

(1) the state to seek any information that the state deems necessary to investigate, prevent, or respond to a situation that presents an imminent and substantial endangerment to human health or the environment;

(2) the state to seek any information the state deems necessary to respond to a continuing violation of any environmental requirement;

(3) the state to seek information as part of a criminal investigation; or

(4) the federal government to seek any information it is authorized to obtain under federal law.

Sec. 13. Minnesota Statutes 1998, section 114C.27, is amended to read:

**114C.27 NO EFFECT ON OTHER RIGHTS.**

Sections 114C.20 to ~~114C.29~~ 114C.28 do not affect, impair, or alter:

(1) rights of a regulated entity that chooses not to participate, or is not eligible to participate, in the environmental improvement pilot program; or

(2) rights of other persons relative to the matters addressed by the environmental improvement pilot program.

Sec. 14. Minnesota Statutes 1998, section 114C.28, is amended to read:

**114C.28 REPORTING REQUIRED BY LAW.**

Nothing in sections 114C.20 to ~~114C.31~~ 114C.28 alters the obligation of any regulated entity to report releases, violations, or other matters that are required to be reported by state or federal law, rule, permit, or enforcement action.

**Sec. 15. REPEALER.**

Minnesota Statutes 1998, sections 114C.21, subdivisions 9 and 11; 114C.29; 114C.30; and 114C.31, are repealed.

Presented to the governor May 10, 1999

Signed by the governor May 13, 1999, 1:25 p.m.

**CHAPTER 159—S.F.No. 1585**

*An act relating to human services; making technical changes to cross-references in statutes; clarifying certain requirements; amending Minnesota Statutes 1998, sections 13.46, subdivisions 1 and 2; 16D.02, subdivision 3; 16D.13, subdivision 3; 84.98, subdivision 3; 119A.54; 119B.01, subdivisions 2, 10, 12, 13, 15, and 16; 119B.02, subdivision 1; 119B.03, subdivisions 3 and 4; 119B.05, subdivision 1; 119B.07; 119B.075; 119B.08, subdivision 3; 119B.09, subdivisions 1, 3, and 7; 119B.14; 119B.15; 136A.125, subdivision 2; 145.415, subdivision 3; 145.93, subdivision 3; 196.27; 237.70, subdivision 4a; 245.4871, subdivision 25; 252.28, subdivision 3a; 254B.02, subdivision 1; 256.01, subdivisions 2 and 4; 256.017, subdivisions 1, 2, and 4; 256.019; 256.025, subdivision 2; 256.046, subdivision 1; 256.0471, subdivision 1; 256.741, subdivisions 1 and 2; 256.82, subdivision 2; 256.935, subdivision 1; 256.98, subdivisions 1 and 8; 256.981; 256.983, subdivision 4; 256.9861,*

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*subdivision 5; 256B.031, subdivisions 4 and 5; 256B.69, subdivision 5a; 256C.21; 256C.23, subdivision 1; 256D.01, subdivisions 1a and 1e; 256D.05, subdivisions 1, 3, and 5; 256D.051, subdivision 3a; 256D.055; 256D.23, subdivision 1; 256D.435, subdivision 3; 256D.44, subdivision 5; 256E.03, subdivision 2; 256E.06, subdivisions 1 and 3; 256E.07, subdivision 1; 256E.08, subdivision 3; 256F.05, subdivisions 3 and 8; 256F.10, subdivision 6; 256F.13, subdivision 3; 256G.01, subdivision 4; 256G.03, subdivision 2; 256J.01, subdivision 1; 256J.11, subdivisions 1 and 2; 256J.12, subdivision 1; 256J.21, subdivision 3; 256J.26, subdivisions 1, 2, 3, and 4; 256J.42, subdivisions 1 and 5; 256J.43, subdivision 1; 256J.50, subdivision 3a; 256J.62, subdivisions 3, 6, and 7; 256J.76, subdivision 1; 256K.01, subdivisions 2, 3, and 8; 256K.015; 256K.02; 256K.03, subdivisions 1 and 12; 256K.04, subdivision 2; 256K.05, subdivision 2; 256K.06; 256K.07; 256K.08, subdivision 1; 256L.11, subdivision 4; 257.33, subdivision 2; 257.3573, subdivision 2; 257.60; 257.85, subdivisions 3, 5, 7, and 11; 259.67, subdivision 4; 260.38; 261.063; 268.0111, subdivisions 5 and 7; 268.0122, subdivision 3; 268.552, subdivision 5; 268.672, subdivision 6; 268.86, subdivision 2; 268.871, subdivision 1; 268.90, subdivision 2; 268.95, subdivision 4; 275.065, subdivision 5a; 290.067, subdivision 1; 290A.03, subdivision 7; 393.07, subdivision 6; 462A.205, subdivision 2; 462A.222, subdivision 1a; 473.129, subdivision 8; 477A.0122, subdivision 2; 501B.89, subdivision 2; 518.171, subdivision 1; 518.551, subdivision 5; 518.57, subdivision 3; 518.614, subdivision 3; 518.64, subdivision 2; 548.13; 550.136, subdivision 6; 550.143, subdivision 3; 550.37, subdivision 14; 551.05, subdivision 1a; 551.06, subdivision 6; 570.025, subdivision 6; 570.026, subdivision 2; 571.72, subdivision 8; 571.912; 571.925; 571.931, subdivision 6; 571.932, subdivision 2; and 583.22, subdivision 7b; repealing Minnesota Statutes 1998, sections 119B.01, subdivision 12a; 119B.05, subdivision 6; 126C.05, subdivision 4; 126C.06; 256.031, subdivision 1a; 256.736; 256.74, subdivision 1c; 256.9850; 256J.62, subdivision 5; 268.871, subdivision 5; and 290A.22; Minnesota Rules, parts 9500.2000; 9500.2020; 9500.2060; 9500.2100; 9500.2140; 9500.2180; 9500.2220; 9500.2260; 9500.2300; 9500.2340; 9500.2380; 9500.2420; 9500.2440; 9500.2480; 9500.2500; 9500.2520; 9500.2560; 9500.2580; 9500.2600; 9500.2620; 9500.2640; 9500.2680; 9500.2700; 9500.2720; 9500.2722; 9500.2724; 9500.2726; 9500.2728; 9500.2730; 9500.2740; 9500.2760; 9500.2780; 9500.2800; 9500.2820; 9500.2860; and 9500.2880.*

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

Section 1. Minnesota Statutes 1998, section 13.46, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** As used in this section:

(a) "Individual" means an individual according to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system according to statute or federal law, including, but not limited to, the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, Minnesota family investment program—statewide, medical assistance, general assistance, general assistance medical care, and child support collections.

(c) "Welfare system" includes the department of human services, local social services agencies, county welfare agencies, the public authority responsible for child support enforcement, human services boards, community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and mental retardation, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of coun-

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ties and other providers under contract to deliver mental health services, or the ombudsman for mental health and mental retardation.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

Sec. 2. Minnesota Statutes 1998, section 13.46, subdivision 2, is amended to read:

Subd. 2. **GENERAL.** (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits, and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;

(9) between the department of human services and the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for re-employment insurance, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the statewide Minnesota family investment program by exchanging data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part

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C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children or Minnesota family investment program—statewide may be disclosed to law enforcement officers who provide the name of the recipient and notify the agency that:

(i) the recipient:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, social security number, and, if available, photograph of any member of a household receiving food stamps shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

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(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B); .

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) certain information regarding child support obligors who are in arrears may be made public according to section 518.575;

(20) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(21) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(22) to the department of children, families, and learning for the purpose of matching department of children, families, and learning student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to produce accurate numbers of students receiving aid to families with ~~dependent children or assistance from the Minnesota family investment program—statewide program~~ as required by section 126C.06; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(23) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(24) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(25) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs; or

(26) to monitor and evaluate the ~~statewide~~ Minnesota family investment program by exchanging data between the departments of human services and children, families, and learning, on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L.

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(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 3. Minnesota Statutes 1998, section 16D.02, subdivision 3, is amended to read:

Subd. 3. **DEBT.** "Debt" means an amount owed to the state directly, or through a state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by the state, rent, service, sale of real or personal property, overpayment, fine, assessment, penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability owed, an assignment to the state including assignments under sections 256.72 to 256.87 section 256.741, the Social Security Act, or other state or federal law, recovery of costs incurred by the state, or any other source of indebtedness to the state. Debt also includes amounts owed to individuals as a result of civil, criminal, or administrative action brought by the state or a state agency pursuant to its statutory authority or for which the state or state agency acts in a fiduciary capacity in providing collection services in accordance with the regulations adopted under the Social Security Act at Code of Federal Regulations, title 45, section 302.33. Debt also includes an amount owed to the courts or University of Minnesota for which the commissioner provides collection services pursuant to contract.

Sec. 4. Minnesota Statutes 1998, section 16D.13, subdivision 3, is amended to read:

Subd. 3. **EXCLUSION.** A state agency may not charge interest under this section on overpayments of assistance benefits under the programs formerly codified in sections 256.031 to 256.0361, 256.72 to 256.87, and under chapters 256D and 256I, or the federal food stamp program. Notwithstanding this prohibition, any debts that have been reduced to judgment under these programs are subject to the interest charges provided under section 549.09.

Sec. 5. Minnesota Statutes 1998, section 84.98, subdivision 3, is amended to read:

Subd. 3. **CRITERIA FOR DETERMINING ECONOMIC, SOCIAL, PHYSICAL, OR EDUCATIONAL DISADVANTAGE.** (a) The criteria for determining economic, social, physical, or educational disadvantage shall be determined as provided in this subdivision.

(b) Economically disadvantaged are persons who meet the criteria for disadvantage established by the department of economic security or persons receiving services provided by the department of human services such as welfare payments, food stamps, aid to families with dependent children or Minnesota family investment program ~~state-wide program~~.

(c) Socially disadvantaged are persons who have been classified as persons in need of supervision by the court system.

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(d) Physically disadvantaged are persons who have been identified as having special needs by public agencies that deal with employment for the disabled.

(e) Educationally disadvantaged are persons who have dropped out of school or are at risk of dropping out of school and persons with learning disabilities or in need of special education classes.

Sec. 6. Minnesota Statutes 1998, section 119A.54, is amended to read:

**119A.54 REPORTS.**

Each grantee shall submit an annual report to the commissioner of children, families, and learning on the format designated by the commissioner, including program information report data. By January 1 of each year, the commissioner shall prepare an annual report to the health and human services policy committee of the house of representatives and the health and family security services committee of the senate concerning the uses and impact of head start supplemental funding, including a summary of innovative programs and the results of innovative programs and an evaluation of the coordination of head start programs with employment and training services provided to ~~AFDC and MFIP-S~~ MFIP recipients.

Sec. 7. Minnesota Statutes 1998, section 119B.01, subdivision 2, is amended to read:

Subd. 2. **APPLICANT.** "Child care fund applicants" means all parents, stepparents, legal guardians, or eligible relative ~~caretakers~~ caregivers who reside in the household that applies for child care assistance under the child care fund.

Sec. 8. Minnesota Statutes 1998, section 119B.01, subdivision 10, is amended to read:

Subd. 10. **FAMILY.** "Family" means parents, stepparents, guardians and their spouses, or other eligible relative ~~caretakers~~ caregivers and their spouses, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities. When a minor parent or parents and his, her, or their child or children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and the child or children. An adult may be considered a dependent member of the family unit if 50 percent of the adult's support is being provided by the parents, stepparents, guardians and their spouses, or eligible relative ~~caretakers~~ caregivers and their spouses, residing in the same household. An adult age 18 who is a full-time high school student and can reasonably be expected to graduate before age 19 may be considered a dependent member of the family unit.

Sec. 9. Minnesota Statutes 1998, section 119B.01, subdivision 12, is amended to read:

Subd. 12. **INCOME.** "Income" means earned or unearned income received by all family members, including public assistance cash benefits, unless specifically excluded. The following are excluded from income: funds used to pay for health insurance premiums for family members, Supplemental Security Income, scholarships, work-study income, and grants that cover costs for tuition, fees, books, and educational supplies; stu-

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dent loans for tuition, fees, books, supplies, and living expenses; earned income tax credits; in-kind income such as food stamps, energy assistance, medical assistance, and housing subsidies; earned income of full or part-time secondary school students up to the age of 19, including summer employment; grant awards under the family subsidy program; nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid; and any income assigned to the public authority according to section 256.74 or 256.741, if enacted.

Sec. 10. Minnesota Statutes 1998, section 119B.01, subdivision 13, is amended to read:

Subd. 13. **PROVIDER.** "Provider" means a child care license holder who operates a family day care home, a group family day care home, a day care center, a nursery school, a day nursery, an extended day school age child care program; a legal nonlicensed extended day school age child care program which operates under the auspices of a local school board that has adopted school age child care standards which meet or exceed standards recommended by the state department of children, families, and learning, or a legal nonlicensed caregiver who is at least 18 years of age, and who is not a member of the AFDC Minnesota family investment program assistance unit.

Sec. 11. Minnesota Statutes 1998, section 119B.01, subdivision 15, is amended to read:

Subd. 15. **AFDC MINNESOTA FAMILY INVESTMENT PROGRAM AND WORK FIRST PROGRAM.** "AFDC" means the aid to families with dependent children program under sections 256.72 to 256.87; The MFIP Minnesota family investment program under sections 256.031 to 256.0361 and 256.0475 to 256.049; the MFIP-S program under chapter 256J; and the work first program under chapter 256K, ~~whichever program is in effect~~ are the state's programs which are required under title I of Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Sec. 12. Minnesota Statutes 1998, section 119B.01, subdivision 16, is amended to read:

Subd. 16. **TRANSITION YEAR FAMILIES.** "Transition year families" means families who have received AFDC assistance under the Minnesota family investment program, or who were eligible to receive AFDC assistance under the Minnesota family investment program after choosing to discontinue receipt of the cash portion of MFIP-S MFIP assistance under section 256J.31, subdivision 12, for at least three of the last six months before losing eligibility for AFDC the Minnesota family investment program due to increased hours of employment, or increased income from employment or child or spousal support.

Sec. 13. Minnesota Statutes 1998, section 119B.02, subdivision 1, is amended to read:

Subdivision 1. **CHILD CARE SERVICES.** The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. Within the limits of available appropriations, the commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to

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govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The rules shall provide that funds received as a lump sum payment of child support arrearages shall not be counted as income to a family in the month received but shall be prorated over the 12 months following receipt and added to the family income during those months. In the rules adopted under this section, county and human services boards shall be authorized to establish policies for payment of child care spaces for absent children, when the payment is required by the child's regular provider. The rules shall not set a maximum number of days for which absence payments can be made, but instead shall direct the county agency to set limits and pay for absences according to the prevailing market practice in the county. County policies for payment of absences shall be subject to the approval of the commissioner. The commissioner shall maximize the use of federal money in section 256.736 under title I and title IV of Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and other programs that provide federal or state reimbursement for child care services for low-income families who are in education, training, job search, or other activities allowed under those programs. Money appropriated under this section must be coordinated with the programs that provide federal reimbursement for child care services to accomplish this purpose. Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under programs that provide federal reimbursement for child care services. The counties shall use the federal money to expand child care services. The commissioner may adopt rules under chapter 14 to implement and coordinate federal program requirements.

