for AFDC for at least six months from the date of the move.

Sec. 6. [256.7386] SANCTIONS AND APPEAL PROCESS.

The same sanctions and appeals imposed and available to recipients of AFDC under this chapter shall be imposed and available to participants in the MNJOBS program.

Sec. 7. [256.7387] PROGRAM FUNDING.

(a) FUNDING. After ensuring that all persons required to participate in the county's food stamp employment and training program will be served under that program, any remaining unexpended state funds from the county's food stamp employment and training program allocation for that fiscal year may be combined with the county's Project STRIDE allocation for that same fiscal year and are available to administer the program.

(b) TRANSFER OF ACCESS CHILD CARE FUNDS. After the end of the third quarter of the state fiscal year, any unencumbered ACCESS funds of a county participat-

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ing in the program shall be transferred to the county's base sliding fee fund to be used to provide child care to AFDC recipients beyond the one-year transition period. In determining the baseline funding for the ACCESS and basic sliding fee programs, the commissioners of finance and human services shall ignore any transfers made under this section.

(c) USE OF CHILD CARE. Participants in the program are eligible for STRIDE child care funds.

(d) LEVERAGING GRANT AMOUNT TO SECURE OTHER FUNDS. The county agency or the provider in cooperation with the commissioner may leverage the grant amount to secure other funds from employers, foundations, and the community for the purpose of developing additional components to benefit children and improve the program.

Sec. 8. **[256.7388] INCOME DISREGARDS.**

A participating county may utilize the county's own funds in order to provide higher income disregards to recipients participating in the program.

Sec. 9. **WAIVER AUTHORITY.**

The commissioner of human services is authorized to seek all necessary waivers to implement sections 1 to 8. The waiver requests must be submitted by the commissioner as part of the federal waiver package authorized by Laws 1995, chapter 178, article 2, section 46.

Sec. 10. **APPROPRIATION.**

\$102,000 is appropriated from the general fund to the commissioner of human services for the fiscal year ending June 30, 1997, for purposes of applying for necessary federal waivers to implement the program, and administering the MNJOBS program.

Sec. 11. **EFFECTIVE DATE.**

Section 9 is effective July 1, 1996. For purposes of sections 1 to 8, the commissioner may allow the implementation of the MNJOBS program in counties that have been approved by the commissioner as early as April 1, 1997, but no later than July 1, 1997.

ARTICLE 2

MFIP AND INCOME ASSISTANCE CHANGES BASED ON FEDERAL REFORM

Section 1. **MFIP; LEGISLATIVE POLICY.**

Subdivision 1. LEGISLATIVE FINDINGS. The legislature recognizes that:

(1) changes in federal law and federal funding may necessitate changes to Minnesota's public assistance programs;

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(2) Minnesota is in the process of testing and evaluating the Minnesota family investment plan, a program that will change public assistance programs in Minnesota; and

(3) the Minnesota family investment plan embodies the principles that should guide Minnesota in implementing changes necessitated by federal law and federal funding.

Subd. 2. WELFARE REFORM PROPOSAL. (a) The commissioner shall present the 1997 legislature with a proposal to modify the Minnesota family investment plan for statewide implementation. The proposed program must be designed around the following goals:

(1) to support work;

(2) to foster personal responsibility;

(3) to support the family;

(4) to simplify the welfare system;

(5) to prevent dependency; and

(6) to enable families to achieve sustained self-sufficiency.

(b) The proposed program shall provide assistance to all families with minor children and individuals who meet program eligibility rules and comply with program requirements and may set limits on the number of years or months of assistance.

(c) In designing the proposal, the commissioner shall consider:

(1) evaluation results from the Minnesota family investment plan;

(2) any evaluation or other information regarding the results of the work focused, work first, MNJOBS, and STRIDE programs;

(3) evaluations from any programs which have increased income disregards for working recipient families; and

(4) program and fiscal analysis of the impact of federal laws, including proposals to simplify or block grant the food stamp program.

(d) The commissioner shall consider the following additional policy options in developing the proposal:

(1) consolidate all income assistance programs into a single program;

(2) integrate the food stamp program more closely with income assistance program;

(3) provide disregards of earned income that are not time limited;

(4) establish asset limits which appropriately reflect the needs of working families;

(5) provide for flexibility in establishing grant standards which can be adapted to different needs of assistance units and to different work and training requirements in order to maximize successful outcomes;

(6) use of wage subsidies to increase employment opportunities;

(7) development of individual asset accounts;

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(8) expansion of employment and training options to include the option of small business training;

(9) establishment of a loan or grant fund for transition to work needs not covered under the grant;

(10) contingent on inclusion of clause (3), provide an initial period of assistance, not to exceed six months, after which the grant standard for all assistance units would be reduced. After this initial period:

(i) assistance units in which all adults are incapacitated, as defined by the commissioner, would receive a supplement that raises the unit's grant standard back to the standard of the initial period;

(ii) assistance units not included in item (i) could earn back a portion of the grant reduction by participating in employment and training services; and

(iii) for assistance units not included in item (i), earnings equal to the grant reduction would be entirely disregarded in determining benefits;

(11) pay child support directly to custodial parents receiving income assistance and budget all or part of the child support amount against the income assistance benefit;

(12) address the question of providing assistance to Minnesota residents who are legal noncitizens;

(13) divert applicants from using public assistance through early intervention focused on meeting immediate needs; and

(14) implement an outcome-based quality assurance program that measures the effectiveness of transitional support services by defining target groups, program goals, outcome indicators, data collection methods, and performance targets.

Sec. 2. INCOME ASSISTANCE PROGRAMS; FEDERAL POLICY INITIATIVE.

If the 104th Congress makes significant policy or funding changes that affect income assistance, the commissioner of human services shall develop a proposal that includes recommendations for the legislature which address these changes.

Further, the commissioners of human services, health, economic security, and children, families, and learning, shall, upon request of a county, work with and jointly develop a proposal that permits the county to merge funding and services in order to meet the individual needs of eligible clients. The proposal and draft legislation are due to the chairs of the senate family services committee and health and human services finance division, and the house of representatives human services committee and health and human services finance division by December 1, 1996.

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ARTICLE 3

ASSISTANCE PROGRAM CHANGES

Section 1. Minnesota Statutes 1994, section 53A.09, is amended to read:

53A.09 POWERS; LIMITATIONS; PROHIBITIONS.

Subdivision 1. DEPOSITS; ESCROW ACCOUNTS. A currency exchange may not accept money or currency for deposit, or act as bailee or agent for persons, firms, partnerships, associations, or corporations to hold money or currency in escrow for others for any purpose. However, a currency exchange may act as agent for the issuer of money orders or travelers' checks.

Subd. 2. GAMBLING ESTABLISHMENTS. A currency exchange located on the premises of a gambling establishment as defined in section 256.9831, subdivision 1, may not cash a warrant that bears a restrictive endorsement under section 256.9831, subdivision 3.

Sec. 2. Minnesota Statutes 1994, section 256.031, is amended by adding a subdivision to read:

Subd. 1a. USE OF FEDERAL AUTHORITY. Federal authority as cited in sections 256.031 to 256.0361 and section 256.047 is reference to the United States Code, title 42, section 601, United States Code, title 42, section 602, section 402 of the Social Security Act, and Code of Federal Regulations, title 45, as constructed on the day prior to their federal repeal.

Sec. 3. Minnesota Statutes 1994, section 256.033, is amended by adding a subdivision to read:

Subd. 6. RECOVERY OF ATM ERRORS. For recipients receiving benefits via electronic benefit transfer, if the recipient is overpaid as a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error.

Sec. 4. Minnesota Statutes 1994, section 256.034, is amended by adding a subdivision to read:

Subd. 6. PAYMENT METHODS. Minnesota family investment plan grant payments may be issued in the form of warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution.

Sec. 5. Minnesota Statutes 1994, section 256.035, subdivision 1, is amended to read:

Subdivision 1. EXPECTATIONS. All families eligible for assistance under the family investment plan who are assigned to a test group in the evaluation as provided in section 256.031, subdivision 3, paragraph (d), are expected to be in transitional status as defined in section 256.032, subdivision 12. To be considered in transitional status, families must meet the following expectations:

(a) For a family headed by a single adult parental caregiver, the expectation is that the parental caregiver will independently pursue self-sufficiency until the family has re-

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ceived assistance for 24 months within the preceding 36 months. Beginning with the 25th month of assistance, the parent must be developing or complying with the terms of the family support agreement.

(b) For a family with a minor parental caregiver or a family whose parental caregiver is 18 or 19 years of age and does not have a high school diploma or its equivalent, the expectation is that, concurrent with the receipt of assistance, the parental caregiver must be developing or complying with a family support agreement. The terms of the family support agreement must include compliance with section 256.736, subdivision 3b. However, if the assistance unit does not comply with section 256.736, subdivision 3b, the sanctions in subdivision 3 apply.

(c) For a family with two adult parental caregivers, the expectation is that at least one parent will independently pursue self-sufficiency until the family has received assistance for six months within the preceding 12 months. Beginning with the seventh month of assistance, one parent must be developing or complying with the terms of the family support agreement. To the extent of available resources and provided the other caregiver is proficient in English, the commissioner may require that both caregivers in a family with two adult parental caregivers, in which the youngest child has attained the age of six and is not in kindergarten, must be developing or complying with the terms of a family support agreement by the seventh month on assistance. A caregiver shall be determined proficient in English if the county agency, or its employment and training service provider, determines that the person has sufficient English language capabilities to become suitably employed.

If, as of July 1, 1996, the other caretaker is enrolled in a post-secondary education or training program that is limited to one year and can reasonably be expected to lead to employment, that caretaker is exempt from job search and work experience for a period of one year or until the caretaker stops attending the post-secondary program, whichever is shorter.

Sec. 6. Minnesota Statutes 1994, section 256.035, subdivision 6a, is amended to read:

Subd. 6a. **CASE MANAGEMENT SERVICES.** (a) The county agency will provide case management services to caregivers required to develop and comply with a family support agreement as provided in subdivision 1. For minor parents, the responsibility of the case manager shall be as defined in section 256.736, subdivision 3b. Sanctions for failing to develop or comply with the terms of a family support agreement shall be imposed according to subdivision 3. When a minor parent reaches age 17, or earlier if determined necessary by the social service agency, the minor parent shall be referred for case management services.

(b) Case managers shall provide the following services:

(1) the case manager shall provide or arrange for an assessment of the family and caregiver's needs, interests, and abilities according to section 256.736, subdivision 11, paragraph (a), clause (1);

(2) the case manager shall coordinate services according to section 256.736, subdivision 11, paragraph (a), clause (3);

(3) the case manager shall develop an employability plan according to subdivision 6b;

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(4) the case manager shall develop a family support agreement according to subdivision 6c; and

(5) the case manager shall monitor the caregiver's compliance with the employability plan and the family support agreement as required by the commissioner.

(c) Case management counseling and personal assistance services may continue for up to six months following the caregiver's achievement of employment goals. Funds for specific employment and training services may be expended for up to 90 days after the caregiver loses eligibility for financial assistance.

Sec. 7. Minnesota Statutes 1995 Supplement, section 256.0475, is amended by adding a subdivision to read:

Subd. 2a. INTENSIVE ESL. "Intensive ESL" means an English as a second language program that offers at least 20 hours of class per week.