Sec. 14. Minnesota Statutes 1998, section 119B.03, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE RECIPIENTS.** Families that meet the eligibility requirements under sections 119B.09, except ~~AFDC recipients~~, MFIP recipients, and transition year families, and 119B.10 are eligible for child care assistance under the basic sliding fee program. Families enrolled in the basic sliding fee program shall be continued until they are no longer eligible. Child care assistance provided through the child care fund is considered assistance to the parent.

Sec. 15. Minnesota Statutes 1998, section 119B.03, subdivision 4, is amended to read:

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

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

(b) Second priority must be given to parents who have completed their AFDC Minnesota family investment program transition year.

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

Sec. 16. Minnesota Statutes 1998, section 119B.05, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBLE RECIPIENTS.** Families eligible for child care assistance under the AFDC Minnesota family investment program child care program are:

(1) ~~persons receiving services under sections 256.031 to 256.0361 and 256.047 to 256.048;~~

~~(2) AFDC Minnesota family investment program recipients who are employed or in job search and meet the requirements of section 119B.10;~~

~~(3) (2) persons who are members of transition year families under section 119B.01, subdivision 16;~~

~~(4) members of the control group for the STRIDE evaluation conducted by the Manpower Demonstration Research Corporation;~~

~~(5) AFDC caretakers who are participating in the STRIDE and non-STRIDE AFDC child care program;~~

~~(6) (3) families who are participating in employment orientation or job search, or other employment or training activities that are included in an approved employability development plan under chapter 256K; and~~

~~(7) MFIP-S (4) MFIP families who are participating in work activities as required in their job search support or employment plan, or in appeals, hearings, assessments, or orientations according to chapter 256J. Child care assistance to support work activities as described in section 256J.49 must be available according to sections 119A.54, 119B.01, subdivision 8, 124D.13, 256E.08, and 611A.32 and titles IVA, IVB, IVE, and XX of the Social Security Act.~~

Sec. 17. Minnesota Statutes 1998, section 119B.07, is amended to read:

**119B.07 USE OF MONEY.**

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

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basic or remedial educational programs needed to prepare for post-secondary education or employment. These programs include: high school, general equivalency diploma, and English as a second language. Programs exempt from this time limit must not run concurrently with a post-secondary program. High school students who are participating in a post-secondary options program and who receive a high school diploma issued by the school district are exempt from the time limitations while pursuing a high school diploma. Financially eligible students who have received child care assistance for one academic year shall be provided child care assistance in the following academic year if funds allocated under sections 119B.03 and 119B.05 are available. If an AFDC a Minnesota family investment program recipient who is receiving AFDC Minnesota family investment program child care assistance under this chapter moves to another county, continues to participate in educational or training programs authorized in their employability development plans, and continues to be eligible for AFDC the Minnesota family investment program child care assistance under this chapter, the AFDC caretaker Minnesota family investment program caregiver must receive continued child care assistance from the county responsible for their current employability development plan, without interruption.

Sec. 18. Minnesota Statutes 1998, section 119B.075, is amended to read:

**119B.075 RESERVE ACCOUNT.**

A reserve account must be created within the general fund for all unexpended basic sliding fee child care, TANF child care, or other child care funds under the jurisdiction of the commissioner. Any funds for those purposes that are unexpended at the end of a biennium must be deposited in this reserve account, and may be appropriated on an ongoing basis by the commissioner for basic sliding fee child care or TANF MFIP child care.

Sec. 19. Minnesota Statutes 1998, section 119B.08, subdivision 3, is amended to read:

Subd. 3. **CHILD CARE FUND PLAN.** Effective January 1, 1992, the county will include the plan required under this subdivision in its biennial community social services plan required in this section, for the group described in section 256E.03, subdivision 2, paragraph (h). The commissioner shall establish the dates by which the county must submit these plans. The county and designated administering agency shall submit to the commissioner an annual child care fund allocation plan. The plan shall include:

- (1) a narrative of the total program for child care services, including all policies and procedures that affect eligible families and are used to administer the child care funds;
- (2) the methods used by the county to inform eligible groups of the availability of child care assistance and related services;
- (3) the provider rates paid for all children by provider type;
- (4) the county prioritization policy for all eligible groups under the basic sliding fee program and AFDC the Minnesota family investment program and child care program; and
- (5) other information as requested by the department to ensure compliance with the child care fund statutes and rules promulgated by the commissioner.

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The commissioner shall notify counties within 60 days of the date the plan is submitted whether the plan is approved or the corrections or information needed to approve the plan. The commissioner shall withhold a county's allocation until it has an approved plan. Plans not approved by the end of the second quarter after the plan is due may result in a 25 percent reduction in allocation. Plans not approved by the end of the third quarter after the plan is due may result in a 100 percent reduction in the allocation to the county. Counties are to maintain services despite any reduction in their allocation due to plans not being approved.

Sec. 20. Minnesota Statutes 1998, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. **GENERAL ELIGIBILITY REQUIREMENTS FOR ALL APPLICANTS FOR CHILD CARE ASSISTANCE.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) meet the requirements of section 119B.05; receive aid to families with dependent children, MFIP-S, assistance under MFIP or work first, whichever is in effect; and are receiving participating in employment and training services under section 256.736 or chapter 256J or 256K;

(2) have household income below the eligibility levels for aid to families with dependent children Minnesota family investment program; or

(3) have household income within a range established by the commissioner.

(b) Child care services for the families receiving aid to families with dependent children Minnesota family investment program assistance must be made available as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program. Child care services to families whose incomes are below the threshold of eligibility for aid to families with dependent children Minnesota family investment program, but are not AFDC caretakers MFIP caregivers, must be made available with the same copayment required of AFDC caretakers or MFIP-S MFIP caregivers.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741, if enacted.

Sec. 21. Minnesota Statutes 1998, section 119B.09, subdivision 3, is amended to read:

Subd. 3. **PRIORITIES; ALLOCATIONS.** If a county projects that its child care allocation is insufficient to meet the needs of all eligible groups, it may prioritize among the groups that remain to be served after the county has complied with the priority requirements of section 119B.03. Counties that have established a priority for non-AFDC non-Minnesota family investment program families beyond those established under section 119B.03 must submit the policy in the annual allocation plan.

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Sec. 22. Minnesota Statutes 1998, section 119B.09, subdivision 7, is amended to read:

Subd. 7. **ELIGIBILITY FOR ASSISTANCE.** The date of eligibility for child care assistance under this chapter is the later of the date the application was signed; the beginning date of employment, education, or training; or the date a determination has been made that the applicant is a participant in employment and training services under Minnesota Rules, part 3400.0080, subpart 2a, ~~section 256.736,~~ or chapter 256J or 256K. The date of eligibility for the basic sliding fee at-home infant child care program is the later of the date the infant is born or, in a county with a basic sliding fee wait list, the date the family applies for at-home infant child care. Payment ceases for a family under the at-home infant child care program when a family has used a total of 12 months of assistance as specified under section 119B.061. Payment of child care assistance for employed persons on ~~AFDC MFIP~~ is effective the date of employment or the date of ~~AFDC MFIP~~ eligibility, whichever is later. Payment of child care assistance for ~~MFIP-S MFIP~~ or work first participants in employment and training services is effective the date of commencement of the services or the date of ~~MFIP-S MFIP~~ or work first eligibility, whichever is later. Payment of child care assistance for transition year child care must be made retroactive to the date of eligibility for transition year child care.

Sec. 23. Minnesota Statutes 1998, section 119B.14, is amended to read:

**119B.14 EXTENSION OF EMPLOYMENT OPPORTUNITIES.**

The county board shall ~~insure~~ ensure that child care services available to eligible residents are well advertised and that everyone who receives or applies for aid to families with dependent children assistance under the Minnesota family investment program is informed of training and employment opportunities and programs, including child care assistance and child care resource and referral services.

Sec. 24. Minnesota Statutes 1998, section 119B.15, is amended to read:

**119B.15 ADMINISTRATIVE EXPENSES.**

The commissioner shall use up to 1/21 of the state and federal funds available for the basic sliding fee program and 1/21 of the state and federal funds available for the ~~AFDC Minnesota family investment program~~ child care program for payments to counties for administrative expenses.

Sec. 25. Minnesota Statutes 1998, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE STUDENTS.** An applicant is eligible for a child care grant if the applicant:

- (1) is a resident of the state of Minnesota;
- (2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;
- (3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from ~~either aid to families with dependent children or the Minnesota family investment program-statewide program;~~ the Minnesota family investment program;

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(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters, 12 quarters, or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

Sec. 26. Minnesota Statutes 1998, section 145.415, subdivision 3, is amended to read:

Subd. 3. **STATUS.** (1) Unless the abortion is performed to save the life of the woman or child, or, (2) unless one or both of the parents of the unborn child agrees within 30 days of the birth to accept the parental rights and responsibilities for the child if it survives the abortion, whenever an abortion of a potentially viable fetus results in a live birth, the child shall be an abandoned ward of the state and the parents shall have no parental rights or obligations as if the parental rights had been terminated pursuant to section 260.221. The child shall be provided for pursuant to sections ~~256.12, subdivision 14 and 256.72~~ 256.87 chapter 256J.

Sec. 27. Minnesota Statutes 1998, section 145.93, subdivision 3, is amended to read:

Subd. 3. **GRANT AWARD; DESIGNATION; PAYMENTS UNDER GRANT.** Each odd-numbered year the commissioner shall solicit applications for the poison information centers by giving reasonable public notice of the availability of money appropriated or otherwise available. The commissioner shall select from among the ~~nonprofit corporations entities, whether profit or nonprofit,~~ or units of government the applicants that best fulfill the criteria specified in subdivision 4. The grant shall be paid to the grantee quarterly beginning on July 1.

Sec. 28. Minnesota Statutes 1998, section 196.27, is amended to read:

**196.27 AGENT ORANGE SETTLEMENT PAYMENTS.**

(a) Payments received by veterans or their dependents because of settlements between them and the manufacturers of Agent Orange or other chemical agents, as defined in section 196.21, must not be treated as income (or an available resource) of the veterans or their dependents for the purposes of any program of public assistance or benefit program administered by the department of veterans affairs, the department of human services, or other agencies of the state or political subdivisions of the state, ~~except as provided in paragraph (b).~~

(b) ~~The income and resource exclusion in paragraph (a) does not apply to the medical assistance, food stamps, aid to families with dependent children or Minnesota family investment program—statewide programs until the commissioner of human services receives formal approval from the United States Department of Health and Human Services, for the medical assistance, aid to families with dependent children or Minnesota family investment program—statewide programs, and from the United States Department of Agriculture, for the food stamps program. The income exclusion does not apply to the Minnesota supplemental aid program until the commissioner receives formal federal approval of the exclusion for the medical assistance program.~~

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Sec. 29. Minnesota Statutes 1998, section 237.70, subdivision 4a, is amended to read:

Subd. 4a. **HOUSEHOLD ELIGIBLE FOR CREDIT.** The telephone assistance plan must provide telephone assistance credit for a residential household in Minnesota that meets each of the following criteria:

- (1) has a household member who:
  - (i) subscribes to local exchange service; and
  - (ii) is either disabled or 65 years of age or older;
- (2) whose household income is 150 percent or less of federal poverty guidelines or is currently eligible for:
  - (i) ~~aid to families with dependent children or Minnesota family investment program—statewide program;~~
  - (ii) medical assistance;
  - (iii) general assistance;
  - (iv) Minnesota supplemental aid;
  - (v) food stamps;
  - (vi) refugee cash assistance or refugee medical assistance;
  - (vii) energy assistance; or
  - (viii) supplemental security income; and
- (3) who has been certified as eligible for telephone assistance plan credits.

Sec. 30. Minnesota Statutes 1998, section 245.4871, subdivision 25, is amended to read:

Subd. 25. **MENTAL HEALTH FUNDS.** "Mental health funds" are funds expended under sections 245.73 and 256E.12, federal mental health block grant funds, and funds expended under ~~sections~~ section 256D.06 and 256D.37 to facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Sec. 31. Minnesota Statutes 1998, section 252.28, subdivision 3a, is amended to read:

Subd. 3a. **LICENSING EXCEPTION.** (a) Notwithstanding the provisions of subdivision 3, the commissioner may license service sites, each accommodating up to six residents moving from a 48-bed intermediate care facility for persons with mental retardation or related conditions located in Dakota county that is closing under section 252.292.

(b) Notwithstanding the provisions of any other state law or administrative rule, the rate provisions of section 256I.05, subdivision 1, apply to the exception in this subdivision.

Sec. 32. Minnesota Statutes 1998, section 254B.02, subdivision 1, is amended to read:

Subdivision 1. **CHEMICAL DEPENDENCY TREATMENT ALLOCATION.** The chemical dependency funds appropriated for allocation shall be placed in a special

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revenue account. The commissioner shall annually transfer funds from the chemical dependency fund to pay for operation of the drug and alcohol abuse normative evaluation system and to pay for all costs incurred by adding two positions for licensing of chemical dependency treatment and rehabilitation programs located in hospitals for which funds are not otherwise appropriated. For each year of the biennium ending June 30, 1999, the commissioner shall allocate funds to the American Indian chemical dependency tribal account for treatment of American Indians by eligible vendors under section 254B.05, equal to the amount allocated in fiscal year 1997. The commissioner shall annually divide the money available in the chemical dependency fund that is not held in reserve by counties from a previous allocation, or allocated to the American Indian chemical dependency tribal account. Six percent of the remaining money must be reserved for the nonreservation American Indian chemical dependency allocation for treatment of American Indians by eligible vendors under section 254B.05, subdivision 1. The remainder of the money must be allocated among the counties according to the following formula, using state demographer data and other data sources determined by the commissioner:

(a) For purposes of this formula, American Indians and children under age 14 are subtracted from the population of each county to determine the restricted population.

(b) The amount of chemical dependency fund expenditures for entitled persons for services not covered by prepaid plans governed by section 256B.69 in the previous year is divided by the amount of chemical dependency fund expenditures for entitled persons for all services to determine the proportion of exempt service expenditures for each county.

(c) The prepaid plan months of eligibility is multiplied by the proportion of exempt service expenditures to determine the adjusted prepaid plan months of eligibility for each county.

(d) The adjusted prepaid plan months of eligibility is added to the number of restricted population fee for service months of eligibility for ~~aid to families with dependent children~~, Minnesota family investment program—statewide program, general assistance, and medical assistance and divided by the county restricted population to determine county per capita months of covered service eligibility.

(e) The number of adjusted prepaid plan months of eligibility for the state is added to the number of fee for service months of eligibility for ~~aid to families with dependent children~~, Minnesota family investment program—statewide program, general assistance, and medical assistance for the state restricted population and divided by the state restricted population to determine state per capita months of covered service eligibility.

(f) The county per capita months of covered service eligibility is divided by the state per capita months of covered service eligibility to determine the county welfare caseload factor.

(g) The median married couple income for the most recent three-year period available for the state is divided by the median married couple income for the same period for each county to determine the income factor for each county.

(h) The county restricted population is multiplied by the sum of the county welfare caseload factor and the county income factor to determine the adjusted population.

(i) \$15,000 shall be allocated to each county.

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(j) The remaining funds shall be allocated proportional to the county adjusted population.