Sec. 8. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 1, is amended to read:

Subdivision 1. **EXPECTATIONS.** The requirement for a caregiver to develop a family support agreement is tied to the structure of the family and the length of time on assistance according to paragraphs (a) to (c).

(a) In a family headed by a single adult parental caregiver who has received AFDC, family general assistance, MFIP, or a combination of AFDC, family general assistance, and MFIP assistance for 12 or more months within the preceding 24 months, the parental caregiver must be developing and complying with the terms of the family support agreement commencing with the 13th month of assistance.

(b) For a family with a minor parental caregiver or a family whose parental caregiver is 18 or 19 years of age and does not have a high school diploma or its equivalent, the parental caregiver must be developing and complying with a family support agreement concurrent with the receipt of assistance. The terms of the family support agreement must include compliance with section 256.736, subdivision 3b. If the parental caregiver fails to comply with the terms of the family support agreement, the sanctions in subdivision 4 apply. When the requirements in section 256.736, subdivision 3b, have been met, a caregiver has fulfilled the caregiver's obligation. County agencies must continue to offer MFIP-R services if the caregiver wants to continue with an employability plan. Caregivers who fulfill the requirements of section 256.736, subdivision 3b, are subject to the expectations of paragraphs (a) and (c).

(c) In a family with two adult parental caregivers, at least one of whom has received AFDC, family general assistance, MFIP, or a combination of AFDC, family general assistance, and MFIP assistance for six or more months within the preceding 12 months, one parental caregiver must be developing and complying with the terms of the family support agreement commencing with the seventh month of assistance. The family and MFIP-R staff will designate the parental caregiver who will develop the family support agreement based on which parent has the greater potential to increase family income through immediate employment. To the extent of available resources and provided the other caregiver is proficient in English, the commissioner may require that both caregivers in a family with two adult parental caregivers, in which the youngest child has attained the age of six and is not in kindergarten, must be developing or complying with the terms

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of a family support agreement by the seventh month on assistance. A caregiver shall be determined proficient in English if the county agency, or its employment and training service provider, determines that the person has sufficient English language capabilities to become suitably employed.

If, as of July 1, 1996, the other caretaker is enrolled in a post-secondary education or training program that is limited to one year and can reasonably be expected to lead to employment, that caretaker is exempt from job search and work experience for a period of one year or until the caretaker stops attending the post-secondary program, whichever is shorter.

Sec. 9. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 4, is amended to read:

Subd. 4. **SANCTION.** The county agency must reduce an assistance unit's assistance payment by ten percent of the transitional standard for the applicable family size when a caregiver, who is not exempt from the expectations in this section, fails to attend a mandatory briefing, fails to attend scheduled meetings with MFIP-R staff, terminates employment without good cause, or fails to develop or comply with the terms of the caregiver's family support agreement. MFIP-R staff must send caregivers a notice of intent to sanction. For the purpose of this section, "notice of intent to sanction" means MFIP-R staff must provide written notification to the caregiver that the caregiver is not fulfilling the requirement to develop or comply with the family support agreement. This notification must inform the caregiver of the right to request a conciliation conference within ten days of the mailing of the notice of intent to sanction or the right to request a fair hearing under section 256.045. If a caregiver requests a conciliation conference, the county agency must postpone implementation of the sanction pending completion of the conciliation conference. If the caregiver does not request a conciliation conference within ten calendar days of the mailing of the notice of intent to sanction, the MFIP-R staff must notify the county agency that the assistance payment should be reduced.

Upon notification from MFIP-R staff that an assistance payment should be reduced, the county agency must send a notice of adverse action to the caregiver stating that the assistance payment will be reduced in the next month following the ten-day notice requirement and state the reason for the action. For the purpose of this section, "notice of adverse action" means the county agency must send a notice of sanction, reduction, suspension, denial, or termination of benefits before taking any of those actions. The caregiver may request a fair hearing under section 256.045, upon notice of intent to sanction or notice of adverse action, but the conciliation conference is available only upon notice of intent to sanction.

Sec. 10. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 6, is amended to read:

Subd. 6. **PRE-EMPLOYMENT AND EMPLOYMENT SERVICES.** The county agency must provide services identified in clauses (1) to (10). Services include:

(1) a required briefing for all nonmandatory caregivers assigned to MFIP-R, which includes a review of the information presented at an earlier MFIP-R orientation pursuant to subdivision 5, and an overview of services available under MFIP-R pre-employment and employment services, an overview of job search techniques, and the opportunity to volunteer for MFIP-R job search activities and basic education services;

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(2) a briefing for all mandatory caregivers assigned to MFIP-R, which includes a review of the information presented at an earlier MFIP-R orientation pursuant to subdivision 5, and an overview of services available under MFIP-R pre-employment and employment services;

(3) an MFIP assessment that meets the requirements of section 256.736, subdivision 10, paragraph (a), clause (14), and addresses caregivers' skills, abilities, interests, and needs;

(4) development, together with the caregiver, of an employability plan and family support agreement according to subdivision 7;

(5) coordination of services including child care, transportation, education assistance, and social services necessary to enable caregivers to fulfill the terms of the employability plan and family support agreement;

(6) provision of full-time English as a second language (intensive ESL) classes;

(7) provision of a broad range of employment and pre-employment services including basic skills testing, interest and aptitude testing, career exploration, job search activities, community work experience program under section 256.737, or on-the-job training under section 256.738;

(8) evaluation of the caregiver's compliance with the employability plan and family support agreement and support and recognition of progress toward employment goals;

(9) provision of postemployment follow-up for up to six months after caregivers become exempt or exit MFIP-R due to employment if requested by the caregiver; and

(10) approval of education and training program activities.

Sec. 11. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 13, is amended to read:

Subd. 13. **EDUCATION AND TRAINING ACTIVITIES; BASIC EDUCATION.** Basic education, including adult basic education, high school or general equivalency diploma, ~~or ESL~~ may be included in the family support agreement when a caregiver is actively participating in job search activities as specified in the family support agreement, or employed at least 12 hours per week. The concurrent work requirement for basic education does not apply to caregivers under subdivision 1, paragraph (b), who are attending secondary school full time. Six months of basic education activities may be included in the family support agreement, and extension of basic education activities, including intensive ESL, is contingent upon review and approval by MFIP-R staff.

Non-English-speaking caregivers have the option to participate in full-time intensive ESL activities for up to six months prior to participation in job search with approval of MFIP-R staff, provided the caregiver also works or participates in job search. For caregivers participating in intensive ESL, hours spent in intensive ESL, employment, and job search must equal at least 30 hours per week, or 20 hours per week for a single parent caregiver with a child under age six.

Sec. 12. Minnesota Statutes 1994, section 256.73, subdivision 1, is amended to read:

Subdivision 1. **DEPENDENT CHILDREN.** Assistance shall be given under sections 256.72 to 256.87 to or on behalf of any dependent child who:

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(1) Resides Has resided in Minnesota for at least 30 days or, if residing in the state for less than 30 days, the child or the child's caretaker relative meets one of the criteria specified in subdivision 1b;

(2) Is otherwise eligible; the child shall not be denied aid because of conditions of the home in which the child resides.

Sec. 13. Minnesota Statutes 1994, section 256.73, is amended by adding a subdivision to read:

Subd. 1a. **USE OF CODE OF FEDERAL REGULATIONS.** In the event that federal block grant legislation eliminates the federal regulatory basis for AFDC, the state shall continue to determine eligibility for Minnesota's AFDC program using the provisions of the Code of Federal Regulations, title 45, as constructed on the day prior to their federal repeal, except as expressly superseded in sections 256.72 to 256.87, or as superseded by federal law, or as modified by state rule or by regulatory waivers granted to the state.

Sec. 14. Minnesota Statutes 1994, section 256.73, is amended by adding a subdivision to read:

Subd. 1b. **RESIDENCY CRITERIA.** A child or caretaker relative who has resided in Minnesota for less than 30 days is considered to be a Minnesota resident if:

(1) either the child or the caretaker relative was born in the state;

(2) either the child or the caretaker relative has, in the past, resided in this state for at least 365 consecutive days;

(3) either the child or the caretaker relative came to this state to join a close relative who has resided in this state for at least one year. For purposes of this clause, "close relative" means a parent, grandparent, brother, sister, spouse, or child; or

(4) the caretaker relative came to this state to accept a bona fide offer of employment and was eligible to accept the employment.

A county agency may waive the 30-day residency requirement in cases of emergency or where unusual hardship would result from denial of assistance. The county agency must report to the commissioner within 30 days on any waiver granted under this section. The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

Sec. 15. Minnesota Statutes 1995 Supplement, section 256.73, subdivision 8, is amended to read:

Subd. 8. **RECOVERY OF OVERPAYMENTS AND ATM ERRORS.** (a) Except as provided in subdivision 8a, if an amount of aid to families with dependent children assistance is paid to a recipient in excess of the payment due, it shall be recoverable by the county agency. The agency shall give written notice to the recipient of its intention to recover the overpayment.

(b) When an overpayment occurs, the county agency shall recover the overpayment from a current recipient by reducing the amount of aid payable to the assistance unit of

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which the recipient is a member for one or more monthly assistance payments until the overpayment is repaid. All county agencies in the state shall reduce the assistance payment by three percent of the assistance unit's standard of need or the amount of the monthly payment, whichever is less, for all overpayments whether or not the overpayment is due solely to agency error. For recipients receiving benefits via electronic benefit transfer, if the overpayment is a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error. If the overpayment is due solely to having wrongfully obtained assistance, whether based on a court order, the finding of an administrative fraud disqualification hearing or a waiver of such a hearing, or a confession of judgment containing an admission of an intentional program violation, the amount of this reduction shall be ten percent. In cases when there is both an overpayment and underpayment, the county agency shall offset one against the other in correcting the payment.

(c) Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the above aid reductions, until the total amount of the overpayment is repaid.

(d) The county agency shall make reasonable efforts to recover overpayments to persons no longer on assistance in accordance with standards adopted in rule by the commissioner of human services. The county agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of fraud under section 256.98.

Sec. 16. Minnesota Statutes 1994, section 256.736, subdivision 1a, is amended to read:

Subd. 1a. **DEFINITIONS.** As used in this section and section 256.7365, the following words have the meanings given them:

(a) "AFDC" means aid to families with dependent children.

(b) "AFDC-UP" or "two-parent family" means that group of AFDC clients who are eligible for assistance by reason of unemployment as defined by the commissioner under section 256.12, subdivision 14.

(c) "Caretaker" means a parent or eligible adult, including a pregnant woman, who is part of the assistance unit that has applied for or is receiving AFDC.

(d) "Case manager" means the county agency's employment and training service provider who provides the services identified in sections 256.736 to 256.739 according to subdivision 12.

(e) "Employment and training services" means programs, activities, and services related to job training, job placement, and job creation, including job service programs, job training partnership act programs, wage subsidies, remedial and secondary education programs, post-secondary education programs excluding education leading to a post-baccalaureate degree, and vocational education programs, ~~work readiness programs,~~ job search, counseling, case management, community work experience programs, displaced homemaker programs, self-employment programs, grant diversion, employment experience programs, youth employment programs, community investment programs, refu-

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gee employment and training programs, and counseling and support activities necessary to stabilize the caretaker or the family.

(e) ~~(f)~~ "Employment and training service provider" means a public, private, or non-profit agency certified by the commissioner of economic security to deliver employment and training services under section 268.0122, subdivision 3, and section 268.871, subdivision 1.

~~(f)~~ (g) "Minor parent" means a caretaker ~~relative who is the person who is under age 18 who is either the birth parent of the dependent a minor child or children in the assistance unit and who is under the age of 18 or is eligible for AFDC as a pregnant woman.~~

~~(g)~~ (h) "Targeted groups" or "targeted caretakers" means recipients of AFDC or AFDC-UP designated as priorities for employment and training services under subdivision 16.

~~(h)~~ (i) "Suitable employment" means employment which:

(1) is within the recipient's physical and mental capacity;

(2) meets health and safety standards established by the Occupational Safety and Health Administration and the department of economic security;

(3) pays hourly gross earnings which are not less than the federal or state minimum wage for that type of employment, whichever is applicable;

(4) does not result in a net loss of income. Employment results in a net loss of income when the income remaining after subtracting necessary work-related expenses from the family's gross income, which includes cash assistance, is less than the cash assistance the family was receiving at the time the offer of employment was made. For purposes of this definition, "work expenses" means the amount withheld or paid for; state and federal income taxes; social security withholding taxes; mandatory retirement fund deductions; dependent care costs; transportation costs to and from work at the amount allowed by the Internal Revenue Service for personal car mileage; costs of work uniforms, union dues, and medical insurance premiums; costs of tools and equipment used on the job; \$1 per work day for the costs of meals eaten during employment; public liability insurance required by an employer when an automobile is used in employment and the cost is not reimbursed by the employer; and the amount paid by an employee from personal funds for business costs which are not reimbursed by the employer;

(5) offers a job vacancy which is not the result of a strike, lockout, or other bona fide labor dispute;

(6) requires a round trip commuting time from the recipient's residence of less than two hours by available transportation, exclusive of the time to transport children to and from child care;

(7) does not require the recipient to leave children under age 12 unattended in order to work, or if child care is required, such care is available; and

(8) does not discriminate at the job site on the basis of age, sex, race, color, creed, marital status, status with regard to public assistance, disability, religion, or place of national origin.

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(j) "Support services" means programs, activities, and services intended to stabilize families and individuals or provide assistance for family needs related to employment or participation in employment and training services, including child care, transportation, housing assistance, personal and family counseling, crisis intervention services, peer support groups, chemical dependency counseling and treatment, money management assistance, and parenting skill courses.

Sec. 17. Minnesota Statutes 1994, section 256.736, subdivision 3b, is amended to read:

Subd. 3b. **MANDATORY ASSESSMENT AND SCHOOL ATTENDANCE FOR CERTAIN CUSTODIAL PARENTS.** This subdivision applies to the extent permitted under federal law and regulation.

(a) **DEFINITIONS.** The definitions in this paragraph apply to this subdivision.

(1) "Custodial parent" means a recipient of AFDC who is the natural or adoptive parent of a child living with the custodial parent.

(2) "School" means:

(i) an educational program which leads to a high school diploma. The program or coursework may be, but is not limited to, a program under the post-secondary enrollment options of section 123.3514, a regular or alternative program of an elementary or secondary school, a technical college, or a college;

(ii) coursework for a general educational development (GED) diploma of not less than six hours of classroom instruction per week; or

(iii) any other post-secondary educational program that is approved by the public school or the county agency under subdivision 11.

(b) **ASSESSMENT AND PLAN; REQUIREMENT; CONTENT.** The county agency must examine the educational level of each custodial parent under the age of 20 to determine if the recipient has completed a high school education or its equivalent. If the custodial parent has not completed a high school education or its equivalent and is not exempt from the requirement to attend school under paragraph (c), the county agency must complete an individual assessment for the custodial parent. The assessment must be performed as soon as possible but within 60 days of determining AFDC eligibility for the custodial parent. The assessment must provide an initial examination of the custodial parent's educational progress and needs, literacy level, child care and supportive service needs, family circumstances, skills, and work experience. In the case of a custodial parent under the age of 18, the assessment must also consider the results of the early and periodic screening, diagnosis and treatment (EPSDT) screening, if available, and the effect of a child's development and educational needs on the parent's ability to participate in the program. The county agency must advise the parent that the parent's first goal must be to complete an appropriate educational option if one is identified for the parent through the assessment and, in consultation with educational agencies, must review the various school completion options with the parent and assist the parent in selecting the most appropriate option.

(c) **RESPONSIBILITY FOR ASSESSMENT AND PLAN.** For custodial parents who are under age 18, the assessment and the employability plan must be completed by

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the county social services agency, as specified in section 257.33. For custodial parents who are age 18 or 19, the assessment and employability plan must be completed by the case manager. The social services agency or the case manager shall consult with representatives of educational agencies required to assist in developing educational plans under section 126.235.

(d) **EDUCATION DETERMINED TO BE APPROPRIATE.** If the case manager or county social services agency identifies an appropriate educational option, it must develop an employability plan in consultation with the custodial parent which reflects the assessment. The plan must specify that participation in an educational activity is required, what school or educational program is most appropriate, the services that will be provided, the activities the parent will take part in including child care and supportive services, the consequences to the custodial parent for failing to participate or comply with the specified requirements, and the right to appeal any adverse action. The employability plan must, to the extent possible, reflect the preferences of the participant.

(e) **EDUCATION DETERMINED TO BE NOT APPROPRIATE.** If the case manager determines that there is no appropriate educational option for a custodial parent who is age 18 or 19, the case manager shall indicate the reasons for the determination. The case manager shall then notify the county agency which must refer the custodial parent to ease management services under subdivision 4 the Project STRIDE program for completion of an employability plan and mandatory participation in employment and training services. If the custodial parent fails to participate or cooperate with ease management employment and training services and does not have good cause for the failure, the county agency shall apply the sanctions listed in subdivision 4, beginning with the first payment month after issuance of notice. If the county social services agency determines that school attendance is not appropriate for a custodial parent under age 18, the county agency shall refer the custodial parent to social services for services as provided in section 257.33.

(f) **SCHOOL ATTENDANCE REQUIRED.** Notwithstanding subdivision 3, a custodial parent must attend school if all of the following apply:

- (1) the custodial parent is less than 20 years of age;
- (2) transportation services needed to enable the custodial parent to attend school are available;
- (3) licensed or legal nonlicensed child care services needed to enable the custodial parent to attend school are available;
- (4) the custodial parent has not already received a high school diploma or its equivalent; and
- (5) the custodial parent is not exempt because the custodial parent:
 - (i) is ill or incapacitated seriously enough to prevent attendance at school;
 - (ii) is needed in the home because of the illness or incapacity of another member of the household; this includes a custodial parent of a child who is younger than six weeks of age;
 - (iii) works 30 or more hours a week; or

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(iv) is pregnant if it has been medically verified that the child's birth is expected within the next six months.

(g) **ENROLLMENT AND ATTENDANCE.** The custodial parent must be enrolled in school and meeting the school's attendance requirements. If enrolled, the custodial parent is considered to be attending when the school is not in regular session, including during holiday and summer breaks.

(h) **GOOD CAUSE FOR NOT ATTENDING SCHOOL.** The county agency shall not impose the sanctions in subdivision 4 if it determines that a custodial parent has good cause for not being enrolled or for not meeting the school's attendance requirements. The county agency shall determine whether good cause for not attending or not enrolling in school exists, according to this paragraph:

(1) Good cause exists when the county agency has verified that the only available school program requires round trip commuting time from the custodial parent's residence of more than two hours by available means of transportation, excluding the time necessary to transport children to and from child care.

(2) Good cause exists when the custodial parent has indicated a desire to attend school, but the public school system is not providing for the education and alternative programs are not available.

(i) **FAILURE TO COMPLY.** The case manager and social services agency shall establish ongoing contact with appropriate school staff to monitor problems that custodial parents may have in pursuing their educational plan and shall jointly seek solutions to prevent parents from failing to complete education. If the school notifies the county agency that the custodial parent is not enrolled or is not meeting the school's attendance requirements, or appears to be facing barriers to completing education, the information must be conveyed to the case manager for a custodial parent age 18 or 19, or to the social services agency for a custodial parent under age 18. The case manager or social services agency shall reassess the appropriateness of school attendance as specified in paragraph (f). If after consultation, school attendance is still appropriate and the case manager or social services agency determines that the custodial parent has failed to enroll or is not meeting the school's attendance requirements and the custodial parent does not have good cause, the case manager or social services agency shall inform the custodial parent's financial worker who shall apply the sanctions listed in subdivision 4 beginning with the first payment month after issuance of notice.

(j) **NOTICE AND HEARING.** A right to notice and fair hearing shall be provided in accordance with section 256.045 and the Code of Federal Regulations, title 45, section 205.10.

(k) **SOCIAL SERVICES.** When a custodial parent under the age of 18 has failed to attend school, is not exempt, and does not have good cause, the county agency shall refer the custodial parent to the social services agency for services, as provided in section 257.33.

(l) **VERIFICATION.** No less often than quarterly, the financial worker must verify that the custodial parent is meeting the requirements of this subdivision. Notwithstanding section 13.32, subdivision 3, when the county agency notifies the school that a custodial parent is subject to this subdivision, the school must furnish verification of school enroll-

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ment, attendance, and progress to the county agency. The county agency must not impose the sanctions in paragraph (i) if the school fails to cooperate in providing verification of the minor parent's education, attendance, or progress.

Sec. 18. Minnesota Statutes 1994, section 256.736, subdivision 4, is amended to read:

Subd. 4. **CONDITIONS OF CERTIFICATION.** The commissioner of human services shall:

(1) in consultation with the commissioner of children, families, and learning, arrange for or provide any caretaker or child required to participate who participates in employment and training services pursuant to this section with child-care services, transportation, and other necessary family services;

(2) provide that in determining a recipient's needs the additional expenses attributable to participation in a program are taken into account in grant determination to the extent permitted by federal regulation;

(3) provide that the county board shall impose the sanctions in clause (4) when the county board:

(a) determines that a custodial parent under the age of 16 who is required to attend school under subdivision 3b has, without good cause, failed to attend school; or

(b) determines that subdivision 3c applies to a minor parent and the minor parent has, without good cause, failed to cooperate with development of a social service plan or to participate in execution of the plan, to live in a group or foster home, or to participate in a program that teaches skills in parenting and independent living;

(4) to the extent permissible by federal law, impose the following sanctions for a recipient's failure to participate in the requirements of subdivision 3b or 3c:

(a) for the first failure, 50 percent of the grant provided to the family for the month following the failure shall be made in the form of protective or vendor payments;

(b) for the second and subsequent failures, the entire grant provided to the family must be made in the form of protective or vendor payments. Assistance provided to the family must be in the form of protective or vendor payments until the recipient complies with the requirement; and

(c) when protective payments are required, the county agency may continue payments to the caretaker if a protective payee cannot reasonably be found;

(5) provide that the county board shall impose the sanctions in clause (6) when the county board:

(a) determines that a caretaker or child required to participate in employment and training services has been found by the employment and training service provider to have failed without good cause to participate in appropriate employment and training services, to comply with the recipient's employability development plan, or to have failed without good cause to accept, through the job search program described in subdivision 14, or the provisions of an employability development plan if the caretaker is a custodial parent age 18 or 19 and subject to the requirements of subdivision 3b, a bona fide offer of public or other employment;

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(b) determines that a custodial parent aged 16 to 19 who is required to attend school under subdivision 3b has, without good cause, failed to enroll or attend school; or

(c) determines that a caretaker has, without good cause, failed to attend orientation;