Sec. 33. Minnesota Statutes 1998, section 256.01, subdivision 2, is amended to read:

Subd. 2. **SPECIFIC POWERS.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster

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homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further pro-

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vided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health, ~~education, and welfare~~ and human services of the United States has agreed, for the same project, to waive state ~~plan requirements~~ relative to state-wide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children ~~program formerly codified in sections 256.72 to 256.87, Minnesota family investment program—statewide, medical assistance, or food stamp program~~ in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance, ~~MFIP—S, and the AFDC program formerly codified in sections 256.72 to 256.87~~, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the ~~AFDC program formerly codified in sections 256.72 to 256.87, MFIP—S, and medical assistance programs~~. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the

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commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for

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that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the senior citizen drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

Sec. 34. Minnesota Statutes 1998, section 256.01, subdivision 4, is amended to read:

Subd. 4. **DUTIES AS STATE AGENCY.** The state agency shall:

(1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

(2) may subpoena witnesses and administer oaths, make rules, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter

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438. All rules made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;

(3) establish adequate standards for personnel employed by the counties and the state agency in the administration of Laws 1937, chapter 438, and make the necessary rules to maintain such standards;

(4) prescribe the form of and print and supply to the county agencies blanks for applications, reports, affidavits, and such other forms as it may deem necessary and advisable;

(5) cooperate with the federal government and its public welfare agencies in any reasonable manner as may be necessary to qualify for federal aid for aid to dependent children temporary assistance for needy families and in conformity with the provisions of Laws 1937, chapter 438 title I of Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and successor amendments, including the making of such reports and such forms and containing such information as the Federal Social Security Board may from time to time require, and comply with such provisions as such board may from time to time find necessary to assure the correctness and verification of such reports;

(6) may cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving aid to dependent children Minnesota family investment program assistance moves or contemplates moving into or out of the state, in order that such child may continue to receive supervised aid from the state moved from until the child shall have resided for one year in the state moved to;

(7) on or before October 1 in each even-numbered year make a biennial report to the governor concerning the activities of the agency; and

(8) enter into agreements with other departments of the state as necessary to meet all requirements of the federal government.

Sec. 35. Minnesota Statutes 1998, section 256.017, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY AND PURPOSE.** The commissioner shall administer a compliance system for aid to families with dependent children, the Minnesota family investment program—statewide program, the food stamp program, emergency assistance, general assistance, medical assistance, general assistance medical care, emergency general assistance, Minnesota supplemental assistance, preadmission screening, and alternative care grants under the powers and authorities named in section 256.01, subdivision 2. The purpose of the compliance system is to permit the commissioner to supervise the administration of public assistance programs and to enforce timely and accurate distribution of benefits, completeness of service and efficient and effective program management and operations, to increase uniformity and consistency in the administration and delivery of public assistance programs throughout the state, and to reduce the possibility of sanctions and fiscal disallowances for noncompliance with federal regulations and state statutes.

The commissioner shall utilize training, technical assistance, and monitoring activities, as specified in section 256.01, subdivision 2, to encourage county agency compliance with written policies and procedures.

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Sec. 36. Minnesota Statutes 1998, section 256.017, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** The following terms have the meanings given for purposes of this section.

(a) "Administrative penalty" means an adjustment against the county agency's state and federal benefit and federal administrative reimbursement when the commissioner determines that the county agency is not in compliance with the policies and procedures established by the commissioner.

(b) "Quality control case penalty" means an adjustment against the county agency's federal administrative reimbursement and state and federal benefit reimbursement when the commissioner determines through a quality control review that the county agency has made incorrect payments, terminations, or denials of benefits as determined by state quality control procedures for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, Minnesota family investment program—statewide program, food stamp, or medical assistance programs, or any other programs for which the commissioner has developed a quality control system. Quality control case penalties apply only to agency errors as defined by state quality control procedures.

(c) "Quality control/quality assurance" means a review system of a statewide random sample of cases, designed to provide data on program outcomes and the accuracy with which state and federal policies are being applied in issuing benefits and as a fiscal audit to ensure the accuracy of expenditures. The quality control/quality assurance system is administered by the department. For the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, Minnesota family investment program—statewide, food stamp, and medical assistance programs, the quality control system is that required by federal regulation, or those developed by the commissioner.

Sec. 37. Minnesota Statutes 1998, section 256.017, subdivision 4, is amended to read:

Subd. 4. **DETERMINING THE AMOUNT OF THE QUALITY CONTROL CASE PENALTY.** (a) The amount of the quality control case penalty is limited to the amount of the dollar error for the quality control sample month in a reviewed case as determined by the state quality control review procedures for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, Minnesota family investment program—statewide and food stamp programs or for any other income transfer program for which the commissioner develops a quality control program.

(b) Payment errors in medical assistance or any other medical services program for which the department develops a quality control program are subject to set rate penalties based on the average cost of the specific quality control error element for a sample review month for that household size and status of institutionalization and as determined from state quality control data in the preceding fiscal year for the corresponding program.

(c) Errors identified in negative action cases, such as incorrect terminations or denials of assistance are subject to set rate penalties based on the average benefit cost of that household size as determined from state quality control data in the preceding fiscal year for the corresponding program.

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Sec. 38. Minnesota Statutes 1998, section 256.019, is amended to read:

256.019 **RECOVERY OF MONEY; APPORTIONMENT.**

When an amount is recovered from any source for assistance given under the provisions governing public assistance programs including the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, MFIP—S MFIP, general assistance medical care, emergency assistance, general assistance, and Minnesota supplemental aid, the county may keep one-half of recovery made by the county agency using any method other than recoupment. For medical assistance, if the recovery is made by a county agency using any method other than recoupment, the county may keep one-half of the nonfederal share of the recovery. This does not apply to recoveries from medical providers or to recoveries begun by the department of human services' surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division or, by the attorney general's office, or child support collections. In the food stamp program, the nonfederal share of recoveries in the federal tax refund offset program (FTROP) only will be divided equally between the state agency and the involved county agency.

Sec. 39. Minnesota Statutes 1998, section 256.025, subdivision 2, is amended to read:

Subd. 2. **COVERED PROGRAMS AND SERVICES.** The procedures in this section govern payment of county agency expenditures for benefits and services distributed under the following programs:

(1) the aid to families with dependent children formerly codified under sections 256.82, subdivision 1, and 256.935, subdivision 1, for assistance costs incurred prior to July 1, 1997;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6, for assistance costs incurred prior to July 1, 1997;

(4) general assistance under section 256D.03, subdivision 2, for assistance costs incurred prior to July 1, 1997;

(5) work readiness under section 256D.03, subdivision 2, for assistance costs incurred prior to July 1, 1995;

(6) the emergency assistance formerly codified under section 256.871, subdivision 6, for assistance costs incurred prior to July 1, 1997;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1, for assistance costs incurred prior to July 1, 1997;

(8) preadmission screening and alternative care grants for assistance costs incurred prior to July 1, 1997;

(9) work readiness services under section 256D.051 for employment and training services costs incurred prior to July 1, 1995;

(10) case management services under formerly codified in Minnesota Statutes 1994, section 256.736, subdivision ~~43~~ 11, for case management service costs incurred prior to July 1, 1995;

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(11) general assistance claims processing, medical transportation and related costs for costs incurred prior to July 1, 1997;

(12) medical transportation and related costs for transportation and related costs incurred prior to July 1, 1997; and

(13) group residential housing under section 256I.05, subdivision 8, transferred from programs in clauses (4) and (7), for assistance costs incurred prior to July 1, 1997.

Sec. 40. Minnesota Statutes 1998, section 256.046, subdivision 1, is amended to read:

Subdivision 1. **HEARING AUTHORITY.** A local agency shall initiate an administrative fraud disqualification hearing for individuals accused of wrongfully obtaining assistance or intentional program violations, in lieu of a criminal action when it has not been pursued, in the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, ~~MFIP-S MFIP~~, child care, general assistance, family general assistance program formerly codified in section 256D.05, subdivision 1, clause (15), Minnesota supplemental aid, medical care, or food stamp programs. The hearing is subject to the requirements of section 256.045 and the requirements in Code of Federal Regulations, title 7, section 273.16, for the food stamp program and title 45, section 235.112, as of September 30, 1995, for the cash grant and medical care programs.

Sec. 41. Minnesota Statutes 1998, section 256.0471, subdivision 1, is amended to read:

Subdivision 1. **QUALIFYING OVERPAYMENT.** Any overpayment for assistance granted under sections section 119B.05, the MFIP program formerly codified under sections 256.031 to 256.0361, and the AFDC program formerly codified under sections 256.72 to 256.871; chapters 256B, 256D, 256I, 256J, and 256K; and the food stamp program, except agency error claims, become a judgment by operation of law 90 days after the notice of overpayment is personally served upon the recipient in a manner that is sufficient under rule 4.03(a) of the Rules of Civil Procedure for district courts, or by certified mail, return receipt requested. This judgment shall be entitled to full faith and credit in this and any other state.

Sec. 42. Minnesota Statutes 1998, section 256.741, subdivision 1, is amended to read:

Subdivision 1. **PUBLIC ASSISTANCE.** (a) The term "public assistance" as used in this chapter and chapters 257, 518, and 518C, includes any form of assistance provided under the AFDC program formerly codified in sections 256.72 to 256.87, MFIP, and MFIP-R formerly codified under chapter 256, ~~MFIP-S MFIP~~ under chapter 256J, and work first program under chapter 256K; child care assistance provided through the child care fund according to under chapter 119B; any form of medical assistance under chapter 256B; MinnesotaCare under chapter 256L; and foster care as provided under title IV-E of the Social Security Act.

(b) The term "child support agency" as used in this section refers to the public authority responsible for child support enforcement.

(c) The term "public assistance agency" as used in this section refers to a public authority providing public assistance to an individual.

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Sec. 43. Minnesota Statutes 1998, section 256.741, subdivision 2, is amended to read:

Subd. 2. **ASSIGNMENT OF SUPPORT AND MAINTENANCE RIGHTS.** (a) An individual receiving public assistance in the form of assistance under any of the following programs: the AFDC program formerly codified in sections 256.72 to 256.87, MFIP-S MFIP under chapter 256J, MFIP-R, and MFIP formerly codified under chapter 256, and work first is considered to have assigned to the state at the time of application all rights to child support and maintenance from any other person the applicant or recipient may have in the individual's own behalf or in the behalf of any other family member for whom application for public assistance is made. An assistance unit is ineligible for aid to families with dependent children or its successor the Minnesota family investment program unless the caregiver assigns all rights to child support and spousal maintenance benefits according to this section.

(1) An assignment made according to this section is effective as to:

- (i) any current child support and current spousal maintenance; and
- (ii) any accrued child support and spousal maintenance arrears.

(2) An assignment made after September 30, 1997, is effective as to:

- (i) any current child support and current spousal maintenance;
- (ii) any accrued child support and spousal maintenance arrears collected before October 1, 2000, or the date the individual terminates assistance, whichever is later; and
- (iii) any accrued child support and spousal maintenance arrears collected under federal tax intercept.

(b) An individual receiving public assistance in the form of medical assistance, including MinnesotaCare, is considered to have assigned to the state at the time of application all rights to medical support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom medical assistance is provided.

An assignment made after September 30, 1997, is effective as to any medical support accruing after the date of medical assistance or MinnesotaCare eligibility.

(c) An individual receiving public assistance in the form of child care assistance under the child care fund pursuant to chapter 119B is considered to have assigned to the state at the time of application all rights to child care support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom child care assistance is provided.

An assignment made according to this paragraph is effective as to:

- (1) any current child care support and any child care support arrears assigned and accruing after July 1, 1997, that are collected before October 1, 2000; and
- (2) any accrued child care support arrears collected under federal tax intercept.

Sec. 44. Minnesota Statutes 1998, section 256.82, subdivision 2, is amended to read:

Subd. 2. **FOSTER CARE MAINTENANCE PAYMENTS.** ~~Notwithstanding subdivision 1, for the purposes of foster care maintenance payments under title IV-B of~~

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the federal Social Security Act, United States Code, title 42, sections 670 to 676, during the period beginning July 1, 1985, and ending December 31, 1985, the county paying the maintenance costs shall be reimbursed for the costs from those federal funds available for that purpose together with an amount of state funds equal to a percentage of the difference between the total cost and the federal funds made available for payment. This percentage shall not exceed the percentage specified in subdivision 1 for the aid to families with dependent children program. In the event that the state appropriation for this purpose is less than the state percentage set in subdivision 1, the reimbursement shall be ratably reduced to the county. Beginning January 1, 1986, for the purpose of foster care maintenance payments under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, the county paying the maintenance costs must be reimbursed for the costs from the federal money available for the purpose. Beginning July 1, 1997, for the purposes of determining a child's eligibility under title IV-E of the Social Security Act, the placing agency shall use AFDC requirements in effect on July 16, 1996.

Sec. 45. Minnesota Statutes 1998, section 256.935, subdivision 1, is amended to read:

Subdivision 1. On the death of any person receiving public assistance through aid to dependent children or MFIP-S MFIP, the county agency shall pay an amount for funeral expenses not exceeding the amount paid for comparable services under section 261.035 plus actual cemetery charges. No funeral expenses shall be paid if the estate of the deceased is sufficient to pay such expenses or if the spouse, who was legally responsible for the support of the deceased while living, is able to pay such expenses; provided, that the additional payment or donation of the cost of cemetery lot, interment, religious service, or for the transportation of the body into or out of the community in which the deceased resided, shall not limit payment by the county agency as herein authorized. Freedom of choice in the selection of a funeral director shall be granted to persons lawfully authorized to make arrangements for the burial of any such deceased recipient. In determining the sufficiency of such estate, due regard shall be had for the nature and marketability of the assets of the estate. The county agency may grant funeral expenses where the sale would cause undue loss to the estate. Any amount paid for funeral expenses shall be a prior claim against the estate, as provided in section 524.3-805, and any amount recovered shall be reimbursed to the agency which paid the expenses. The commissioner shall specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The state share shall pay the entire amount of county agency expenditures. Benefits shall be issued to recipients by the state or county subject to provisions of section 256.017.

Sec. 46. Minnesota Statutes 1998, section 256.98, subdivision 1, is amended to read:

Subdivision 1. **WRONGFULLY OBTAINING ASSISTANCE.** A person who commits any of the following acts or omissions with intent to defeat the purposes of sections 145.891 to 145.897, 256.12, the MFIP program formerly codified in sections 256.031 to ~~256.364~~ 256.0361, the AFDC program formerly codified in sections 256.72 to 256.871, 256.9365, 256.94 to 256.966, child care, MFIP-S, ~~chapter and chapters 256B, 256D, 256J, 256K, or 256L, or all of these sections,~~ is guilty of theft and shall be sentenced under section 609.52, subdivision 3, clauses (1) to (5):

(1) obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of any material

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fact, or by impersonation or other fraudulent device, assistance or the continued receipt of assistance, to include child care or vouchers produced according to sections 145.891 to 145.897 and MinnesotaCare services according to sections 256.9365, 256.94, and 256L.01 to 256L.16, to which the person is not entitled or assistance greater than that to which the person is entitled;

(2) knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the county agency.