(6) to the extent required by federal law, impose the following sanctions for a recipient's failure to participate in required employment and training services, to comply with the recipient's employability development plan, to accept a bona fide offer of public or other employment, to enroll or attend school under subdivision 3b, or to attend orientation:

(a) for the first failure, the needs of the noncompliant individual shall not be taken into account in making the grant determination, until the individual complies with the requirements;

(b) for the second failure, the needs of the noncompliant individual shall not be taken into account in making the grant determination until the individual complies with the requirement or for three consecutive months, whichever is longer;

(c) for subsequent failures, the needs of the noncompliant individual shall not be taken into account in making the grant determination until the individual complies with the requirement or for six consecutive months, whichever is longer;

(d) aid with respect to a dependent child who has been sanctioned under this paragraph shall be continued for the parent or parents of the child if the child is the only child receiving aid in the family, the child continues to meet the conditions of section 256.73, and the family is otherwise eligible for aid;

(e) if the noncompliant individual is a parent or other relative caretaker, payments of aid for any dependent child in the family must be made in the form of protective or vendor payments. When protective payments are required, the county agency may continue payments to the caretaker if a protective payee cannot reasonably be found. When protective payments are imposed on assistance units whose basis of eligibility is unemployed parent or incapacitated parent a two-parent family, cash payments may continue to the ~~non-sanctioned~~ caretaker in the assistance unit who remains eligible for AFDC, subject to paragraph (g);

(f) If, after removing a caretaker's needs from the grant, only dependent children remain eligible for AFDC, the standard of assistance shall be computed using the special children standard;

(g) if the noncompliant individual is a principal wage earner in a family whose basis of eligibility is the unemployment of a parent in a two-parent family and the nonprincipal wage earner other parent is not participating in an approved employment and training service, the needs of both the principal and nonprincipal wage earner parents must not be taken into account in making the grant determination; and

(7) Request approval from the secretary of health and human services to use vendor payment sanctions for persons listed in paragraph (5), clause (b). If approval is granted, the commissioner must begin using vendor payment sanctions as soon as changes to the state plan are approved.

Sec. 19. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 10, is amended to read:

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Subd. 10. **COUNTY DUTIES.** (a) To the extent of available state appropriations, county boards shall:

(1) refer all mandatory and eligible volunteer caretakers permitted to participate under subdivision 3a to an employment and training service provider for participation in employment and training services;

(2) identify to the employment and training service provider the target group of which the referred caretaker is a member, if any, and whether the person's participation is mandatory or voluntary;

(3) provide all caretakers with an orientation which meets the requirements in subdivisions 10a and 10b;

(4) work with the employment and training service provider to encourage voluntary participation by caretakers in the target groups in employment and training services;

(5) work with the employment and training service provider to collect data as required by the commissioner;

(6) to the extent permissible under federal law, require all caretakers coming into the AFDC program to attend orientation;

(7) encourage ~~non~~target caretakers to develop a plan to obtain self-sufficiency;

(8) notify the commissioner of the caretakers ~~required to~~ who participate in employment and training services;

(9) inform appropriate caretakers of opportunities available through the head start program and encourage caretakers to have their children screened for enrollment in the program where appropriate;

(10) provide transportation assistance using available funds to caretakers who participate in employment and training programs;

(11) ensure that the required services of orientation, job search, services to custodial parents under the age of 20 who have not completed high school or an equivalent program, job search, educational activities, and work experience for AFDC UP two-parent families, and case management services are made available to appropriate caretakers under this section, ~~except that payment for case management services is governed by subdivision 13 and that services are provided to volunteer caretakers to the extent resources permit~~;

(12) explain in its local service unit plan under section 268.88 how it will ensure that ~~target~~ caretakers determined to be in need of social services are provided with such social services. The plan must specify how the case manager and the county social service workers will ensure delivery of needed services;

(13) to the extent allowed by federal laws and regulations, provide a job search program as defined in subdivision 14, a community work experience program as defined in section 256.737, grant diversion as defined in section 256.739, and on-the-job training as defined in section 256.738. A county may also provide another work and training program approved by the commissioner and the secretary of the United States Department of Health and Human Services. Planning and approval for employment and training ser-

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vices listed in this clause must be obtained through submission of the local service unit plan as specified under section 268.88. A county is not required to provide a community work experience program if the county agency is successful in placing at least 40 ~~60~~ percent of the monthly average of all caretakers who are subject to the job search requirements of subdivision 14 in grant diversion or on-the-job training program;

(14) prior to participation, provide an assessment of each AFDC recipient who is required or volunteers to participate in an approved employment and training service. The assessment must include an evaluation of the participant's (i) educational, child care, and other supportive service needs; (ii) skills and prior work experience; and (iii) ability to secure and retain a job which, when wages are added to child support, will support the participant's family. The assessment must also include a review of the results of the early and periodic screening, diagnosis and treatment (EPSDT) screening and preschool screening under chapter 123, if available; the participant's family circumstances; and, in the case of a custodial parent under the age of 18, a review of the effect of a child's development and educational needs on the parent's ability to participate in the program;

(15) develop an employability development plan for each recipient for whom an assessment is required under clause (14) which:

(i) reflects the assessment required by clause (14);

(ii) takes into consideration the recipient's physical capacity, skills, experience, health and safety, family responsibilities, place of residence, proficiency, child care and other supportive service needs;

(iii) is based on available resources and local employment opportunities;

(iv) specifies the services to be provided by the employment and training service provider;

(v) specifies the activities the recipient will participate in, including the worksite to which the caretaker will be assigned, if the caretaker is subject to the requirements of section 256.737, subdivision 2;

(vi) specifies necessary supportive services such as child care;

(vii) reflects the effort to arrange mandatory activities so that the activities do not interfere with access to available English as a second language classes and to the extent possible, reflects the preferences of the participant;

(viii) includes a written agreement between the county agency and the caretaker that outlines a reasonable schedule for completing the plan, including specific completion deadlines, and confirms that

(A) there is a market for full-time employees with this education or training where the caretaker will or is willing to reside upon completion of the program;

(B) the average wage level for employees with this education or training is greater than the caretaker can earn without this education or training;

(C) the caretaker has the academic ability to successfully complete the program; and

(D) there is a reasonable expectation that the caretaker will complete the training program based on such factors as the caretaker's previous education, training, work history, current motivation, and changes in previous circumstances; and

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(ix) specifies the recipient's long-term employment goal which shall lead to self-sufficiency. Caretakers shall be counseled to set realistic attainable goals, taking into account the long-term needs of the caretaker and the caretaker's family;

(16) provide written notification to and obtain the written concurrence of the appropriate exclusive bargaining representatives with respect to job duties covered under collective bargaining agreements and assure that no work assignment under this section or sections 256.737, 256.738, and 256.739, or the Minnesota parent's fair share mandatory community work experience program results in: (i) termination, layoff, or reduction of the work hours of an employee for the purpose of hiring an individual under this section or sections 256.737, 256.738, and 256.739; (ii) the hiring of an individual if any other person is on layoff from the same or a substantially equivalent job; (iii) any infringement of the promotional opportunities of any currently employed individual; (iv) the impairment of existing contracts for services or collective bargaining agreements; or (v) except for on-the-job training under section 256.738, a participant filling an established unfilled position vacancy. If an exclusive bargaining representative and a county or public service employer disagree regarding whether job duties are covered under a collective bargaining agreement, the exclusive bargaining representative or the county or public service employer may petition the bureau of mediation services, and the bureau shall determine if the job duties are covered by a collective bargaining agreement; and

(17) assess each caretaker in an ~~AFDC UP~~ a two-parent family who is under age 25, has not completed high school or a high school equivalency program, and who would otherwise be required to participate in a work experience placement under section 256.737 to determine if an appropriate secondary education option is available for the caretaker. If an appropriate secondary education option is determined to be available for the caretaker, the caretaker must, in lieu of participating in work experience, enroll in and meet the educational program's participation and attendance requirements. "Secondary education" for this paragraph means high school education or education designed to prepare a person to qualify for a high school equivalency certificate, basic and remedial education, and English as a second language education. A caretaker required to participate in secondary education who, without good cause, fails to participate shall be subject to the provisions of subdivision 4a and the sanction provisions of subdivision 4, clause (6). For purposes of this clause, "good cause" means the inability to obtain licensed or legal nonlicensed child care services needed to enable the caretaker to attend, inability to obtain transportation needed to attend, illness or incapacity of the caretaker or another member of the household which requires the caretaker to be present in the home, or being employed for more than 30 hours per week; and

(18) provide counseling and other personal follow-up support as needed for up to six months after the participant loses AFDC eligibility to assist the person to maintain employment or to secure new employment.

(b) Funds available under this subdivision may not be used to assist, promote, or deter union organizing.

(c) A county board may provide other employment and training services that it considers necessary to help caretakers obtain self-sufficiency.

(d) Notwithstanding section 256G.07, when a target caretaker relocates to another county to implement the provisions of the caretaker's ~~case management contract or other~~

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written employability development plan approved by the county human service agency, ~~its case manager or its~~ employment and training service provider, the county that approved the plan is responsible for the costs of ~~ease management and other~~ services required to carry out the plan, ~~including employment and training services~~. The county agency's responsibility for the costs ends when all plan obligations have been met, when the caretaker loses AFDC eligibility for at least 30 days, or when approval of the plan is withdrawn for a reason stated in the plan, whichever occurs first. Responsibility for the costs of child care must be determined under chapter 256H. A county human service agency may pay for the costs of ~~ease management~~, child care, and other services required in an approved employability development plan when the nontarget caretaker relocates to another county or when a target caretaker again becomes eligible for AFDC after having been ineligible for at least 30 days.

Sec. 20. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 10a, is amended to read:

Subd. 10a. **ORIENTATION.** (a) Each county agency must provide an orientation to all caretakers within its jurisdiction in the time limits described in this paragraph:

(1) within 60 days of being determined eligible for AFDC for caretakers ~~with a continued absence or incapacitated parent basis of eligibility~~ who are permitted to volunteer for services under subdivision 3a; or

(2) within 30 days of being determined eligible for AFDC for caretakers ~~with an unemployed parent basis of eligibility~~ who are required to participate in services under subdivision 3a.

(b) Caretakers are required to attend an in-person orientation if the caretaker is a member of one of the groups listed in subdivision 3a, paragraph (a), unless the caretaker is exempt from registration under subdivision 3 and the caretaker's exemption basis will not expire within 60 days of being determined eligible for AFDC, or the caretaker is enrolled at least half time in any recognized school, training program, or institution of higher learning and the in-person orientation cannot be scheduled at a time that does not interfere with the caretaker's school or training schedule. The county agency shall require attendance at orientation of caretakers described in subdivision 3a, paragraph (b) or (c), if the commissioner determines that the groups are eligible for participation in employment and training services.

(c) The orientation must consist of a presentation that informs caretakers of:

(1) the identity, location, and phone numbers of employment and training and support services available in the county;

(2) the types and locations of child care services available through the county agency that are accessible to enable a caretaker to participate in educational programs or employment and training services;

(3) the child care resource and referral program designated by the commissioner providing education and assistance to select child care services and a referral to the child care resource and referral when assistance is requested;

(4) the obligations of the county agency and service providers under contract to the county agency;

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- (5) the rights, responsibilities, and obligations of participants;
- (6) the grounds for exemption from mandatory employment and training services or educational requirements;
- (7) the consequences for failure to participate in mandatory services or requirements, including the requirement that volunteer participants comply with their employability development plan;
- (8) the method of entering educational programs or employment and training services available through the county;
- (9) the availability and the benefits of the early and periodic, screening, diagnosis and treatment (EPSDT) program and preschool screening under chapter 123;
- (10) their eligibility for transition year child care assistance when they lose eligibility for AFDC due to their earnings;
- (11) their eligibility for extended medical assistance when they lose eligibility for AFDC due to their earnings; and
- (12) the availability of the federal earned income tax credits and the state working family tax credits; and
- (13) the availability and benefits of the Head Start program.

(d) All orientation programs should provide information to caretakers on parenting, nutrition, household management, food preparation, and other subjects relevant to promoting family integration and self-sufficiency and provide detailed information on community resources available for training sessions on these topics.

(e) Orientation must encourage recipients to view AFDC as a temporary program providing grants and services to individuals who set goals and develop strategies for supporting their families without AFDC assistance. The content of the orientation must not imply that a recipient's eligibility for AFDC is time limited. Orientation may be provided through audio-visual methods, but the caretaker must be given an opportunity for face-to-face interaction with staff of the county agency or the entity providing the orientation, and an opportunity to express the desire to participate in educational programs and employment and training services offered through the county agency.

(f) County agencies shall not require caretakers to attend orientation for more than three hours during any period of 12 continuous months. The county agency shall also arrange for or provide needed transportation and child care to enable caretakers to attend.

The county or, under contract, the county's employment and training service provider shall mail written orientation materials containing the information specified in paragraph (c), clauses (1) to (3) and (8) to ~~(12)~~ (13), to each caretaker exempt from attending an in-person orientation or who has good cause for failure to attend after at least two dates for their orientation have been scheduled. The county or the county's employment and training service provider shall follow up with a phone call or in writing within two weeks after mailing the material.

(g) Persons required to attend orientation must be informed of the penalties for failure to attend orientation, support services to enable the person to attend, what constitutes

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good cause for failure to attend, and rights to appeal. Persons required to attend orientation must be offered a choice of at least two dates for their first scheduled orientation. No person may be sanctioned for failure to attend orientation until after a second failure to attend.

(h) Good cause for failure to attend an in-person orientation exists when a caretaker cannot attend because of:

(1) temporary illness or injury of the caretaker or of a member of the caretaker's family that prevents the caretaker from attending an orientation during the hours when the orientation is offered;

(2) a judicial proceeding that requires the caretaker's presence in court during the hours when orientation is scheduled; or

(3) a nonmedical emergency that prevents the caretaker from attending an orientation during the hours when orientation is offered. "Emergency" for the purposes of this paragraph means a sudden, unexpected occurrence or situation of a serious or urgent nature that requires immediate action.

(i) Caretakers must receive a second orientation only when:

(1) there has been a 30-day break in AFDC eligibility; and

(2) the caretaker has not attended an orientation within the previous 12-month period, excluding the month of reapplication for AFDC.

Sec. 21. Minnesota Statutes 1994, section 256.736, subdivision 12, is amended to read:

Subd. 12. **CASE MANAGERS EMPLOYMENT AND TRAINING SERVICE PROVISION.** (a) Counties may directly employ case managers to provide the employment and training services in this section if the county is certified as an employment and training service provider under section 268.0122, or may contract for case management services with a certified employment and training service provider. Uncertified counties and contracting agencies may provide case management services only if they demonstrate the ability to coordinate employment, training, education, and support services. The commissioner of economic security shall determine whether or not an uncertified county or agency has demonstrated such ability.

(b) Counties that employ case managers must ensure that the case managers have the skills and knowledge necessary to perform the variety of tasks described in subdivision 14 this section. Counties that contract with another agency for case management services must specify in the contract the skills and knowledge needed by the case managers. At a minimum, case managers must:

(1) have a thorough knowledge of training, education, and employment opportunities;

(2) have training or experience in understanding the needs of AFDC clients and their families; and

(3) be able to formulate creative individualized contracts employability development plans.

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Sec. 22. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 14, is amended to read:

Subd. 14. **JOB SEARCH.** (a) Each county agency must establish and operate a job search program as provided under this section. Unless all caretakers in the household are exempt, one nonexempt caretaker in each ~~AFDC-UP~~ two-parent AFDC household must be referred to and begin participation in the job search program within 30 days of being determined eligible for AFDC. If the assistance unit contains more than one nonexempt caretaker, the caretakers may determine which caretaker shall participate. The designation may be changed only once annually at the annual redetermination of eligibility. If no designation is made or if the caretakers cannot agree, the county agency shall designate the caretaker having earned the greater of the incomes, including in-kind income, during the 24-month period immediately preceding the month of application for AFDC benefits as the caretaker that must participate. When no designation is made or the caretakers cannot agree and neither caretaker had earnings or the earnings were identical for each caretaker, then the county agency shall designate the caretaker who must participate. A caretaker is exempt from job search participation if:

(1) the caretaker is exempt from registration under subdivision 3, except that the second caretaker cannot be exempt to provide child care or care to an ill or incapacitated household member if the first caretaker is sanctioned for failure to comply or is exempt under any other exemption category, provided the first caretaker is capable of providing the needed care; or

(2) the caretaker is under age 25, has not completed a high school diploma or an equivalent program, and is participating in a secondary education program as defined in subdivision 10, paragraph (a), clause (17), which is approved by the employment and training service provider in the employability development plan.

(b) The job search program must provide four consecutive weeks of job search activities for no less than 20 hours per week but not more than 32 hours per week. The employment and training service provider shall specify for each participating caretaker the number of weeks and hours of job search to be conducted and shall report to the county agency if the caretaker fails to cooperate with the job search requirement. A person for whom lack of proficiency in English, as determined by an appropriate evaluation, is a barrier to employment, can choose to attend an available intensive, functional work literacy program for a minimum of 20 hours in place of the 20 hours of job search activities. The caretaker's employability development plan must include the length of time needed in the program, specific outcomes, attendance requirements, completion dates, and employment goals as they pertain to the intensive literacy program.

(c) The job search program may provide services to ~~non-AFDC-UP~~ caretakers who are not in two-parent families.

(d) After completion of job search requirements in this section, if the caretaker is not employed, nonexempt caretakers shall be placed in and must participate in and cooperate with the work experience program under section 256.737, the on-the-job training program under section 256.738, or the grant diversion program under section 256.739. Caretakers must be offered placement in a grant diversion or on-the-job training program, if either such employment is available, before being required to participate in a community work experience program under section 256.737. When a nonexempt caretaker fails to

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cooperate with the job search program, the work experience program, the on-the-job training program, or the community work experience program and is subject to the sanction provisions of subdivision 4, the second caretaker in the assistance unit, unless exempt, must also be removed from the grant unless that second caretaker has been referred to and has started participating in the job search program and subsequently in the work experience program, the on-the-job training program, or the community work experience program prior to the date the sanction begins for the first caretaker. The second caretaker is ineligible for AFDC until the first caretaker's sanction ends or the second caretaker cooperates with the requirements.

(e) The commissioner may require that, to the extent of available resources and provided the second caretaker is proficient in English, both caretakers in a two-parent AFDC family where all children are over age six and are not in kindergarten participate in job search and work experience. A caretaker shall be determined proficient in English if the county agency, or its employment and training service provider, determines that the person has sufficient English language capabilities to become suitably employed.

If, as of July 1, 1996, the second caretaker is enrolled in a post-secondary education or training program that is limited to one year and can reasonably be expected to lead to employment, the second caretaker is exempt from job search and work experience for a period of one year or until the caretaker stops attending the post-secondary program, whichever is shorter.

Sec. 23. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 16, is amended to read:

Subd. 16. **ALLOCATION AND USE OF MONEY.** (a) State money appropriated for employment and training services under this section must be allocated to counties as specified in paragraphs (b) to (l).

(b) For purposes of this subdivision, "targeted caretaker" means a recipient who:

(1) is a custodial parent under the age of 24 who: (i) has not completed a high school education and at the time of application for AFDC is not enrolled in high school or in a high school equivalency program; or (ii) had little or no work experience in the preceding year;

(2) is a member of a family in which the youngest child is within two years of being ineligible for AFDC due to age; or

(3) has received 36 months or more of AFDC over the last 60 months.

(c) One hundred percent of the money appropriated for case management services as described in ~~subdivision 11~~ must be allocated to counties based on the average number of cases in each county described in clause (1). Money appropriated for employment and training services as described in subdivision 1a, paragraph (d), other than case management services, must be allocated to counties as follows:

(1) Forty percent of the state money must be allocated based on the average number of cases receiving AFDC in the county which either have been open for 36 or more consecutive months or have a caretaker who is under age 24 and who has no high school or general equivalency diploma. The average number of cases must be based on counts of these cases as of March 31, June 30, September 30, and December 31 of the previous year.

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(2) Twenty percent of the state money must be allocated based on the average number of cases receiving AFDC in the county which are not counted under clause (1). The average number of cases must be based on counts of cases as of March 31, June 30, September 30, and December 31 of the previous year.

(3) Twenty-five percent of the state money must be allocated based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous year.

(4) Fifteen percent of the state money must be allocated at the discretion of the commissioner based on participation levels for target group members in each county.

(d) No more than 15 percent of the money allocated under paragraph (b) and no more than 15 percent of the money allocated under paragraph (c) may be used for administrative activities.

(e) At least 55 percent of the money allocated to counties under paragraph (c) must be used for employment and training services for caretakers in the target groups, and up to 45 percent of the money may be used for employment and training services for nontarget caretakers. One hundred percent of the money allocated to counties for case management services must be used to provide those services to caretakers in the target groups.

(f) Money appropriated to cover the nonfederal share of costs for bilingual case management services to refugees for the employment and training programs under this section are allocated to counties based on each county's proportion of the total statewide number of AFDC refugee cases. However, counties with less than one percent of the statewide number of AFDC refugee cases do not receive an allocation.

(g) Counties, the department of economic security, and entities under contract with either the department of economic security or the department of human services for provision of STRIDE related services shall bill the commissioner of human services for any expenditures incurred by the county, the county's employment and training service provider, or the department of economic security that may be reimbursed by federal money. The commissioner of human services shall bill the United States Department of Health and Human Services and the United States Department of Agriculture for the reimbursement and appropriate the reimbursed money to the county, the department of economic security, or employment and training service provider that submitted the original bill. The reimbursed money must be used to expand employment and training services.

(h) The commissioner of human services shall review county expenditures of case management and employment and training block grant money at the end of the third quarter of the biennium and each quarter after that, and may reallocate unencumbered or unexpended money allocated under this section to those counties that can demonstrate a need for additional money. Reallocation of funds must be based on the formula set forth in paragraph (a), excluding the counties that have not demonstrated a need for additional funds.

(i) The county agency may continue to provide case management and supportive services to a participant for up to 90 days after the participant loses AFDC eligibility and may continue providing a specific employment and training service for the duration of that service to a participant if funds for the service are obligated or expended prior to the participant losing AFDC eligibility.

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(j) One hundred percent of the money appropriated for an unemployed parent work experience program under section 256.737 must be allocated to counties based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous year.