The continued receipt of assistance to which the person is not entitled or greater than that to which the person is entitled as a result of any of the acts, failure to act, or concealment described in this subdivision shall be deemed to be continuing offenses from the date that the first act or failure to act occurred.

Sec. 47. Minnesota Statutes 1998, section 256.98, subdivision 8, is amended to read:

Subd. 8. **DISQUALIFICATION FROM PROGRAM.** Any person found to be guilty of wrongfully obtaining assistance by a federal or state court or by an administrative hearing determination, or waiver thereof, through a disqualification consent agreement, or as part of any approved diversion plan under section 401.065, or any court-ordered stay which carries with it any probationary or other conditions, in the ~~aid to families with dependent children program~~, the Minnesota family assistance program ~~statewide program~~, the food stamp program, the ~~Minnesota family investment plan~~, child care program, the general assistance or family general assistance program, or the Minnesota supplemental aid program shall be disqualified from that program. The needs of that individual shall not be taken into consideration in determining the grant level for that assistance unit:

- (1) for one year after the first offense;
- (2) for two years after the second offense; and
- (3) permanently after the third or subsequent offense.

The period of program disqualification shall begin on the date stipulated on the advance notice of disqualification without possibility of postponement for administrative stay or administrative hearing and shall continue through completion unless and until the findings upon which the sanctions were imposed are reversed by a court of competent jurisdiction. The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved. A disqualification established through hearing or waiver shall result in the disqualification period beginning immediately unless the person has become otherwise ineligible for assistance. If the person is ineligible for assistance, the disqualification period begins when the person again meets the eligibility criteria of the program from which they were disqualified and makes application for that program.

Sec. 48. Minnesota Statutes 1998, section 256.981, is amended to read:

**256.981 TRAINING OF WELFARE FRAUD PROSECUTORS.**

The commissioner of human services shall, to the extent an appropriation is provided for this purpose, contract with the county attorney's council or other public or pri-

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vate entity experienced in providing training for prosecutors to conduct quarterly workshops and seminars focusing on current aid to families with dependent children and Minnesota family investment program—statewide program issues, other income maintenance program changes, recovery issues, alternative sentencing methods, use of technical aids for interviews and interrogations, and other matters affecting prosecution of welfare fraud cases.

Sec. 49. Minnesota Statutes 1998, section 256.983, subdivision 4, is amended to read:

Subd. 4. **FUNDING.** (a) County agency reimbursement shall be made through the settlement provisions applicable to the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, food stamp program, Minnesota family investment program—statewide program, and medical assistance program and other federal and state-funded programs.

(b) The commissioner will maintain program compliance if for any three consecutive month period, a county agency fails to comply with fraud prevention investigation program guidelines, or fails to meet the cost-effectiveness standards developed by the commissioner. This result is contingent on the commissioner providing written notice, including an offer of technical assistance, within 30 days of the end of the third or subsequent month of noncompliance. The county agency shall be required to submit a corrective action plan to the commissioner within 30 days of receipt of a notice of noncompliance. Failure to submit a corrective action plan or, continued deviation from standards of more than ten percent after submission of a corrective action plan, will result in denial of funding for each subsequent month, or billing the county agency for fraud prevention investigation (FPI) service provided by the commissioner, or reallocation of program grant funds, or investigative resources, or both, to other counties. The denial of funding shall apply to the general settlement received by the county agency on a quarterly basis and shall not reduce the grant amount applicable to the FPI project.

Sec. 50. Minnesota Statutes 1998, section 256.9861, subdivision 5, is amended to read:

Subd. 5. **FUNDING.** (a) State funding shall be made available contingent on counties submitting a plan that is approved by the department of human services. Failure or delay in obtaining that approval shall not, however, eliminate the obligation to maintain fraud control efforts at the June 30, 1996, level. County agency reimbursement shall be made through the settlement provisions applicable to the ~~AFDC, MFIP-S~~ MFIP, food stamp, and medical assistance programs.

(b) Should a county agency fail to comply with the standards set, or fail to meet cost-effectiveness standards developed by the commissioner for any three-month period, the commissioner shall deny reimbursement or administrative costs, after allowing an opportunity to establish compliance.

(c) Any denial of reimbursement under paragraph (b) is contingent on the commissioner providing written notice, including an offer of technical assistance, within 30 days of the end of the third or subsequent months of noncompliance. The county agency shall be required to submit a corrective action plan to the commissioner within 30 days of receipt of a notice of noncompliance. Failure to submit a corrective action plan or continued deviation from standards of more than ten percent after submission of corrective ac-

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tion plan, will result in denial of funding for each such month during the grant year, or billing of the county agency for program integrity reinvestment project services provided by the commissioner or reallocation of grant funds to other counties. The denial of funding shall apply to the general settlement received by the county agency on a quarterly basis and shall not reduce the grant amount applicable to the program integrity reinvestment project.

Sec. 51. Minnesota Statutes 1998, section 256B.031, subdivision 4, is amended to read:

Subd. 4. **PREPAID HEALTH PLAN RATES.** For payments made during calendar year 1988, the monthly maximum allowable rate established by the commissioner of human services for payment to prepaid health plans must not exceed 90 percent of the projected average monthly per capita fee-for-service medical assistance costs for state fiscal year 1988 for recipients of the aid to families with dependent children program formerly codified in sections 256.72 to 256.87. The base year for projecting the average monthly per capita fee-for-service medical assistance costs is state fiscal year 1986. A maximum allowable per capita rate must be established collectively for Anoka, Carver, Dakota, Hennepin, Ramsey, St. Louis, Scott, and Washington counties. A separate maximum allowable per capita rate must be established collectively for all other counties. The maximum allowable per capita rate may be adjusted to reflect utilization differences among eligible classes of recipients. For payments made during calendar year 1989, the maximum allowable rate must be calculated in the same way as 1988 rates, except the base year is state fiscal year 1987. For payments made during calendar year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology. Rates established for prepaid health plans must be based on the services that the prepaid health plan provides under contract with the commissioner.

Sec. 52. Minnesota Statutes 1998, section 256B.031, subdivision 5, is amended to read:

Subd. 5. **FREE CHOICE LIMITED.** (a) The commissioner may require recipients of aid to families with dependent children the Minnesota family investment program to enroll in a prepaid health plan and receive services from or through the prepaid health plan, with the following exceptions:

(1) recipients who are refugees and whose health services are reimbursed 100 percent by the federal government; and

(2) recipients who are placed in a foster home or facility. If placement occurs before the seventh day prior to the end of any month, the recipient will be disenrolled from the recipient's prepaid health plan effective the first day of the following month. If placement occurs after the seventh day before the end of any month, that recipient will be disenrolled from the prepaid health plan on the first day of the second month following placement. The prepaid health plan must provide all services set forth in subdivision 2 during the interim period.

Enrollment in a prepaid health plan is mandatory only when recipients have a choice of at least two prepaid health plans.

(b) Recipients who become eligible on or after December 1, 1987, must choose a health plan within 30 days of the date eligibility is determined. At the time of application,

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the local agency shall ask the recipient whether the recipient has a primary health care provider. If the recipient has not chosen a health plan within 30 days but has provided the local agency with the name of a primary health care provider, the local agency shall determine whether the provider participates in a prepaid health plan available to the recipient and, if so, the local agency shall select that plan on the recipient's behalf. If the recipient has not provided the name of a primary health care provider who participates in an available prepaid health plan, commissioner shall randomly assign the recipient to a health plan.

(c) If possible, the local agency shall ask whether the recipient has a primary health care provider and the procedures under paragraph (b) shall apply. If a recipient does not choose a prepaid health plan by this date, the commissioner shall randomly assign the recipient to a health plan.

(d) The commissioner shall request a waiver from the federal Health Care Financing Administration to limit a recipient's ability to change health plans to once every six or 12 months. If such a waiver is obtained, each recipient must be enrolled in the health plan for a minimum of six or 12 months. A recipient may change health plans once within the first 60 days after initial enrollment.

(e) Women who are receiving medical assistance due to pregnancy and later become eligible for aid to families with dependent children the Minnesota family investment program are not required to choose a prepaid health plan until 60 days postpartum. An infant born as a result of that pregnancy must be enrolled in a prepaid health plan at the same time as the mother.

(f) If third-party coverage is available to a recipient through enrollment in a prepaid health plan through employment, through coverage by the former spouse, or if a duty of support has been imposed by law, order, decree, or judgment of a court under section 518.551, the obligee or recipient shall participate in the prepaid health plan in which the obligee has enrolled provided that the commissioner has contracted with the plan.

Sec. 53. Minnesota Statutes 1998, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **MANAGED CARE CONTRACTS.** Managed care contracts under this section, and sections 256.9363, 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995.

Sec. 54. Minnesota Statutes 1998, section 256C.21, is amended to read:

**256C.21 DEAF AND HARD-OF-HEARING SERVICES ACT; CITATION.**

Sections 256C.21 to ~~256C.27~~ 256C.26 may be cited as the "Deaf and Hard-of-Hearing Services Act."

Sec. 55. Minnesota Statutes 1998, section 256C.23, subdivision 1, is amended to read:

Subdivision 1. For the purposes of sections 256C.21 to ~~256C.27~~ 256C.26, the terms defined in this section shall have the meanings given them, unless the context clearly indicates otherwise.

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Sec. 56. Minnesota Statutes 1998, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. **STANDARDS.** (a) A principal objective in providing general assistance is to provide for single adults, childless couples, or children as defined in section 256D.02, subdivision 6, ineligible for federal programs who are unable to provide for themselves. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

(b) The commissioner shall set the standard of assistance for an assistance unit consisting of an adult recipient who is childless and unmarried or living apart from children and spouse and who does not live with a parent or parents or a legal custodian. When the other standards specified in this subdivision increase, this standard must also be increased by the same percentage.

(c) For an assistance unit consisting of a single adult who lives with a parent or parents, the general assistance standard of assistance is the amount that the aid to families with dependent children standard of assistance, in effect on July 16, 1996, would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, except that the standard may not exceed the standard for a general assistance recipient living alone. Benefits received by a responsible relative of the assistance unit under the supplemental security income program, a workers' compensation program, the Minnesota supplemental aid program, or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the social security retirement program, may not be counted in the determination of eligibility or benefit level for the assistance unit. Except as provided below, the assistance unit is ineligible for general assistance if the available resources or the countable income of the assistance unit and the parent or parents with whom the assistance unit lives are such that a family consisting of the assistance unit's parent or parents, the parent or parents' other family members and the assistance unit as the only or additional minor child would be financially ineligible for general assistance. For the purposes of calculating the countable income of the assistance unit's parent or parents, the calculation methods, income deductions, exclusions, and disregards used when calculating the countable income for a single adult or childless couple must be used.

(d) For an assistance unit consisting of a childless couple, the standards of assistance are the same as the first and second adult standards of the aid to families with dependent children program in effect on July 16, 1996. If one member of the couple is not included in the general assistance grant, the standard of assistance for the other is the second adult standard of the aid to families with dependent children program as of July 16, 1996.

Sec. 57. Minnesota Statutes 1998, section 256D.01, subdivision 1e, is amended to read:

Subd. 1e. **RULES REGARDING EMERGENCY ASSISTANCE.** The commissioner shall adopt rules under the terms of sections 256D.01 to 256D.21 for general assistance, to require use of the emergency program under aid to families with dependent children or ~~MFIP~~ MFIP as the primary financial resource when available. The commissioner shall adopt rules for eligibility for general assistance of persons with seasonal income and may attribute seasonal income to other periods not in excess of one year from

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receipt by an applicant or recipient. General assistance payments may not be made for foster care, child welfare services, or other social services. Vendor payments and vouchers may be issued only as authorized in sections 256D.05, subdivision 6, and 256D.09.

Sec. 58. Minnesota Statutes 1998, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** (a) Each assistance unit with income and resources less than the standard of assistance established by the commissioner and with a member who is a resident of the state shall be eligible for and entitled to general assistance if the assistance unit 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 according 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;

(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 clause; 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;

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(9) a person who is determined by the county agency, according to 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, and 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 the child has failed or refuses to cooperate with the county agency in developing the plan;

~~(11) until March 31, 1998, 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;~~

~~(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) (12) a person who lives more than four hours round-trip traveling time from any potential suitable employment;~~

~~(14) (13) 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) until March 31, 1998, a family as defined in section 256D.02, subdivision 5, which is ineligible for the aid to families with dependent children program;~~

~~(ii) unless exempt under section 256D.051, subdivision 3a, each adult in the unit must participate in and cooperate with the food stamp employment and training program under section 256D.051 each month that the unit receives general assistance benefits. The recipient's participation must begin 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 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 using the notice, good cause, conciliation and termination procedures specified in section 256D.051;~~

~~(16) (14) a person over age 18 whose primary language is not English and who is attending high school at least half time; or~~

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(17) (15) a person whose alcohol and drug addiction is a material factor that contributes to the person's disability; applicants who assert this clause as a basis for eligibility must be assessed by the county agency to determine if they are amenable to treatment; if the applicant is determined to be not amenable to treatment, but is otherwise eligible for benefits, then general assistance must be paid in vendor form, for the individual's shelter costs up to the limit of the grant amount, with the residual, if any, paid according to section 256D.09, subdivision 2a; if the applicant is determined to be amenable to treatment, then in order to receive benefits, the applicant must be in a treatment program or on a waiting list and the benefits must be paid in vendor form, for the individual's shelter costs, up to the limit of the grant amount, with the residual, if any, paid according to section 256D.09, subdivision 2a.

(b) 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.

(c) 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.

Sec. 59. Minnesota Statutes 1998, section 256D.05, subdivision 3, is amended to read:

Subd. 3. **RESIDENTS OF SHELTER FACILITIES.** Notwithstanding the provisions of subdivisions 1 and 2, general assistance payments shall be made for maintenance costs and security costs which are related to providing 24-hour staff coverage at the facility incurred as a result of residence in a secure crisis shelter, a housing network, or other shelter facilities which provide shelter services to women and their children who are being or have been assaulted by their spouses, other male relatives, or other males with whom they are residing or have resided in the past.

These payments shall be made directly to the shelter facility from general assistance funds on behalf of women and their children who are receiving, or who are eligible to receive, aid to families with dependent children Minnesota family investment program or general assistance.

In determining eligibility of women and children for payment of general assistance under this subdivision, the asset limitations of the aid to families with dependent children Minnesota family investment program shall be applied. Payments to shelter facilities shall not affect the eligibility of individuals who reside in shelter facilities for aid to families with dependent children Minnesota family investment program or general assistance or payments made to individuals who reside in shelter facilities through aid to families with dependent children Minnesota family investment program or general assistance, except when required by federal law or regulation.

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Sec. 60. Minnesota Statutes 1998, section 256D.05, subdivision 5, is amended to read:

Subd. 5. **TRANSFERS OF PROPERTY.** The equity value of real and personal property transferred without reasonable compensation within 12 months preceding the date of application for general assistance must be included in determining the resources of an assistance unit in the same manner as in the aid to families with dependent children program under chapter 256 or MFIP—S MFIP under chapter 256J.

Sec. 61. Minnesota Statutes 1998, section 256D.051, subdivision 3a, is amended to read:

Subd. 3a. **PERSONS REQUIRED TO REGISTER FOR AND PARTICIPATE IN THE FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM.** (a) To the extent required under Code of Federal Regulations, title 7, section 273.7(a), each applicant for and recipient of food stamps is required to register for work as a condition of eligibility for food stamp benefits. Applicants and recipients are registered by signing an application or annual reapplication for food stamps, and must be informed that they are registering for work by signing the form.

(b) The commissioner shall determine, within federal requirements, persons required to participate in the food stamp employment and training (FSET) program.

(c) The following food stamp recipients are exempt from mandatory participation in food stamp employment and training services:

(1) recipients of benefits under the ~~AFDC program, the MFIP—S, MFIP, and MFIP—R programs~~ program, Minnesota supplemental aid program, or the general assistance program;

(2) a child;

(3) a recipient over age 55;

(4) a recipient who has a mental or physical illness, injury, or incapacity which is expected to continue for at least 30 days and which impairs the recipient's ability to obtain or retain employment as evidenced by professional certification or the receipt of temporary or permanent disability benefits issued by a private or government source;

(5) a parent or other household member responsible for the care of either a dependent child in the household who is under age six or a person in the household who is professionally certified as having a physical or mental illness, injury, or incapacity. Only one parent or other household member may claim exemption under this provision;

(6) a recipient receiving unemployment compensation or who has applied for unemployment compensation and has been required to register for work with the department of economic security as part of the unemployment compensation application process;

(7) a recipient participating each week in a drug addiction or alcohol abuse treatment and rehabilitation program, provided the operators of the treatment and rehabilitation program, in consultation with the county agency, recommend that the recipient not participate in the food stamp employment and training program;

(8) a recipient employed or self-employed for 30 or more hours per week at employment paying at least minimum wage, or who earns wages from employment equal to or exceeding 30 hours multiplied by the federal minimum wage; or

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(9) a student enrolled at least half time in any school, training program, or institution of higher education. When determining if a student meets this criteria, the school's, program's or institution's criteria for being enrolled half time shall be used.

Sec. 62. Minnesota Statutes 1998, 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 Minnesota family investment program—statewide (~~MFIP-S~~) and, until March 31, 1998, aid to families with dependent children and family general assistance program 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.~~

Sec. 63. Minnesota Statutes 1998, section 256D.23, subdivision 1, is amended to read:

Subdivision 1. **PROGRAM ESTABLISHED.** Minnesota residents who meet the income and resource standards of section 256D.01, subdivision 1a, but do not qualify for cash benefits under sections 256D.01 to ~~256D.22~~ 256D.21, may qualify for a county payment under this section.

Sec. 64. Minnesota Statutes 1998, section 256D.435, subdivision 3, is amended to read:

Subd. 3. **APPLICATION FOR FEDERALLY FUNDED BENEFITS.** Persons who live with the applicant or recipient, who have unmet needs and for whom the applicant or recipient has financial responsibility, must apply for and, if eligible, accept AFDC Minnesota family investment program and any other federally funded benefits; ~~including MFIP-S.~~

Sec. 65. Minnesota Statutes 1998, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **SPECIAL NEEDS.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of re-

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ipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

(a) The county agency shall pay a monthly allowance for medically prescribed diets payable under the AFDC program or the Minnesota family investment program ~~state-wide program~~ if the cost of those additional dietary needs cannot be met through some other maintenance benefit.

(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program in effect on July 16, 1996, for these expenses, as long as other funding sources are not available.

(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent of the assistance unit's gross monthly income up to a maximum of \$100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.

(d) The county agency shall continue to pay a monthly allowance of \$68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.

(e) A fee of ten percent of the recipient's gross income or \$25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.

Sec. 66. Minnesota Statutes 1998, section 256E.03, subdivision 2, is amended to read:

Subd. 2. (a) "Community social services" means services provided or arranged for by county boards to fulfill the responsibilities prescribed in section 256E.08, subdivision 1, to the following groups of persons:

(1) families with children under age 18, who are experiencing child dependency, neglect or abuse, and also pregnant adolescents, adolescent parents under the age of 18 and their children, and other adolescents;

(2) persons, including adolescents, who are under the guardianship of the commissioner of human services as dependent and neglected wards;

(3) adults who are in need of protection and vulnerable as defined in section 626.5572;

(4) persons age 60 and over who are experiencing difficulty living independently and are unable to provide for their own needs;

(5) emotionally disturbed children and adolescents, chronically and acutely mentally ill persons who are unable to provide for their own needs or to independently engage in ordinary community activities;

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(6) persons with mental retardation as defined in section 252A.02, subdivision 2, or with related conditions as defined in section 252.27, subdivision 1a, who are unable to provide for their own needs or to independently engage in ordinary community activities;

(7) drug dependent and intoxicated persons, including adolescents, as defined in section 254A.02, subdivisions 5 and 7, and persons, including adolescents, at risk of harm to self or others due to the ingestion of alcohol or other drugs;

(8) parents whose income is at or below 70 percent of the state median income and who are in need of child care services in order to secure or retain employment or to obtain the training or education necessary to secure employment;

(9) children and adolescents involved in or at risk of involvement with criminal activity; and

(10) other groups of persons who, in the judgment of the county board, are in need of social services.

(b) Except as provided in section 256E.08, subdivision 5, community social services do not include public assistance programs known as aid to families with dependent children, the Minnesota family investment program—statewide program, Minnesota supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145A.09 to 145A.13.

Sec. 67. Minnesota Statutes 1998, section 256E.06, subdivision 1, is amended to read:

Subdivision 1. **FORMULA.** The commissioner of human services shall distribute community social service aids to each county board in an amount determined according to the following formula:

In calendar year 1982 and thereafter:

(a) One-third shall be distributed on the basis of the average unduplicated number of persons who receive ~~AFDC~~, Minnesota family investment program—statewide program assistance, general assistance, and medical assistance per month in the calendar year two years prior to the year for which funds are being distributed as reported in the average monthly caseload reports required under sections 256.01, 256B.04 and 256D.04, and certified by the commissioner of human services; and

(b) One-third shall be distributed on the basis of the number of persons residing in the county as determined by the most recent data of the state demographer;

(c) One-third shall be distributed on the basis of the number of persons residing in the county who are 65 years old or older as determined by the most recent data of the state demographer.

Sec. 68. Minnesota Statutes 1998, section 256E.06, subdivision 3, is amended to read:

Subd. 3. **PAYMENTS TO COUNTIES.** The commissioner of human services shall make payments for community social services to each county in four installments per year. The commissioner of human services may certify the payments for the first three months of a calendar year based on estimates of the unduplicated number of persons re-

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ceiving AFDC, Minnesota family investment program—statewide program, general assistance and medical assistance for the prior year. The following three payments shall be adjusted to reflect the actual unduplicated number of persons who received AFDC, Minnesota family investment program—statewide program, general assistance and medical assistance as required by subdivision 1. The commissioner shall ensure that the pertinent payment of the allotment for that quarter is made to each county on the first working day after the end of each quarter of the calendar year, except for the last quarter of the calendar year. The commissioner shall ensure that each county receives its payment of the allotment for that quarter no later than the last working day of that quarter. This scheduling of payments does not require compliance with subdivision 10.

Sec. 69. Minnesota Statutes 1998, section 256E.07, subdivision 1, is amended to read:

Subdivision 1. **FORMULA.** In federal fiscal year 1985 and subsequent years, money for social services that is received from the federal government to reimburse counties for social service expenditures according to title XX of the Social Security Act shall be allocated to each county according to the following formula:

(a) Two-thirds shall be allocated on the basis of the annual average number of unduplicated active monthly caseloads in each county in the following programs: aid to families with dependent children, Minnesota family investment program—statewide program, medical assistance, general assistance, supplementary security income, and Minnesota supplemental aid.

(b) One-third shall be allocated on the basis of the number of persons residing in the county as determined by the most recent estimate of the state demographer.

(c) The commissioner shall allocate to the counties according to this section the total money received from the federal government for social services according to title XX of the Social Security Act, except that portion of the state's allocation which the legislature authorizes for administrative purposes and for migrant day care.

Sec. 70. Minnesota Statutes 1998, section 256E.08, subdivision 3, is amended to read:

Subd. 3. **ADMINISTRATION OF INCOME MAINTENANCE PROGRAMS.** The county board may designate itself, a human services board, or a local social services agency to perform the functions of local social services agencies as prescribed in chapter 393 and assigned to county agencies in other law which pertains to the administration of income maintenance programs known as aid to families with dependent children, Minnesota family investment program—statewide program, general assistance, Minnesota supplemental aid, medical assistance, general assistance medical care, and emergency assistance.

Sec. 71. Minnesota Statutes 1998, section 256F.05, subdivision 3, is amended to read:

Subd. 3. **GRANT FORMULA.** (a) The amount of money allocated to counties under subdivision 2 shall first be allocated in amounts equal to each county's guaranteed floor according to paragraph (b), and second, any remaining available funds allocated as follows:

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(1) 50 percent of the funds shall be allocated based on the population of the county under age 19 years as compared to the state as a whole as determined by the most recent data from the state demographer's office;

(2) 20 percent of funds shall be allocated based on the county's percentage share of the unduplicated number of families who received family preservation services under section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e), in the most recent calendar year available as determined by the commissioner;

(3) ten percent of the funds shall be allocated based on the county's percentage share of the unduplicated number of children in substitute care in the most recent calendar year available as determined by the commissioner;

(4) ten percent of the funds shall be allocated based on the county's percentage share of the number of determined maltreatment reports in the most recent calendar year available as determined by the commissioner;

(5) five percent of the funds shall be allocated based on the county's percentage share of the number of American Indian children under age 18 residing in the county in the most recent calendar year as determined by the commissioner; and

(6) five percent of the funds shall be allocated based on the county's percentage share of the number of children of color receiving children's case management services as defined by the commissioner based on the most recent data as determined by the commissioner.

(b) Each county's grant guaranteed floor shall be calculated as follows:

(1) 90 percent of the county's allocation received in the preceding calendar year or \$25,000, whichever is greater; and

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

(c) The commissioner shall regularly review the use of family preservation fund allocations by county. The commissioner may reallocate unexpended or unencumbered money at any time among those counties that have expended or are projected to expend their full allocation.

~~(d) For the period of July 1, 1997, to December 31, 1998, only, each county shall receive an 18-month allocation. For the purposes of determining the guaranteed floor for this 18-month allocation, the allocation received in the preceding calendar year shall be determined by the commissioner based on the funding previously distributed separately under sections 256.8711 and 256F.04.~~

Sec. 72. Minnesota Statutes 1998, section 256F.05, subdivision 8, is amended to read:

**Subd. 8. USES OF FAMILY PRESERVATION FUND GRANTS.** (a) A county which has not demonstrated that year that its family preservation core services are developed as provided in subdivision 1a, must use its family preservation fund grant exclusively for family preservation services defined in section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e).

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(b) A county which has demonstrated that year that its family preservation core services are developed becomes eligible either to continue using its family preservation fund grant as provided in paragraph (a), or to exercise the expanded service option under paragraph (c).

(c) The expanded service option permits an eligible county to use its family preservation fund grant for child welfare preventive services. For purposes of this section, child welfare preventive services are those services directed toward a specific child or family that further the goals of section 256F.01 and include assessments, family preservation services, service coordination, community-based treatment, crisis nursery services when the parents retain custody and there is no voluntary placement agreement with a child-placing agency, respite care except when it is provided under a medical assistance waiver, home-based services, and other related services. For purposes of this section, child welfare preventive services shall not include shelter care or other placement services under the authority of the court or public agency to address an emergency. To exercise this option, an eligible county must notify the commissioner in writing of its intention to do so no later than 30 days into the quarter during which it intends to begin or in its county plan, as provided in section 256F.04, subdivision 2. Effective with the first day of that quarter, the county must maintain its base level of expenditures for child welfare preventive services and use the family preservation fund to expand them. The base level of expenditures for a county shall be that established under section 256F.10, subdivision 7. For counties which have no such base established, a comparable base shall be established with the base year being the calendar year ending at least two calendar quarters before the first calendar quarter in which the county exercises its expanded service option. The commissioner shall, at the request of the counties, reduce, suspend, or eliminate either or both of a county's obligations to continue the base level of expenditures and to expand child welfare preventive services under extraordinary circumstances.

(d) Notwithstanding paragraph (a), a county that is participating in the child protection assessments or investigations community collaboration pilot program under section ~~626.5560~~ 626.556, or in the concurrent permanency planning pilot program under section 257.0711, may use its family preservation fund grant for those programs.

Sec. 73. Minnesota Statutes 1998, section 256F.10, subdivision 6, is amended to read:

Subd. 6. **DISTRIBUTION OF NEW FEDERAL REVENUE.** (a) Except for portion set aside in paragraph (b), the federal funds earned under this section and section 256B.094 by counties shall be paid to each county based on its earnings, and must be used by each county to expand preventive child welfare services.

If a county chooses to be a provider of child welfare targeted case management and if that county also joins a local children's mental health collaborative as authorized by the 1993 legislature, then the federal reimbursement received by the county for providing child welfare targeted case management services to children served by the local collaborative shall be transferred by the county to the integrated fund. The federal reimbursement transferred to the integrated fund by the county must not be used for residential care other than respite care described under subdivision 7, paragraph (d).

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(b) The commissioner shall set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

(1) the costs of developing and implementing this section and sections 256.8711 and 256B.094 and 256J.48;

(2) programming the information systems; and

(3) the lost federal revenue for the central office claim directly caused by the implementation of these sections.

Any unexpended funds from the set aside under this paragraph shall be distributed to counties according to paragraph (a).

Sec. 74. Minnesota Statutes 1998, section 256F.13, subdivision 3, is amended to read:

Subd. 3. **WAIVER OF RULE REQUIREMENTS.** (a) **REQUESTING WAIVERS OF STATE OR FEDERAL RULES.** Local family services collaboratives, including collaboratives in Becker, Cass, and Ramsey counties, shall be encouraged to seek waivers of state or federal rules, as necessary to carry out the purposes of this section. ~~For purposes of this section, "family services collaborative" has the meaning given it in section 121.8355, subdivision 1a.~~

(b) **WAIVER OF STATE RULES.** In order to receive a waiver of the requirements of any state rule, the collaborative shall submit a request for a variance to the appropriate commissioner. The request shall contain assurances that the waiver will not affect client entitlements to services, will not abridge any rights guaranteed to the client by state or federal law, and will not jeopardize the health or safety of the client. The commissioner shall grant or deny all waiver requests within 30 days of receiving those requests, by notice to the collaborative and published notice in the State Register.

(c) **WAIVER OF FEDERAL RULES.** A local collaborative seeking a waiver from a federal rule shall submit a request, in writing, to the appropriate commissioner who shall submit the waiver request to the relevant policy committees of the legislature. If the legislative committees approve the request, they shall direct the appropriate state agency to make a reasonable effort to negotiate a waiver of the federal rule. If the legislative committees deny the request for a waiver, they shall jointly notify the local collaborative of the reason for denying the waiver. If a waiver request is approved for submission to federal authorities, the commissioner shall submit all necessary materials to the appropriate federal authorities. The commissioner shall notify the collaborative and the legislative committees of the outcome of the federal waiver request. In every instance in which a federal waiver is granted, the commissioner shall publish notice of receipt of the waiver in the State Register.