(k) The commissioner may waive the requirement of paragraph (e) that case management funds be spent only on case management services in order to permit the development of a unified STRIDE funding allocation for each county agency. The unified allocation may be expended by the county agency for case management and employment and training activities in the proportion determined necessary to streamline administrative procedures and enhance program performance. The commissioner, in consultation with the commissioner of economic security, may also grant a waiver from program spending limits in paragraphs (d) and (e) to any county which can demonstrate increased program effectiveness through a written request to the department. Counties which request a waiver of the spending limits in paragraphs (d) and (e) shall amend their local service unit plans and receive approval of the plans prior to commencing the waiver. The commissioners of human services and economic security shall annually evaluate the effectiveness of all waivers approved under this subdivision.

(l) Effective July 1, 1995, the commissioner of human services shall begin developing a performance model for the purpose of analyzing each county's performance in the provision of STRIDE employment and training services. Beginning February 1, 1997, and each year thereafter, the commissioner of human services shall inform each county of the county's performance based upon the following measures:

- (1) employment rate at termination of STRIDE eligibility;
- (2) wage rate at termination of STRIDE eligibility;
- (3) average annual cost per placement calculated by dividing the total STRIDE expenditures by the number of participants placed in unsubsidized employment;
- (4) AFDC-UP participation rate;
- (5) percentage of 18- and 19-year-old custodial parents subject to secondary education requirements of subdivision 3b who complete secondary education or equivalent course of study; and
- (6) achievement of federally mandated JOBS participation rate.

Performance measures (1), (2), and (3) shall be adjusted to reflect local conditions.

County agencies must take the results of these performance measures into consideration when selecting employment and training service providers.

Sec. 24. Minnesota Statutes 1995 Supplement, section 256.737, subdivision 7, is amended to read:

Subd. 7. **INJURY PROTECTION FOR WORK EXPERIENCE PARTICIPANTS.** (a) Payment of any claims resulting from an alleged injury or death of a recipient participating in a community work experience program established and operated by a county or a tribal JOBS program pursuant to this section shall be determined in accordance with this section. This determination method applies to work experience programs established under aid to families with dependent children, work readiness, Minnesota

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parent's fair share, and to obligors participating in community services pursuant to section 518.551, subdivision 5a, in a county with an approved community investment program.

(b) Claims that are subject to this section shall be investigated by the county agency or the tribal JOBS program responsible for supervising the work to determine whether the claimed injury occurred, whether the claimed medical expenses are reasonable, and whether the loss is covered by the claimant's insurance. If insurance coverage is established, the county agency or tribal JOBS program shall submit the claim to the appropriate insurance entity for payment. The investigating county agency or tribal JOBS program shall submit all valid claims, in the amount net of any insurance payments, to the department of human services.

(c) The department of human services shall submit all claims for impairment compensation to the commissioner of labor and industry. The commissioner of labor and industry shall review all submitted claims and recommend to the department of human services an amount of compensation comparable to that which would be provided under the impairment compensation schedule of section 176.101, subdivision 3b.

(d) The department of human services shall approve a claim of \$1,000 or less for payment if appropriated funds are available, if the county agency or tribal JOBS program responsible for supervising the work has made the determinations required by this section, and if the work program was operated in compliance with the safety provisions of this section. The department shall pay the portion of an approved claim of \$1,000 or less that is not covered by the claimant's insurance within three months of the date of submission. On or before February 1 of each legislative session, the department shall submit to the appropriate committees of the senate and the house of representatives a list of claims of \$1,000 or less paid during the preceding calendar year and shall be reimbursed by legislative appropriation for any claims that exceed the original appropriation provided to the department to operate this program. Any unspent money from this appropriation shall carry over to the second year of the biennium, and any unspent money remaining at the end of the second year shall be returned to the state general fund.

On or before February 1 of each year, the department shall submit to the appropriate committees of the senate and the house of representatives a list of claims in excess of \$1,000 and a list of claims of \$1,000 or less that were submitted to but not paid by the department of human services, together with any recommendations of appropriate compensation. These claims shall be heard and determined by the appropriate committees of the senate and house of representatives and, if approved, shall be paid under the legislative claims procedure.

(e) Compensation paid under this section is limited to reimbursement for reasonable medical expenses and impairment compensation for disability in like amounts as allowed in section 176.101, subdivision 3b. Compensation for injuries resulting in death shall include reasonable medical expenses and burial expenses in addition to payment to the participant's estate in an amount up to \$200,000. No compensation shall be paid under this section for pain and suffering, lost wages, or other benefits provided in chapter 176. Payments made under this section shall be reduced by any proceeds received by the claimant from any insurance policy covering the loss. For the purposes of this section, "insurance policy" does not include the medical assistance program authorized under chapter 256B or the general assistance medical care program authorized under chapter 256D.

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(f) The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, its political subdivisions, or employees of the state or its political subdivisions. The claimant shall not be entitled to seek damages from any state or, county, tribal, or reservation insurance policy or self-insurance program.

(g) A claim is not valid for purposes of this subdivision if the local agency responsible for supervising the work cannot verify to the department of human services:

(1) that appropriate safety training and information is provided to all persons being supervised by the agency under this subdivision; and

(2) that all programs involving work by those persons comply with federal Occupational Safety and Health Administration and state department of labor and industry safety standards. A claim that is not valid because of failure to verify safety training or compliance with safety standards will not be paid by the department of human services or through the legislative claims process and must be heard, decided, and paid, if appropriate, by the local government unit or tribal JOBS program responsible for supervising the work of the claimant.

(h) This program is effective July 1, 1995. Claims may be submitted on or after November 1, 1995.

Sec. 25. Minnesota Statutes 1995 Supplement, section 256.76, subdivision 1, is amended to read:

Subdivision 1. Upon the completion of the investigation the county agency shall decide whether the child is eligible for assistance under the provisions of sections 256.72 to 256.87 and determine the amount of the assistance and the date on which the assistance begins. A decision on an application for assistance must be made as promptly as possible and no more than 30 days from the date of application. Notwithstanding section 393.07, the county agency shall not delay approval or issuance of assistance pending formal action of the county board of commissioners. The first month's grant shall be based upon that portion of the month from the date of application, or from the date that the applicant meets all eligibility factors, whichever occurs later, provided that on the date that assistance is first requested, the county agency shall inquire and determine whether the person requesting assistance is in immediate need of food, shelter, clothing, or other emergency assistance. If an emergency need is found to exist, the applicant shall be granted assistance pursuant to section 256.871 within a reasonable period of time. ~~It~~ The county shall make a grant of assistance which shall be binding upon the county and be complied with by the county until the grant is modified or vacated. The county agency shall notify the applicant of its decision in writing. The assistance shall be paid monthly to the applicant or to the vendor of medical care upon order of the county agency from funds appropriated to the county agency for this purpose.

Sec. 26. Minnesota Statutes 1995 Supplement, section 256.81, is amended to read:

256.81 COUNTY AGENCY, DUTIES.

(1) The county agency shall keep such records, accounts, and statistics in relation to aid to families with dependent children as the state agency shall prescribe.

(2) Each grant of aid to families with dependent children shall be paid to the recipient by the county agency unless paid by the state agency. Payment must be by check or

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electronic means in the form of a warrant immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution, except in those instances in which the county agency, subject to the rules of the state agency, determines that payments for care shall be made to an individual other than the parent or relative with whom the dependent child is living or to vendors of goods and services for the benefit of the child because such parent or relative is unable to properly manage the funds in the best interests and welfare of the child. There is a presumption of mismanagement of funds whenever a recipient is more than 30 days in arrears on payment of rent, except when the recipient has withheld rent to enforce the recipient's right to withhold the rent in accordance with federal, state, or local housing laws. In cases of mismanagement based solely on failure to pay rent, the county may vendor the rent payments to the landlord. At the request of a recipient, the state or county may make payments directly to vendors of goods and services, but only for goods and services appropriate to maintain the health and safety of the child, as determined by the county.

(3) The state or county may ask the recipient to give written consent authorizing the state or county to provide advance notice to a vendor before vendor payments of rent are reduced or terminated. Whenever possible under state and federal laws and regulations and if the recipient consents, the state or county shall provide at least 30 days notice to vendors before vendor payments of rent are reduced or terminated. If 30 days notice cannot be given, the state or county shall notify the vendor within three working days after the date the state or county becomes aware that vendor payments of rent will be reduced or terminated. When the county notifies a vendor that vendor payments of rent will be reduced or terminated, the county shall include in the notice that it is illegal to discriminate on the grounds that a person is receiving public assistance and the penalties for violation. The county shall also notify the recipient that it is illegal to discriminate on the grounds that a person is receiving public assistance and the procedures for filing a complaint. The county agency may develop procedures, including using the MAXIS system, to implement vendor notice and may charge vendors a fee not exceeding \$5 to cover notification costs.

(4) A vendor payment arrangement is not a guarantee that a vendor will be paid by the state or county for rent, goods, or services furnished to a recipient, and the state and county are not liable for any damages claimed by a vendor due to failure of the state or county to pay or to notify the vendor on behalf of a recipient, except under a specific written agreement between the state or county and the vendor or when the state or county has provided a voucher guaranteeing payment under certain conditions.

(5) The county shall be paid from state and federal funds available therefor the amount provided for in section 256.82.

(6) Federal funds available for administrative purposes shall be distributed between the state and the counties in the same proportion that expenditures were made except as provided for in section 256.017.

(7) The affected county may require that assistance paid under the AFDC emergency assistance program in the form of a rental unit damage deposit, less any amount retained by the landlord to remedy a tenant's default in payment of rent or other funds due to the landlord pursuant to a rental agreement, or to restore the premises to the condition at the commencement of the tenancy, ordinary wear and tear excepted, be returned to the county when the individual vacates the premises or paid to the recipient's new landlord as

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a vendor payment. The vendor payment of returned funds shall not be considered a new use of emergency assistance.

Sec. 27. [256.9831] BENEFITS; GAMBLING ESTABLISHMENTS.

Subdivision 1. DEFINITION. For purposes of this section "gambling establishment" means a bingo hall licensed under section 349.164, a racetrack licensed under section 240.06 or 240.09, a casino operated under a tribal-state compact under section 3.9221, or any other establishment that receives at least 50 percent of its gross revenue from the conduct of gambling.

Subd. 2. FINANCIAL TRANSACTION CARDS. The commissioner shall take all actions necessary to insure that no person may obtain benefits under chapter 256 or 256D through the use of a financial transaction card, as defined in section 609.821, subdivision 1, paragraph (a), at a terminal located in or attached to a gambling establishment.

Subd. 3. WARRANTS. The commissioner shall take all actions necessary to insure that warrants issued to pay benefits under chapter 256 or 256D bear a restrictive endorsement that prevents their being cashed in a gambling establishment.

Sec. 28. Minnesota Statutes 1995 Supplement, section 256D.02, subdivision 12a, is amended to read:

Subd. 12a. RESIDENT. (a) For purposes of eligibility for general assistance under section 256D.05, and payments under section 256D.051 and general assistance medical care, a "resident" is a person living in the state for at least 30 days with the intention of making the person's home here and not for any temporary purpose. All applicants for these programs are required to demonstrate the requisite intent and can do so in any of the following ways:

(1) by showing that the applicant maintains a residence at a verified address, other than a place of public accommodation. An applicant may verify a residence address by presenting a valid state driver's license, a state identification card, a voter registration card, a rent receipt, a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address, or other form of verification approved by the commissioner; or

(2) by providing written documentation verifying residence in accordance with Minnesota Rules, part 9500.1219, subpart 3, item (c).