Sec. 75. Minnesota Statutes 1998, section 256G.01, subdivision 4, is amended to read:

Subd. 4. **ADDITIONAL COVERAGE.** The provisions in sections 256G.02, subdivision 4, paragraphs (a) to (d); 256G.02, subdivisions 5 to 8; 256G.03; 256G.04; 256G.05; and 256G.07, subdivisions 1 to 3, apply to the following programs: the aid to families with dependent children program formerly codified in sections 256.72 to

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256.87, Minnesota family investment program—statewide program; medical assistance; general assistance; the family general assistance program formerly codified in sections 256D.01 to 256D.23; general assistance medical care; and Minnesota supplemental aid.

Sec. 76. Minnesota Statutes 1998, section 256G.03, subdivision 2, is amended to read:

Subd. 2. **NO DURATIONAL TEST.** Except as otherwise provided in sections ~~256.73, subdivisions 1 and 1b~~ 256J.75; 256B.056, subdivision 1; 256D.02, subdivision 12a, and 256J.12 for purposes of this chapter, no waiting period is required before securing county or state residence. A person cannot, however, gain residence while physically present in an excluded time facility unless otherwise specified in this chapter or in a federal regulation controlling a federally funded human service program. Interstate migrants who enter a shelter for battered women directly from another state can gain residency while in the facility provided the person can provide documentation that the person is a victim of domestic abuse as defined in section 256J.49, subdivision 2, and the county determines that the placement is appropriate; and the commissioner of human services is authorized to make per diem payments under section 256D.05, subdivision 3, on behalf of such individuals.

Sec. 77. Minnesota Statutes 1998, section 256J.01, subdivision 1, is amended to read:

Subdivision 1. **IMPLEMENTATION OF MINNESOTA FAMILY INVESTMENT PROGRAM—STATEWIDE (MFIP—S) PROGRAM (MFIP).** This chapter and chapter 256K may be cited as the Minnesota family investment program—statewide (~~MFIP—S~~) program (MFIP). MFIP—S MFIP is the statewide implementation of components of the Minnesota family investment plan (MFIP) authorized ~~under~~ and formerly codified in section 256.031 and Minnesota family investment plan—Ramsey county (~~MFIP—R~~) formerly codified in section 256.047.

Sec. 78. Minnesota Statutes 1998, section 256J.11, subdivision 1, is amended to read:

Subdivision 1. **GENERAL CITIZENSHIP REQUIREMENTS.** (a) To be eligible for ~~AFDC or MFIP—S MFIP, whichever is in effect~~, a member of the assistance unit must be a citizen of the United States, a qualified noncitizen as defined in section 256J.08, or a noncitizen who is otherwise residing lawfully in the United States.

(b) A qualified noncitizen who entered the United States on or after August 22, 1996, is eligible for MFIP—S MFIP. However, TANF dollars cannot be used to fund the MFIP—S MFIP benefits for an individual under this paragraph for a period of five years after the date of entry unless the qualified noncitizen meets one of the following criteria:

- (1) was admitted to the United States as a refugee under United States Code, title 8, section 1157;
- (2) was granted asylum under United States Code, title 8, section 1158;
- (3) was granted withholding of deportation under the United States Code, title 8, section 1253(h);
- (4) is a veteran of the United States Armed Forces with an honorable discharge for a reason other than noncitizen status, or is a spouse or unmarried minor dependent child of the same; or

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(5) is an individual on active duty in the United States Armed Forces, other than for training, or is a spouse or unmarried minor dependent child of the same.

(c) A person who is not a qualified noncitizen but who is otherwise residing lawfully in the United States is eligible for ~~MFIP-S~~ MFIP. However, TANF dollars cannot be used to fund the ~~MFIP-S~~ MFIP benefits for an individual under this paragraph.

(d) For purposes of this subdivision, a nonimmigrant in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), or an undocumented immigrant who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service, is not eligible for ~~MFIP-S~~.

Sec. 79. Minnesota Statutes 1998, section 256J.11, subdivision 2, is amended to read:

Subd. 2. **NONCITIZENS; FOOD PORTION.** (a) For the period September 1, 1997, to October 31, 1997, noncitizens who do not meet one of the exemptions in section 412 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, but were residing in this state as of July 1, 1997, are eligible for the 6/10 of the average value of food stamps for the same family size and composition until ~~MFIP-S~~ is operative in the noncitizen's county of financial responsibility and thereafter, the 6/10 of the food portion of ~~MFIP-S~~. However, federal food stamp dollars cannot be used to fund the food portion of ~~MFIP-S~~ benefits for an individual under this subdivision.

(b) (a) For the period November 1, 1997, to June 30, 1999, noncitizens who do not meet one of the exemptions in section 412 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and are receiving cash assistance under the AFDC, family general assistance, ~~MFIP or MFIP-S~~ programs are eligible for the average value of food stamps for the same family size and composition until ~~MFIP-S~~ MFIP is operative in the noncitizen's county of financial responsibility and thereafter, the food portion of ~~MFIP-S~~ MFIP. However, federal food stamp dollars cannot be used to fund the food portion of ~~MFIP-S~~ MFIP benefits for an individual under this subdivision. The assistance provided under this subdivision, which is designated as a supplement to replace lost benefits under the federal food stamp program, must be disregarded as income in all programs that do not count food stamps as income where the commissioner has the authority to make the income disregard determination for the program.

(e) (b) The commissioner shall submit a state plan to the secretary of agriculture to allow the commissioner to purchase federal Food Stamp Program benefits in an amount equal to the ~~MFIP-S~~ MFIP food portion for each legal noncitizen receiving ~~MFIP-S~~ MFIP assistance who is ineligible to participate in the federal Food Stamp Program solely due to the provisions of section 402 or 403 of Public Law Number 104-193, as authorized by Title VII of the 1997 Emergency Supplemental Appropriations Act, Public Law Number 105-18. The commissioner shall enter into a contract as necessary with the secretary to use the existing federal Food Stamp Program benefits delivery system for the purposes of administering the food portion of ~~MFIP-S~~ MFIP under this subdivision.

Sec. 80. Minnesota Statutes 1998, section 256J.12, subdivision 1, is amended to read:

Subdivision 1. **SIMPLE RESIDENCY.** To be eligible for AFDC or ~~MFIP-S~~ MFIP, ~~whichever is in effect,~~ an assistance unit must have established residency in this state

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which means the assistance unit is present in the state and intends to remain here. A person who lives in this state and who entered this state with a job commitment or to seek employment in this state, whether or not that person is currently employed, meets the criteria in this subdivision.

Sec. 81. Minnesota Statutes 1998, section 256J.21, subdivision 3, is amended to read:

Subd. 3. **INITIAL INCOME TEST.** The county agency shall determine initial eligibility by considering all earned and unearned income that is not excluded under subdivision 2. To be eligible for ~~MFIP-S MFIP~~, the assistance unit's countable income minus the disregards in paragraphs (a) and (b) must be below the transitional standard of assistance according to section 256J.24 for that size assistance unit.

(a) The initial eligibility determination must disregard the following items:

(1) the employment disregard is 18 percent of the gross earned income whether or not the member is working full time or part time;

(2) dependent care costs must be deducted from gross earned income for the actual amount paid for dependent care up to a maximum of \$200 per month for each child less than two years of age, and \$175 per month for each child two years of age and older under this chapter and chapter 119B;

(3) all payments made according to a court order for spousal support or the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the support order; and

(4) an allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver according to section 256J.36.

(b) Notwithstanding paragraph (a), when determining initial eligibility for applicant units when at least one member has received ~~AFDC, family general assistance, MFIP, MFIP-R, or work first, or MFIP-S~~ in this state within four months of the most recent application for ~~MFIP-S MFIP~~, the employment disregard for all unit members is 36 percent of the gross earned income.

After initial eligibility is established, the assistance payment calculation is based on the monthly income test.

Sec. 82. Minnesota Statutes 1998, section 256J.26, subdivision 1, is amended to read:

Subdivision 1. **PERSON CONVICTED OF DRUG OFFENSES.** (a) Applicants or participants who have been convicted of a drug offense after July 1, 1997, may, if otherwise eligible, receive ~~AFDC or MFIP-S~~ benefits subject to the following conditions:

(1) Benefits for the entire assistance unit must be paid in vendor form for shelter and utilities during any time the applicant is part of the assistance unit.

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(2) The convicted applicant or participant shall be subject to random drug testing as a condition of continued eligibility and following any positive test for an illegal controlled substance is subject to the following sanctions:

(i) for failing a drug test the first time, the participant's grant shall be reduced by ten percent of the ~~MFIP-S MFIP~~ transitional standard, the shared household standard, or the interstate transitional standard, whichever is applicable prior to making vendor payments for shelter and utility costs; or

(ii) for failing a drug test two or more times, the residual amount of the participant's grant after making vendor payments for shelter and utility costs, if any, must be reduced by an amount equal to 30 percent of the ~~MFIP-S MFIP~~ transitional standard, the shared household standard, or the interstate transitional standard, whichever is applicable.

(b) Applicants or participants who have been convicted of a drug offense after July 1, 1997, may, if otherwise eligible, receive food stamps if the convicted applicant or participant is subject to random drug testing as a condition of continued eligibility. Following a positive test for an illegal controlled substance, the applicant is subject to the following sanctions:

(1) for failing a drug test the first time, food stamps shall be reduced by ten percent of the applicable food stamp allotment; and

(2) for failing a drug test two or more times, food stamps shall be reduced by an amount equal to 30 percent of the applicable food stamp allotment.

(c) For the purposes of this subdivision, "drug offense" means a conviction that occurred after July 1, 1997, of sections 152.021 to 152.025, 152.0261, or 152.096. Drug offense also means a conviction in another jurisdiction of the possession, use, or distribution of a controlled substance, or conspiracy to commit any of these offenses, if the offense occurred after July 1, 1997, and the conviction is a felony offense in that jurisdiction, or in the case of New Jersey, a high misdemeanor.

Sec. 83. Minnesota Statutes 1998, section 256J.26, subdivision 2, is amended to read:

Subd. 2. **PAROLE VIOLATORS.** An individual violating a condition of probation or parole or supervised release imposed under federal law or the law of any state is disqualified from receiving ~~AFDC or MFIP-S MFIP~~.

Sec. 84. Minnesota Statutes 1998, section 256J.26, subdivision 3, is amended to read:

Subd. 3. **FLEEING FELONS.** An individual who is fleeing to avoid prosecution, or custody, or confinement after conviction for a crime that is a felony under the laws of the jurisdiction from which the individual flees, or in the case of New Jersey, is a high misdemeanor, is disqualified from receiving ~~AFDC or MFIP-S MFIP~~.

Sec. 85. Minnesota Statutes 1998, section 256J.26, subdivision 4, is amended to read:

Subd. 4. **DENIAL OF ASSISTANCE FOR TEN YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCY.** An individual who is convicted in federal or state court of having made a fraudulent statement

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or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from two or more states is disqualified from receiving AFDC or ~~MFIP~~ MFIP for ten years beginning on the date of the conviction.

Sec. 86. Minnesota Statutes 1998, section 256J.42, subdivision 1, is amended to read:

Subdivision 1. **TIME LIMIT.** (a) Except for the exemptions in this section and in section 256J.11, subdivision 2, an assistance unit in which any adult caregiver has received 60 months of cash assistance funded in whole or in part by the TANF block grant in this or any other state or United States territory, ~~MFIP~~ MFIP, the AFDC program formerly codified in sections 256.72 to 256.87, or the family general assistance program formerly codified in sections 256D.01 to 256D.23, funded in whole or in part by state appropriations, is ineligible to receive ~~MFIP~~ MFIP. Any cash assistance funded with TANF dollars in this or any other state or United States territory, or ~~MFIP~~ MFIP assistance funded in whole or in part by state appropriations, that was received by the unit on or after the date TANF was implemented, including any assistance received in states or United States territories of prior residence, counts toward the 60-month limitation. The 60-month limit applies to a minor who is the head of a household or who is married to the head of a household except under subdivision 5. The 60-month time period does not need to be consecutive months for this provision to apply.

(b) Months before July 1998 in which individuals receive assistance as part of an MFIP, MFIP-R, or MFIP or MFIP-R comparison group family under formerly codified in sections 256.031 to 256.0361 or sections 256.047 to 256.048 are not included in the 60-month time limit.

Sec. 87. Minnesota Statutes 1998, section 256J.42, subdivision 5, is amended to read:

Subd. 5. **EXEMPTION FOR CERTAIN FAMILIES.** (a) Any cash assistance received by an assistance unit does not count toward the 60-month limit on assistance during a month in which the caregiver is in the category in section 256J.56, clause (1). The exemption applies for the period of time the caregiver belongs to one of the categories specified in this subdivision.

(b) From July 1, 1997, until the date ~~MFIP~~ MFIP is operative in the caregiver's county of financial responsibility, any cash assistance received by a caregiver who is complying with sections Minnesota Statutes 1996, section 256.73, subdivision 5a, and Minnesota Statutes 1998, section 256.736, if applicable, does not count toward the 60-month limit on assistance. Thereafter, any cash assistance received by a minor caregiver who is complying with the requirements of sections 256J.14 and 256J.54, if applicable, does not count towards the 60-month limit on assistance.

(c) Any diversionary assistance or emergency assistance received does not count toward the 60-month limit.

(d) Any cash assistance received by an 18- or 19-year-old caregiver who is complying with the requirements of section 256J.54 does not count toward the 60-month limit.

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Sec. 88. Minnesota Statutes 1998, section 256J.43, subdivision 1, is amended to read:

Subdivision 1. **PAYMENT.** (a) Effective July 1, 1997, the amount of assistance paid to an eligible unit in which all members have resided in this state for fewer than 12 consecutive calendar months immediately preceding the date of application shall be the lesser of either the interstate transitional standard that would have been received by the assistance unit from the state of immediate prior residence, or the amount calculated in accordance with ~~AFDC or MFIP-S~~ MFIP standards. The lesser payment must continue until the assistance unit meets the 12-month requirement. An assistance unit that has not resided in Minnesota for 12 months from the date of application is not exempt from the interstate payment provisions solely because a child is born in Minnesota to a member of the assistance unit. Payment must be calculated by applying this state's budgeting policies, and the unit's net income must be deducted from the payment standard in the other state or in this state, whichever is lower. Payment shall be made in vendor form for shelter and utilities, up to the limit of the grant amount, and residual amounts, if any, shall be paid directly to the assistance unit.

(b) During the first 12 months an assistance unit resides in this state, the number of months that a unit is eligible to receive ~~AFDC or MFIP-S~~ MFIP benefits is limited to the number of months the assistance unit would have been eligible to receive similar benefits in the state of immediate prior residence.

(c) This policy applies whether or not the assistance unit received similar benefits while residing in the state of previous residence.

(d) When an assistance unit moves to this state from another state where the assistance unit has exhausted that state's time limit for receiving benefits under that state's TANF program, the unit will not be eligible to receive any ~~AFDC or MFIP-S~~ MFIP benefits in this state for 12 months from the date the assistance unit moves here.

(e) For the purposes of this section, "state of immediate prior residence" means:

(1) the state in which the applicant declares the applicant spent the most time in the 30 days prior to moving to this state; or

(2) the state in which an applicant who is a migrant worker maintains a home.

(f) The commissioner shall annually verify and update all other states' payment standards as they are to be in effect in July of each year.

(g) Applicants must provide verification of their state of immediate prior residence, in the form of tax statements, a driver's license, automobile registration, rent receipts, or other forms of verification approved by the commissioner.

(h) Migrant workers, as defined in section 256J.08, and their immediate families are exempt from this section, provided the migrant worker provides verification that the migrant family worked in this state within the last 12 months and earned at least \$1,000 in gross wages during the time the migrant worker worked in this state.

Sec. 89. Minnesota Statutes 1998, section 256J.50, subdivision 3a, is amended to read:

Subd. 3a. **TRANSITIONAL RULE; STRIDE, ACCESS.** (a) A county agency that is not a participant in the MFIP or MFIP-R field trials ~~under~~ formerly codified in

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sections 256.031 to 256.0361 shall not enroll a recipient into project STRIDE or ACCESS after the date that ~~MFIP-S~~ MFIP is implemented in the county.

(b) A caregiver who:

(i) was enrolled in project STRIDE or ACCESS continuously since March 1, 1997;

(ii) is not a part of an MFIP or MFIP-R comparison group; and

(iii) who is making satisfactory progress toward the objectives specified in the caregiver's employment plan, may, with the approval of the job counselor, continue with the existing employment plan for up to two years after the caregiver is enrolled in ~~MFIP-S~~ MFIP. For purposes of the federal participation standards, the activities in the caregiver's employment plan are work activities, as that term is defined in section 256J.49, subdivision 13.

(c) Notwithstanding contrary provisions of section 256.736, the employability plan of a caregiver who is enrolled in project STRIDE or ACCESS on or after July 1, 1997, must meet the requirements of section 256J.53.

Sec. 90. Minnesota Statutes 1998, section 256J.62, subdivision 3, is amended to read:

Subd. 3. **ALLOCATION OF BALANCE OF FUNDS.** If there remain funds to allocate after establishing each county's guaranteed floor under the provisions in subdivision 2, the balance of funds shall be allocated as follows:

(1) for state fiscal year 1998, the remaining funds shall be allocated based on the county's average number of AFDC and family general assistance cases as compared to the statewide total number of cases. The average number of cases shall be based on counts of AFDC and family general assistance cases as of March 31, June 30, September 30, and December 31 of calendar year 1996;

(2) for state fiscal year 1999, the remaining funds shall be allocated based on the county's average number of AFDC, family general assistance, ~~MFIP-R~~, ~~MFIP~~, and ~~MFIP-S~~ cases as compared to the statewide total number of cases. The average number of cases shall be based on counts of AFDC, family general assistance, ~~MFIP-R~~, ~~MFIP~~, and ~~MFIP-S~~ cases as of March 31, June 30, September 30, and December 31 of calendar year 1997; and

(3) for all subsequent state fiscal years, the remaining funds shall be allocated based on the county's average number of ~~MFIP-S~~ MFIP cases as compared to the statewide total number of cases. The average number of cases must be based on counts of ~~MFIP-S~~ MFIP cases as of March 31, June 30, September 30, and December 31 of the previous calendar year.

Sec. 91. Minnesota Statutes 1998, section 256J.62, subdivision 6, is amended to read:

Subd. 6. **BILINGUAL EMPLOYMENT AND TRAINING SERVICES TO REFUGEES.** Funds appropriated to cover the costs of bilingual employment and training services to refugees shall be allocated to county agencies as follows:

(1) for state fiscal year 1998, the allocation shall be based on the county's proportion of the total statewide number of AFDC refugee cases in the previous fiscal year. Counties

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with less than one percent of the statewide number of AFDC, MFIP-R, or MFIP refugee cases shall not receive an allocation of bilingual employment and training services funds; and

(2) for each subsequent fiscal year, the allocation shall be based on the county's proportion of the total statewide number of MFIP-S MFIP refugee cases in the previous fiscal year. Counties with less than one percent of the statewide number of MFIP-S MFIP refugee cases shall not receive an allocation of bilingual employment and training services funds.

Sec. 92. Minnesota Statutes 1998, section 256J.62, subdivision 7, is amended to read:

Subd. 7. **WORK LITERACY LANGUAGE PROGRAMS.** Funds appropriated to cover the costs of work literacy language programs to non-English-speaking recipients shall be allocated to county agencies as follows:

(1) for state fiscal year 1998, the allocation shall be based on the county's proportion of the total statewide number of AFDC or MFIP cases in the previous fiscal year where the lack of English is a barrier to employment. Counties with less than two percent of the statewide number of AFDC or MFIP cases where the lack of English is a barrier to employment shall not receive an allocation of the work literacy language program funds; and

(2) for each subsequent fiscal year, the allocation shall be based on the county's proportion of the total statewide number of MFIP-S MFIP cases in the previous fiscal year where the lack of English is a barrier to employment. Counties with less than two percent of the statewide number of MFIP-S MFIP cases where the lack of English is a barrier to employment shall not receive an allocation of the work literacy language program funds.

Sec. 93. Minnesota Statutes 1998, section 256J.76, subdivision 1, is amended to read:

Subdivision 1. **ADMINISTRATIVE FUNCTIONS.** Beginning July 1, 1997, counties will receive federal funds from the TANF block grant for use in supporting eligibility, fraud control, and other related administrative functions. The federal funds available for distribution, as determined by the commissioner, must be an amount equal to federal administrative aid distributed for fiscal year 1996 under titles IV-A and IV-F of the Social Security Act in effect prior to October 1, 1996. This amount must include the amount paid for local collaboratives under sections 245.4932 and 256F.13, but must not include administrative aid associated with child care under section 119B.05, with emergency assistance intensive family preservation services under section ~~256.8711~~ 256F.05, with administrative activities as part of the employment and training services under ~~section 256.736~~ this chapter or chapter 256K, or with fraud prevention investigation activities under section 256.983.

Sec. 94. Minnesota Statutes 1998, section 256K.01, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** As used in sections 256K.01 to 256K.09, the following words have the meanings given them.

(a) "Applicant" means an individual who has submitted a request for assistance and has never received an AFDC grant as formerly codified in sections 256.72 to 256.87,

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~~MFIP-S~~ an MFIP grant or a family general assistance grant as formerly codified in sections 256D.01 to 256D.23 through the MAXIS computer system as a caregiver, or an applicant whose application under the former AFDC program codified in sections 256.72 to 256.87, ~~MFIP-S~~ MFIP, or the former family general assistance application program codified in sections 256D.01 to 256D.23 was denied or benefits were terminated due to non-compliance with work first program requirements.

(b) "Application date" means the date any Minnesota county agency receives a signed and dated combined application form Part I.

(c) "CAF" means a combined application form on which people apply for multiple assistance programs, including: cash assistance, refugee cash assistance, Minnesota supplemental aid, food stamps, medical assistance, general assistance medical care, emergency assistance, emergency medical assistance, and emergency general assistance medical care.

(d) "Caregiver" means a parent or eligible adult, including a pregnant woman, who is part of the assistance unit that has applied for or is receiving an AFDC, ~~MFIP-S~~, or family general assistance an MFIP grant. In a two-parent family, both parents are caregivers.

(e) "Child support" means a voluntary or court-ordered payment by absent parents in an assistance unit.

(f) "Commissioner" means the commissioner of human services.

(g) "Department" means the department of human services.

(h) "Employability development plan" or "EDP" means a plan developed by the applicant, 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.

(i) "EDP status report form" means a program form on which deferred participants indicate what has been achieved in the participant's employability development plan and the types of problems encountered.

(j) "Employment advisor" means a program staff member 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.

(k) "Financial specialist" means a program staff member who is trained to explain the benefits offered under the program, determine eligibility for different assistance programs, and broker other resources from employers and the community.

(l) "Job network" means individuals that a person may contact to learn more about particular companies, inquire about job leads, or discuss occupational interests and expertise.

(m) "Job search allowance" means the amount of financial assistance needed to support job search.

(n) "Job search plan" or "JSP" means the specific plan developed by the applicant, with advice from the employment advisor, to secure a job as soon as possible, and focus the scope of the job search process and other activities.

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(o) "JSP status report form" means a program form on which participants indicate the number of submitted job applications, job interviews held, jobs offered, other outcomes achieved, problems encountered, and the total number of hours spent on job search per week.

(p) "Participant" means a recipient who is required to participate in the work first program.

(q) "Program" means the work first program.

(r) "Provider" means an employment and training agency certified by the commissioner of economic security under section 268.871, subdivision 1.

(s) "Self-employment" means employment where people work for themselves rather than an employer, are responsible for their own work schedule, and do not have taxes or FICA withheld by an employer.

(t) "Self-sufficiency agreement" means the agreement between the county or its representative and the applicant that describes the activities that the applicant must conduct and the necessary services and aid to be furnished by the county to enable the individual to meet the purpose of either the job search plan or employability development plan.

(u) "Subsidized job" means a job that is partly reimbursed by the provider for cost of wages for participants in the program.

Sec. 95. Minnesota Statutes 1998, section 256K.01, subdivision 3, is amended to read:

Subd. 3. **ESTABLISHING WORK FIRST PROGRAM.** The commissioners of human services and economic security may develop and establish pilot projects which require applicants for aid under AFDC, MFIP-S or family general assistance MFIP to meet the requirements of the work first program. The purpose of the program is to:

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

Sec. 96. Minnesota Statutes 1998, section 256K.01, subdivision 8, is amended to read:

Subd. 8. **DUTIES OF PARTICIPANT.** To be eligible for an AFDC, MFIP-S or family general assistance MFIP benefit, a participant shall cooperate with the county agency, the provider, and the participant's employer in all aspects of the program.

Sec. 97. Minnesota Statutes 1998, section 256K.015, is amended to read:

**256K.015 ELIGIBILITY FOR WORK FIRST.**

To be eligible for work first, an applicant must meet the eligibility requirements of AFDC or MFIP-S, whichever is in effect in the county, MFIP, to the extent that those requirements are not inconsistent with this chapter.

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Sec. 98. Minnesota Statutes 1998, section 256K.02, is amended to read:

**256K.02 PROGRAM PARTICIPANTS; PROGRAM EXPECTATIONS.**

All applicants selected for participation are expected to meet the requirements under the work first program. Payments for rent and utilities up to the ~~AFDC, MFIP-S, or family general assistance program~~ MFIP benefits to which the assistance unit is entitled will be vendor paid for as many months as the applicant is eligible or six months, whichever comes first. The residual amount after vendor payment, if any, will be paid to the recipient, unless it is used as a wage subsidy under section 256K.04, subdivision 2.

Sec. 99. Minnesota Statutes 1998, section 256K.03, subdivision 1, is amended to read:

Subdivision 1. **NOTIFICATION OF PROGRAM.** Except for the provisions in this section, the provisions for the ~~AFDC, MFIP-S, and family general assistance~~ MFIP application process shall be followed. Within two days after receipt of a completed combined application form, the county agency must refer to the provider the applicant who meets the conditions under section 256K.02, and notify the applicant in writing of the program including the following provisions:

- (1) notification that, as part of the application process, applicants are required to attend orientation, to be followed immediately by a 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; and
- (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.

Sec. 100. Minnesota Statutes 1998, section 256K.03, subdivision 12, is amended to read:

Subd. 12. **REQUIREMENT TO WORK IN A TEMPORARY PUBLIC SERVICE JOB.** (a) If after the completion of the maximum eight weeks of job search the participant has failed to secure a nonsubsidized or a subsidized job for at least 32 hours per week, or does not earn a net income from self-employment that is equal to at least the ~~AFDC, MFIP-S or family general assistance~~ MFIP monthly grant for the household size, ~~whichever is applicable~~, the participant is required to work in a temporary public service job for up to 67 working days for (1) at least 32 hours per week, or (2) a period equivalent to the result of dividing the monthly grant amount which the participant would otherwise receive, by the federal hourly minimum wage, or applicable hourly state minimum wage, or the hourly rate of pay for individuals employed in the same occupation at the site, whichever is highest. If the result is more than 128 hours per month, the participant's requirement to work in a temporary public service job shall not be more than 32 hours per week.

(b) Within seven days from the date of application, the participant who is deferred under subdivision 8, clause (1) or (2), and is participating in an educational program on a

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part-time basis must work in a temporary public service job as required under subdivision 8, clause (2).

(c) The provider shall strive to match the profile of the participant with the needs of the employers that are participating in a temporary jobs program under section 256K.05.

Sec. 101. Minnesota Statutes 1998, section 256K.04, subdivision 2, is amended to read:

Subd. 2. **JOB SUBSIDY.** The county may use all or part of the ~~AFDC, MFIP-S or family general assistance MFIP~~ benefit as a subsidy to employers for the purpose of providing work experience or training to the participant who has completed the job search plan, provided that:

(1) the job to be subsidized is permanent and full time, and pays an hourly rate of at least \$6 per hour;

(2) the employer agrees to retain the participant after satisfactory completion of the work experience or training period; and

(3) the participant has first tried to secure a nonsubsidized job by following the job search plan.

The subsidy may be available for up to six months.

Sec. 102. Minnesota Statutes 1998, section 256K.05, subdivision 2, is amended to read:

Subd. 2. **ASSIGNMENT TO TEMPORARY PUBLIC SERVICE JOBS.** The provider must assign the participant who (1) is within completion of the required eight weeks of job search and has failed to secure a nonsubsidized or a subsidized job for at least 32 hours per week, or (2) does not earn a net income from self-employment that is equal to at least the ~~AFDC, MFIP-S or family general assistance MFIP~~ monthly grant for the household size, ~~whichever is applicable,~~ to a temporary public service job. The assignment must be made seven days before the end of the job search and be based on section 256K.03, subdivision 12. The participant that is deferred under section 256K.03, subdivision 8, will be assigned by the provider to a temporary public service job within seven days after the application.

Sec. 103. Minnesota Statutes 1998, section 256K.06, is amended to read:

**256K.06 TRANSITIONAL BENEFITS TO SUPPORT WORK; RENT AND UTILITIES VENDOR PAYMENT.**

Payments for rent and utilities up to the amount of ~~AFDC, MFIP-S, or family general assistance~~ benefits to which the assistance unit is entitled shall be provided in the form of vendor payments for as many months as the applicant is eligible or six months, whichever comes first. The residual amount after vendor payment, if any, will be paid to the ~~AFDC, MFIP-S, or family general assistance MFIP~~ recipient, unless it is used as a wage subsidy under section 256K.04, subdivision 2. This provision shall apply to all applicants including those meeting the exemption categories under section 256K.03, subdivision 5, or deferral categories under section 256K.03, subdivision 8. To the extent needed, a job search allowance shall be provided for up to eight weeks to cover expenses related to the job search. Before the job search allowance is issued, it must be approved by the employment advisor and financial specialist, and clearly described in the job search plan.

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Sec. 104. Minnesota Statutes 1998, section 256K.07, is amended to read:

**256K.07 ELIGIBILITY FOR FOOD STAMPS, MEDICAL ASSISTANCE, AND CHILD CARE.**

The participant shall be treated as an AFDC, MFIP-S, or family general assistance MFIP recipient, ~~whichever is applicable~~, for food stamps, medical assistance, and child care eligibility purposes. The participant who leaves the program as a result of increased earnings from employment shall be eligible for transitional medical assistance and child care without regard to AFDC, MFIP-S, or family general assistance MFIP receipt in three of the six months preceding ineligibility.