(b) An applicant who has been in the state for less than 30 days shall be considered a resident if the applicant can provide documentation:

(1) that the applicant came to was born in the state in response to an offer of employment;

(3) by providing verification (2) that the applicant has been a long-time resident of the state or was formerly a resident of the state for at least 365 days and is returning to the state from a temporary absence, as those terms are defined in rules to be adopted by the commissioner;

(3) that the applicant has come to the state to join a close relative which, for purposes of this subdivision, means a parent, grandparent, brother, sister, spouse, or child; or

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(4) by providing other persuasive evidence to show that the applicant is a resident of the state, according to rules adopted by the commissioner that the applicant has come to this state to accept a bona fide offer of employment for which the applicant is eligible.

A county agency shall waive the 30-day residency requirement in cases of emergencies, including medical emergencies, or where unusual hardship would result from denial of general assistance medical care. A county may waive the 30-day residency requirement in cases of emergencies, including medical emergencies, or where unusual hardship would result from denial of general assistance. The county agency must report to the commissioner within 30 days on any waiver granted under this section. The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

Sec. 29. Minnesota Statutes 1995 Supplement, section 256D.03, subdivision 2, is amended to read:

Subd. 2. After December 31, 1980, state aid shall be paid for 75 percent of all general assistance and grants up to the standards of sections section 256D.01, subdivision 1a, and ~~256D.051~~, and according to procedures established by the commissioner, except as provided for under section 256.017. Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3.

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of county agency expenditures made under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 30. Minnesota Statutes 1995 Supplement, section 256D.03, subdivision 2a, is amended to read:

Subd. 2a. **COUNTY AGENCY OPTIONS.** Any county agency may, from its own resources, make payments of general assistance: (a) at a standard higher than that established by the commissioner without reference to the standards of section 256D.01, subdivision 1; or (b) to persons not meeting the eligibility standards set forth in section 256D.05, subdivision 1, ~~or 256D.051~~ but for whom the aid would further the purposes established in the general assistance program in accordance with rules adopted by the commissioner pursuant to the administrative procedure act. The Minnesota department of human services may maintain client records and issue these payments, providing the cost of benefits is paid by the counties to the department of human services in accordance with sections 256.01 and 256.025, subdivision 3.

Sec. 31. Minnesota Statutes 1995 Supplement, section 256D.03, subdivision 3, is amended to read:

Subd. 3. **GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.** (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spenddown of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 ~~or 256D.051~~, or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

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(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. No asset test shall be applied to children and their parents living in the same household. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first \$50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 60 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another

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purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(f)(1) Beginning October 1, 1993, an undocumented alien or a nonimmigrant is ineligible for general assistance medical care other than emergency services. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented alien is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(2) This subdivision does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to an alien who is aged, blind, or disabled as defined in United States Code, title 42, section 1382c(a)(1).

(3) For purposes of paragraph (f), "emergency services" has the meaning given in Code of Federal Regulations, title 42, section 440.255(b)(1), except that it also means services rendered because of suspected or actual pesticide poisoning.

Sec. 32. Minnesota Statutes 1995 Supplement, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner and who is a resident of the state shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the professionally certified illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in, and is residing in, a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the county agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

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(5) a person not described in clause (1) or (3) who is diagnosed by a licensed physician, psychological practitioner, or other qualified professional, as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(6) a person who has an application pending for, or is appealing termination of benefits from, the social security disability program or the program of supplemental security income for the aged, blind, and disabled, provided the person has a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(7) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;

(8) a person who has been assessed by a vocational specialist and, in consultation with the county agency, has been determined to be unemployable for purposes of this item, a person is considered employable if there exist positions of employment in the local labor market, regardless of the current availability of openings for those positions, that the person is capable of performing. The person's eligibility under this category must be reassessed at least annually. The county agency must provide notice to the person not later than 30 days before annual eligibility under this item ends, informing the person of the date annual eligibility will end and the need for vocational assessment if the person wishes to continue eligibility under this clause. For purposes of establishing eligibility under this clause, it is the applicant's or recipient's duty to obtain any needed vocational assessment;

(9) a person who is determined by the county agency, in accordance with permanent rules adopted by the commissioner, to be learning disabled, provided that if a rehabilitation plan for the person is developed or approved by the county agency, the person is following the plan;

(10) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, but only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the county agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the county agency. For purposes of this clause, "legally emancipated" means a person under the age of 18 years who: (i) has been married; (ii) is on active duty in the uniformed services of the United States; (iii) has been emancipated by a court of competent jurisdiction; or (iv) is otherwise considered emancipated under Minnesota law, and for whom county social services has not determined that a social services case plan is necessary, for reasons other than that the child has failed or refuses to cooperate with the county agency in developing the plan;

(11) a woman in the last trimester of pregnancy who does not qualify for aid to families with dependent children. A woman who is in the last trimester of pregnancy who is currently receiving aid to families with dependent children may be granted emergency general assistance to meet emergency needs;

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(12) a person who is eligible for displaced homemaker services, programs, or assistance under section 268.96, but only if that person is enrolled as a full-time student;

(13) a person who lives more than two hours round-trip traveling time from any potential suitable employment;

(14) a person who is involved with protective or court-ordered services that prevent the applicant or recipient from working at least four hours per day;

(15)(i) a family as defined in section 256D.02, subdivision 5, which is ineligible for the aid to families with dependent children program.

(ii) unless all adults in the family are exempt under section 256D.051, subdivision 3a, one each adult in the family unit must participate in and cooperate with the food stamp employment and training program under section 256D.051 each month that the family unit receives general assistance benefits. If the household contains more than one non-exempt adult, the adults may determine which adult must participate. The designation may be changed once annually at the annual redetermination of eligibility. If no designation is made or if the adults cannot agree, the county agency shall designate the adult having earned the greater of the incomes, including in-kind income, during the 24-month period immediately preceding the month of application for general assistance, as the adult that must participate. When there are no earnings or when earnings are identical for each adult, the county agency shall designate which adult must participate. The recipient's participation must begin on no later than the first day of the first full month following the determination of eligibility for general assistance benefits. To the extent of available resources, and with the county agency's consent, the recipient may voluntarily continue to participate in food stamp employment and training services for up to three additional consecutive months immediately following termination of general assistance benefits in order to complete the provisions of the recipient's employability development plan. If the an adult member fails without good cause to participate in or cooperate with the food stamp employment and training program, the county agency shall concurrently terminate that person's eligibility for general assistance and food stamps for two months or until compliance is achieved, whichever is shorter, using the notice, good cause, conciliation and termination procedures specified in section 256D.051; or

(16) a person over age 18 whose primary language is not English and who is attending high school at least half time.

(b) Persons or families who are not state residents but who are otherwise eligible for general assistance may receive emergency general assistance to meet emergency needs.

(c) As a condition of eligibility under paragraph (a), clauses (1), (3), (5), (8), and (9), the recipient must complete an interim assistance agreement and must apply for other maintenance benefits as specified in section 256D.06, subdivision 5, and must comply with efforts to determine the recipient's eligibility for those other maintenance benefits.

(d) The burden of providing documentation for a county agency to use to verify eligibility for general assistance or for exemption from the food stamp employment and training program is upon the applicant or recipient. The county agency shall use documents already in its possession to verify eligibility, and shall help the applicant or recipient obtain other existing verification necessary to determine eligibility which the applicant or recipient does not have and is unable to obtain.

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Sec. 33. Minnesota Statutes 1995 Supplement, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. **FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM.** The commissioner shall implement a food stamp employment and training program in order to meet the food stamp employment and training participation requirements of the United States Department of Agriculture. ~~Unless all adult members of the food stamp household are exempt under subdivision 3a, one nonexempt each adult recipient in each household~~ the unit must participate in the food stamp employment and training program each month that the household person is eligible for food stamps, up to a maximum period of six calendar months during any 12 consecutive calendar month period. ~~If the household contains more than one nonexempt adult, the adults may determine which adult must participate. The designation may be changed only once annually at the annual redetermination of eligibility. If no designation is made or if the adults cannot agree, the county agency shall designate the adult having earned the greater of the incomes, including in-kind income, during the 24-month period immediately preceding the month of application for food stamp benefits, as the adult that must participate. When there are no earnings or when earnings are identical for each adult, the county agency shall designate the adult that must participate. The person's participation in food stamp employment and training services must begin on no later than the first day of the calendar month following the date determination of eligibility for food stamps. With the county agency's consent, and to the extent of available resources, the person may voluntarily continue to participate in food stamp employment and training services for up to three additional consecutive months immediately following the end of the six-month mandatory participation period~~ termination of food stamp benefits in order to complete the provisions of the person's employability development plan.

Sec. 34. Minnesota Statutes 1995 Supplement, section 256D.051, subdivision 6, is amended to read:

Subd. 6. **SERVICE COSTS.** Within the limits of available resources, the commissioner shall reimburse county agency expenditures for providing food stamp employment and training services including direct participation expenses and administrative costs. State food stamp employment and training funds shall be used only to pay the county agency's and food stamp employment and training service provider's actual costs of providing participant support services, direct program services, and program administrative costs for persons who participate in such employment and training services. The average annual reimbursable cost for providing food stamp employment and training services to a recipient for whom an individualized employability development plan is not completed must not exceed \$60 for the food stamp employment and training services, and ~~\$240~~ \$340 for necessary recipient support services such as transportation or child care needed to participate in food stamp employment and training program. If an individualized employability development plan has been completed, the average annual reimbursable cost for providing food stamp employment and training services must not exceed ~~\$300~~ \$400 for all services and costs necessary to implement the plan, including the costs of training, employment search assistance, placement, work experience, on-the-job training, other appropriate activities, the administrative and program costs incurred in providing these services, and necessary recipient support services such as tools, clothing, and transportation needed to participate in food stamp employment and training ser-

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vices. The county agency may expend additional county funds over and above the dollar limits of this subdivision without state reimbursement.

Sec. 35. Minnesota Statutes 1995 Supplement, section 256D.055, is amended to read:

256D.055 COUNTY DESIGN; WORK FOCUSED PROGRAM.

The commissioner of human services shall issue a request for proposals from counties to submit a plan for developing and implementing a county-designed program. The plan shall be for first-time applicants for aid to families with dependent children (AFDC) and family general assistance (FGA) and must emphasize the importance of becoming employed and oriented into the work force in order to become self-sufficient. The plan must target public assistance applicants who are most likely to become self-sufficient quickly with short-term assistance or services such as child care, child support enforcement, or employment and training services.

The plan may include vendor payments, mandatory job search, refocusing existing county or provider efforts, or other program features. The commissioner may approve a county plan which allows a county to use other program funding for the county work focus program in a more flexible manner. Nothing in this section shall allow payments made to the public assistance applicant to be less than the amount the applicant would have received if the program had not been implemented, or reduce or eliminate a category of eligible participants from the program without legislative approval.

The commissioner shall not approve a county plan that would have an adverse impact on the Minnesota family investment plan demonstration. If the plan is approved by the commissioner, the county may implement the plan. If the plan is approved by the commissioner, but a federal waiver is necessary to implement the plan, the commissioner shall apply for the necessary federal waivers. ~~If by July 1, 1996, at least four counties have not proposed a work focused plan, the commissioner of human services may pursue the work first plan as provided under sections 256.7351 to 256.7359. However, a county with a work focus plan that has been approved under this section may implement the plan.~~

Sec. 36. Minnesota Statutes 1994, section 256D.06, is amended by adding a subdivision to read:

Subd. 8. RECOVERY OF ATM ERRORS. For recipients receiving benefits via electronic benefit transfer, if the recipient is overpaid as a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error.

Sec. 37. Minnesota Statutes 1995 Supplement, section 256D.09, subdivision 1, is amended to read:

Subdivision 1. **PRESUMPTIVE ELIGIBILITY; VENDOR PAYMENTS.** Until the county agency has determined the initial eligibility of the applicant in accordance with section 256D.07 or 256D.051, grants for emergency general assistance must be in the form of vouchers or vendor payments unless the county agency determines that a cash grant will best resolve the applicant's need for emergency assistance. Thereafter, grants of general assistance must be paid in cash, by electronic benefit transfer, or by direct deposit into the recipient's account in a financial institution, on the first day of the month, except as allowed in this section.

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Sec. 38. Minnesota Statutes 1994, section 256D.10, is amended to read:

256D.10 HEARINGS PRIOR TO REDUCTION; TERMINATION; SUSPENSION OF GENERAL ASSISTANCE GRANTS.

No grant of general assistance except one made pursuant to section 256D.06, subdivision 2; ~~256D.051, subdivisions 1, paragraph (d), and 1a, paragraph (b);~~ or 256D.08, subdivision 2, shall be reduced, terminated or suspended unless the recipient receives notice and is afforded an opportunity to be heard prior to any action by the county agency.

Nothing herein shall deprive a recipient of the right to full administrative and judicial review of an order or determination of a county agency as provided for in section 256.045 subsequent to any action taken by a county agency after a prior hearing.

Sec. 39. Minnesota Statutes 1994, section 256D.49, subdivision 3, is amended to read:

Subd. 3. **OVERPAYMENT OF MONTHLY GRANTS AND RECOVERY OF ATM ERRORS.** When the county agency determines that an overpayment of the recipient's monthly payment of Minnesota supplemental aid has occurred, it shall issue a notice of overpayment to the recipient. If the person is no longer receiving Minnesota supplemental aid, the county agency may request voluntary repayment or pursue civil recovery. If the person is receiving Minnesota supplemental aid, the county agency shall recover the overpayment by withholding an amount equal to three percent of the standard of assistance for the recipient or the total amount of the monthly grant, whichever is less. For recipients receiving benefits via electronic benefit transfer, if the overpayment is a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error. Residents of nursing homes, regional treatment centers, and facilities with negotiated rates shall not have overpayments recovered from their personal needs allowance.

Sec. 40. Minnesota Statutes 1994, section 256E.08, subdivision 8, is amended to read:

Subd. 8. **REPORTING BY COUNTIES.** Beginning in calendar year 1980 each county shall submit to the commissioner of human services a financial accounting of the county's community social services fund, and other data required by the commissioner under section 256E.05, subdivision 3, paragraph (g), shall include:

(a) A detailed statement of income and expenses attributable to the fund in the preceding quarter; and

(b) A statement of the source and application of all money used for social services programs by the county during the preceding quarter, including the number of clients served and expenditures for each service provided, as required by the commissioner of human services.

In addition, each county shall submit to the commissioner of human services no later than February 15 of each year, a detailed balance sheet of the community social development fund for the preceding calendar year.

If county boards have joined or designated human service boards for purposes of providing community social services programs, the county boards may submit a joint statement or the human service board shall submit the statement, as applicable.

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Sec. 41. Minnesota Statutes 1994, section 336.3-206, is amended to read:

336.3-206 **RESTRICTIVE ENDORSEMENT.**

(a) An endorsement limiting payment to a particular person or otherwise prohibiting further transfer or negotiation of the instrument is not effective to prevent further transfer or negotiation of the instrument.

(b) An endorsement stating a condition to the right of the endorsee to receive payment does not affect the right of the endorsee to enforce the instrument. A person paying the instrument or taking it for value or collection may disregard the condition, and the rights and liabilities of that person are not affected by whether the condition has been fulfilled.

(c) If an instrument bears an endorsement (i) described in section 336.4-201(b), or (ii) in blank or to a particular bank using the words "for deposit," "for collection," or other words indicating a purpose of having the instrument collected by a bank for the endorser or for a particular account, the following rules apply:

(1) A person, other than a bank, who purchases the instrument when so endorsed converts the instrument unless the amount paid for the instrument is received by the endorser or applied consistently with the endorsement.

(2) A depository bank that purchases the instrument or takes it for collection when so endorsed converts the instrument unless the amount paid by the bank with respect to the instrument is received by the endorser or applied consistently with the endorsement.

(3) A payor bank that is also the depository bank or that takes the instrument for immediate payment over the counter from a person other than a collecting bank converts the instrument unless the proceeds of the instrument are received by the endorser or applied consistently with the endorsement.

(4) Except as otherwise provided in paragraph (3), a payor bank or intermediary bank may disregard the endorsement and is not liable if the proceeds of the instrument are not received by the endorser or applied consistently with the endorsement.

(d) Except for an endorsement covered by subsection (c), if an instrument bears an endorsement using words to the effect that payment is to be made to the endorsee as agent, trustee, or other fiduciary for the benefit of the endorser or another person, the following rules apply:

(1) Unless there is notice of breach of fiduciary duty as provided in section 336.3-307, a person who purchases the instrument from the endorsee or takes the instrument from the endorsee for collection or payment may pay the proceeds of payment or the value given for the instrument to the endorsee without regard to whether the endorsee violates a fiduciary duty to the endorser.

(2) A subsequent transferee of the instrument or person who pays the instrument is neither given notice nor otherwise affected by the restriction in the endorsement unless the transferee or payor knows that the fiduciary dealt with the instrument or its proceeds in breach of fiduciary duty.

(e) The presence on an instrument of an endorsement to which this section applies does not prevent a purchaser of the instrument from becoming a holder in due course of

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the instrument unless the purchaser is a converter under subsection (c) or has notice or knowledge of breach of fiduciary duty as stated in subsection (d).

(f) In an action to enforce the obligation of a party to pay the instrument, the obligor has a defense if payment would violate an endorsement to which this section applies and the payment is not permitted by this section.

(g) Nothing in this section prohibits or limits the effectiveness of a restrictive endorsement made under section 256.9831, subdivision 3.

Sec. 42. WAIVER AUTHORITY.

The commissioner of human services shall seek federal waivers as necessary to implement sections 12 and 14.

Sec. 43. SEVERABILITY.

If any provision of sections 12, 14, or 28 is found to be unconstitutional or void by a court of competent jurisdiction, all remaining provisions of the law shall remain valid and shall be given full effect.

Sec. 44. APPROPRIATION.

\$450,000 is appropriated from the general fund to the commissioner of human services for the fiscal year ending June 30, 1997, to be added to the AFDC child care entitlement fund to provide child care for two-parent families that are mandatory participants under Minnesota Statutes, chapter 256.

Sec. 45. REPEALER.

Minnesota Statutes 1994, section 256.736, subdivisions 10b and 11; Minnesota Statutes 1995 Supplement, section 256.736, subdivision 13, are repealed.

Sec. 46. EFFECTIVE DATE.

Sections 29 to 31 and 38 are retroactive to July 1, 1995.

ARTICLE 4

CHILD CARE

Section 1. APPROPRIATION.

\$5,000,000 is appropriated from the general fund to the commissioner of children, families, and learning for purposes of increasing the funding to the basic sliding fee child care program under Minnesota Statutes, section 256H.03, to be available for the fiscal year ending June 30, 1997.

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ARTICLE 5

HEALTH PLAN PROVISIONS

Section 1. Minnesota Statutes 1994, section 62A.047, is amended to read:

62A.047 CHILDREN'S HEALTH SUPERVISION SERVICES AND PRENATAL CARE SERVICES.

A policy of individual or group health and accident insurance regulated under this chapter, or individual or group subscriber contract regulated under chapter 62C, health maintenance contract regulated under chapter 62D, or health benefit certificate regulated under chapter 64B, issued, renewed, or continued to provide coverage to a Minnesota resident, must provide coverage for child health supervision services and prenatal care services. The policy, contract, or certificate must specifically exempt reasonable and customary charges for child health supervision services and prenatal care services from a deductible, copayment, or other coinsurance or dollar limitation requirement. This section does not prohibit the use of policy waiting periods or preexisting condition limitations for these services. Minimum benefits may be limited to one visit payable to one provider for all of the services provided at each visit cited in this section subject to the schedule set forth in this section. Nothing in this section applies to a commercial health insurance policy issued as a companion to a health maintenance organization contract, a policy designed primarily to provide coverage payable on a per diem, fixed indemnity, or non-expense incurred basis, or a policy that provides only accident coverage.

"Child health supervision services" means pediatric preventive services, appropriate immunizations, developmental assessments, and laboratory services appropriate to the age of a child from birth to age six, and appropriate immunizations from ages six to 18, as defined by Standards of Child Health Care issued by the American Academy of Pediatrics. Reimbursement must be made for at least five child health supervision visits from birth to 12 months, three child health supervision visits from 12 months to 24 months, once a year from 24 months to 72 months.

"Prenatal care services" means the comprehensive package of medical and psychosocial support provided throughout the pregnancy, including risk assessment, serial surveillance, prenatal education, and use of specialized skills and technology, when needed, as defined by Standards for Obstetric-Gynecologic Services issued by the American College of Obstetricians and Gynecologists.

Sec. 2. [62A.265] COVERAGE FOR LYME DISEASE.

Subdivision 1. REQUIRED COVERAGE. Every health plan, including a plan providing the coverage specified in section 62A.011, subdivision 3, clause (10), must cover treatment for diagnosed Lyme disease.

Subd. 2. SPECIAL RESTRICTIONS PROHIBITED. No health plan included in subdivision 1 may impose a special deductible, copayment, waiting period, or other special restriction on treatment for Lyme disease that the health plan does not apply to nonpreventive treatment in general.

Sec. 3. EFFECTIVE DATE.

New language is indicated by underline, deletions by ~~strikeout~~.

Sections 1 and 2 are effective August 1, 1996, and apply to all health plans providing coverage to a Minnesota resident, issued, renewed, or continued on or after that date.

Presented to the governor April 4, 1996

Signed by the governor April 15, 1996, 1:15 p.m.

CHAPTER 466—H.F.No. 374

VETOED

CHAPTER 467—H.F.No. 2318

An act relating to gambling; regulating the imposition of certain taxes on pari-mutuel racing; providing for the handling of claims on unredeemed tickets; regulating expenditures from lawful gambling; providing enforcement powers; removing the restriction on compensation to persons who participate in the conduct of lawful gambling; regulating leased premises; requiring a report; amending Minnesota Statutes 1994, sections 240.15, subdivisions 1 and 5; 349.151, subdivision 4; 349.166, subdivisions 2 and 3; 349.18, subdivision 1; and 349.19, subdivision 3; repealing Minnesota Statutes 1994, section 349.168, subdivision 3.

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

Section 1. Minnesota Statutes 1994, section 240.15, subdivision 1, is amended to read:

Subdivision 1. **TAXES IMPOSED.** (a) From July 1, 1996, until July 1, 1999, there is imposed a tax at the rate of six percent of the total amount in excess of \$12,000,000 annually withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4. After June 30, 1999, the tax is imposed on the total amount withheld from all pari-mutuel pools. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of the next year.

In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the total amount bet on each racing day, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission may impose an admissions tax of not more than ten cents on each paid admission at a licensed racetrack on a racing day if:

(1) the tax is requested by a local unit of government within whose borders the track is located;

New language is indicated by underline, deletions by ~~strikeout~~.