Sec. 105. Minnesota Statutes 1998, section 256K.08, subdivision 1, is amended to read:

Subdivision 1. **GOOD CAUSE.** (a) For purposes of this subdivision, "good cause" means absence due to temporary illness or injury of the participant or a member of the participant's family, the unavailability of appropriate child care or unavailability of transportation needed to attend orientation or conduct job search, or a nonmedical emergency as defined under section 256K.05, subdivision 5.

(b) The applicant who is required, but fails, without good cause, to participate in orientation, complete the job search plan or employability development plan, and comply with the job search requirements under section 256K.03, prior to being eligible for AFDC, MFIP-S, or family general assistance MFIP shall be denied benefits. The applicant will not be eligible for benefits in this state for at least six months.

(c) If, after receiving a written warning from the county, the participant fails, without good cause, to conduct at least 32 hours of job search per week in any given two-week period, the participant will be immediately required to work for at least 16 hours per week in a temporary public service job. The required 32 hours per week of job search will be reduced to 16 hours.

(d) If the participant who is deferred under section 256K.03, subdivision 8, fails to comply with the activities described in the employability development plan, the participant will lose the deferment status, provided that the participant has received at least two written warnings from the provider.

(e) If the participant refuses to work in a temporary public service job, or is terminated from a temporary public service job for failure to work, benefits to the assistance unit shall be terminated and the participant shall not be eligible for aid under the MFIP-S MFIP program for at least six months from the date of refusal or termination. If the participant, before completing at least four consecutive months of employment, voluntarily quits or is terminated from a nonsubsidized or a subsidized job, the participant shall immediately be assigned to work in a temporary public service job for at least 32 hours per week for up to 67 working days unless the participant is hired or rehired into a nonsubsidized or subsidized job.

Sec. 106. Minnesota Statutes 1998, section 256L.11, subdivision 4, is amended to read:

Subd. 4. **DEFINITION OF MEDICAL ASSISTANCE RATE FOR INPATIENT HOSPITAL SERVICES.** The "medical assistance rate," as used in this sec-

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tion to apply to rates for providing inpatient hospital services, means the rates established under sections 256.9685 to 256.9695 for providing inpatient hospital services to medical assistance recipients who receive aid to families with dependent children Minnesota family investment program assistance.

Sec. 107. Minnesota Statutes 1998, section 257.33, subdivision 2, is amended to read:

Subd. 2. **MINOR PARENTS AND THEIR CHILDREN.** (a) Every birth to a minor shall be reported by the hospital where the birth occurs, within three working days after the birth. The hospital shall make the report to the county social services agency in the county in which the minor mother resides and shall notify the minor that the report has been made. The county social services agency shall contact any minor mother who does not have a case manager who resides in the county and determine whether she has a plan for herself and her child. The plan must consider:

- (1) the age of the minor parent;
- (2) the involvement of the minor's parents or of other adults who provide active, ongoing guidance, support, and supervision;
- (3) the involvement of the father of the minor's child, including steps being taken to establish paternity, if appropriate;
- (4) a decision of the minor to keep and raise her child or place the child for adoption;
- (5) completion of high school or GED;
- (6) current economic support of the minor parent and child and plans for economic self-sufficiency;
- (7) parenting skills of the minor parent;
- (8) living arrangement of the minor parent and child;
- (9) child care and transportation needed for education, training, or employment;
- (10) ongoing health care; and
- (11) other services as needed to address personal or family problems or to facilitate the personal growth and development and economic self-sufficiency of the minor parent and child.

(b) If the minor parent does not have a plan for herself and child, the county social services agency shall work with her to develop a plan and shall provide case management services as needed to assure the resources and services are available to meet the plan requirements.

(c) If the minor parent refuses to plan for herself and her child or fails, without good cause, to follow through on an agreed upon plan, the county social services agency may file a petition under section 260.131 seeking an order for protective supervision under section 260.191, subdivision 1, clause (a), on the grounds that the minor parent's child is dependent due to the state of immaturity of the minor parent. A contract with a minor parent under section ~~256.736, subdivision 11(a)(4)~~ 256J.54, subdivision 2, is an "agreed upon plan" for purposes of this section.

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Sec. 108. Minnesota Statutes 1998, section 257.3573, subdivision 2, is amended to read:

Subd. 2. **INAPPROPRIATE EXPENDITURES.** Indian child welfare grant money must not be used for:

(1) child day care necessary solely because of employment or training for employment of a parent or other relative with whom the child is living;

(2) foster care maintenance or difficulty of care payments;

(3) residential facility payments;

(4) adoption assistance payments;

(5) public assistance payments for aid to families with dependent children, Minnesota family investment ~~program~~—statewide program assistance, supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145A.01 to 145A.14; or

(6) administrative costs for income maintenance staff.

Sec. 109. Minnesota Statutes 1998, section 257.60, is amended to read:

**257.60 PARTIES.**

The child may be made a party to the action. If the child is a minor and is made a party, a general guardian or a guardian ad litem shall be appointed by the court to represent the child. The child's mother or father may not represent the child as guardian or otherwise. The biological mother, each man presumed to be the father under section 257.55, and each man alleged to be the biological father, shall be made parties or, if not subject to the jurisdiction of the court, shall be given notice of the action in a manner prescribed by the court and shall be given an opportunity to be heard. The public agency responsible for support enforcement is joined as a party in each case in which rights are assigned under section ~~256.74~~, subdivision 5 256.741, and in each case in which the public agency is providing services pursuant to an application for child support services. A person who may bring an action under section 257.57 may be made a party to the action. The court may align the parties. The child shall be made a party whenever:

(1) the child is a minor and the case involves a compromise under section 257.64, subdivision 1, or a lump sum payment under section 257.66, subdivision 4, in which case the commissioner of human services shall also be made a party subject to department of human services rules relating to paternity suit settlements; or

(2) the child is a minor and the action is to declare the nonexistence of the father and child relationship; or

(3) an action to declare the existence of the father and child relationship is brought by a man presumed to be the father under section 257.55, or a man who alleges to be the father, and the mother of the child denies the existence of the father and child relationship.

Sec. 110. Minnesota Statutes 1998, section 257.85, subdivision 3, is amended to read:

Subd. 3. **DEFINITIONS.** For purposes of this section, the terms defined in this subdivision have the meanings given them.

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

(a) "~~AFDC or MFIP standard~~" means the monthly standard of need used to calculate assistance under the ~~AFDC program, the transitional standard used to calculate assistance under the MFIP-S program, or, if neither of those is applicable, the analogous transitional standard used to calculate assistance under the MFIP or MFIP-R programs.~~

(b) "Local agency" means the local social service agency with legal custody of a child prior to the transfer of permanent legal and physical custody to a relative.

(c) "Permanent legal and physical custody" means permanent legal and physical custody ordered by a Minnesota juvenile court under section 260.191, subdivision 3b.

(d) "Relative" means an individual, other than a parent, who is related to a child by blood, marriage, or adoption.

(e) "Relative custodian" means a relative of a child for whom the relative has permanent legal and physical custody. When siblings, including half-siblings and step-siblings, are placed together in the permanent legal and physical custody of a relative of one of the siblings, the person receiving permanent legal and physical custody of the siblings is considered a relative custodian of all of the siblings for purposes of this section.

(f) "Relative custody assistance agreement" means an agreement entered into between a local agency and the relative of a child who has been or will be awarded permanent legal and physical custody of the child.

(g) "Relative custody assistance payment" means a monthly cash grant made to a relative custodian pursuant to a relative custody assistance agreement and in an amount calculated under subdivision 7.

(h) "Remains in the physical custody of the relative custodian" means that the relative custodian is providing day-to-day care for the child and that the child lives with the relative custodian; absence from the relative custodian's home for a period of more than 120 days raises a presumption that the child no longer remains in the physical custody of the relative custodian.

Sec. 111. Minnesota Statutes 1998, section 257.85, subdivision 5, is amended to read:

Subd. 5. **RELATIVE CUSTODY ASSISTANCE AGREEMENT.** (a) A relative custody assistance agreement will not be effective, unless it is signed by the local agency and the relative custodian no later than 30 days after the date of the order establishing permanent legal and physical custody with the relative, except that a local agency may enter into a relative custody assistance agreement with a relative custodian more than 30 days after the date of the order if it certifies that the delay in entering the agreement was through no fault of the relative custodian. There must be a separate agreement for each child for whom the relative custodian is receiving relative custody assistance.

(b) Regardless of when the relative custody assistance agreement is signed by the local agency and relative custodian, the effective date of the agreement shall be the date of the order establishing permanent legal and physical custody.

(c) If ~~MFIP-S~~ MFIP is not the applicable program for a child at the time that a relative custody assistance agreement is entered on behalf of the child, when ~~MFIP-S~~ MFIP becomes the applicable program, if the relative custodian had been receiving custody as-

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

sistance payments calculated based upon a different program, the amount of relative custody assistance payment under subdivision 7 shall be recalculated under the ~~MFIP-S~~ MFIP program.

(d) The relative custody assistance agreement shall be in a form specified by the commissioner and shall include provisions relating to the following:

(1) the responsibilities of all parties to the agreement;

(2) the payment terms, including the financial circumstances of the relative custodian, the needs of the child, the amount and calculation of the relative custody assistance payments, and that the amount of the payments shall be reevaluated annually;

(3) the effective date of the agreement, which shall also be the anniversary date for the purpose of submitting the annual affidavit under subdivision 8;

(4) that failure to submit the affidavit as required by subdivision 8 will be grounds for terminating the agreement;

(5) the agreement's expected duration, which shall not extend beyond the child's eighteenth birthday;

(6) any specific known circumstances that could cause the agreement or payments to be modified, reduced, or terminated and the relative custodian's appeal rights under subdivision 9;

(7) that the relative custodian must notify the local agency within 30 days of any of the following:

(i) a change in the child's status;

(ii) a change in the relationship between the relative custodian and the child;

(iii) a change in composition or level of income of the relative custodian's family;

(iv) a change in eligibility or receipt of benefits under ~~AFDC, MFIP-S~~ MFIP, or other assistance program; and

(v) any other change that could affect eligibility for or amount of relative custody assistance;

(8) that failure to provide notice of a change as required by clause (7) will be grounds for terminating the agreement;

(9) that the amount of relative custody assistance is subject to the availability of state funds to reimburse the local agency making the payments;

(10) that the relative custodian may choose to temporarily stop receiving payments under the agreement at any time by providing 30 days' notice to the local agency and may choose to begin receiving payments again by providing the same notice but any payments the relative custodian chooses not to receive are forfeit; and

(11) that the local agency will continue to be responsible for making relative custody assistance payments under the agreement regardless of the relative custodian's place of residence.

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

Sec. 112. Minnesota Statutes 1998, section 257.85, subdivision 7, is amended to read:

**Subd. 7. AMOUNT OF RELATIVE CUSTODY ASSISTANCE PAYMENTS.**

(a) The amount of a monthly relative custody assistance payment shall be determined according to the provisions of this paragraph.

(1) The total maximum assistance rate is equal to the base assistance rate plus, if applicable, the supplemental assistance rate.

(i) The base assistance rate is equal to the maximum amount that could be received as basic maintenance for a child of the same age under the adoption assistance program.

(ii) The local agency shall determine whether the child has physical, mental, emotional, or behavioral disabilities that require care, supervision, or structure beyond that ordinarily provided in a family setting to children of the same age such that the child would be eligible for supplemental maintenance payments under the adoption assistance program if an adoption assistance agreement were entered on the child's behalf. If the local agency determines that the child has such a disability, the supplemental assistance rate shall be the maximum amount of monthly supplemental maintenance payment that could be received on behalf of a child of the same age, disabilities, and circumstances under the adoption assistance program.

(2) The net maximum assistance rate is equal to the total maximum assistance rate from clause (1) less the following offsets:

(i) if the child is or will be part of an assistance unit receiving an AFDC, MFIP-S, or other MFIP grant, the portion of the AFDC or MFIP standard relating to the child;

(ii) Supplemental Security Income payments received by or on behalf of the child;

(iii) veteran's benefits received by or on behalf of the child; and

(iv) any other income of the child, including child support payments made on behalf of the child.

(3) The relative custody assistance payment to be made to the relative custodian shall be a percentage of the net maximum assistance rate calculated in clause (2) based upon the gross income of the relative custodian's family, including the child for whom the relative has permanent legal and physical custody. In no case shall the amount of the relative custody assistance payment exceed that which the child could qualify for under the adoption assistance program if an adoption assistance agreement were entered on the child's behalf. The relative custody assistance payment shall be calculated as follows:

(i) if the relative custodian's gross family income is less than or equal to 200 percent of federal poverty guidelines, the relative custody assistance payment shall be the full amount of the net maximum assistance rate;

(ii) if the relative custodian's gross family income is greater than 200 percent and less than or equal to 225 percent of federal poverty guidelines, the relative custody assistance payment shall be 80 percent of the net maximum assistance rate;

(iii) if the relative custodian's gross family income is greater than 225 percent and less than or equal to 250 percent of federal poverty guidelines, the relative custody assistance payment shall be 60 percent of the net maximum assistance rate;

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

(iv) if the relative custodian's gross family income is greater than 250 percent and less than or equal to 275 percent of federal poverty guidelines, the relative custody assistance payment shall be 40 percent of the net maximum assistance rate;

(v) if the relative custodian's gross family income is greater than 275 percent and less than or equal to 300 percent of federal poverty guidelines, the relative custody assistance payment shall be 20 percent of the net maximum assistance rate; or

(vi) if the relative custodian's gross family income is greater than 300 percent of federal poverty guidelines, no relative custody assistance payment shall be made.

(b) This paragraph specifies the provisions pertaining to the relationship between relative custody assistance and AFDC, MFIP-S, or other MFIP programs:

(1) the relative custodian of a child for whom the relative is receiving relative custody assistance is expected to seek whatever assistance is available for the child through the AFDC, MFIP-S, or other MFIP programs program. If a relative custodian fails to apply for assistance through AFDC, MFIP-S, or other the MFIP program for which the child is eligible, the child's portion of the AFDC or MFIP standard will be calculated as if application had been made and assistance received;

(2) the portion of the AFDC or MFIP standard relating to each child for whom relative custody assistance is being received shall be calculated as follows:

(i) determine the total AFDC or MFIP standard for the assistance unit;

(ii) determine the amount that the AFDC or MFIP standard would have been if the assistance unit had not included the children for whom relative custody assistance is being received;

(iii) subtract the amount determined in item (ii) from the amount determined in item (i); and

(iv) divide the result in item (iii) by the number of children for whom relative custody assistance is being received that are part of the assistance unit; or

(3) if a child for whom relative custody assistance is being received is not eligible for assistance through the AFDC, MFIP-S, or other MFIP programs program, the portion of AFDC or MFIP standard relating to that child shall be equal to zero.

Sec. 113. Minnesota Statutes 1998, section 257.85, subdivision 11, is amended to read:

Subd. 11. **FINANCIAL CONSIDERATIONS.** (a) Payment of relative custody assistance under a relative custody assistance agreement is subject to the availability of state funds and payments may be reduced or suspended on order of the commissioner if insufficient funds are available.

(b) Upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians. The local agency may not seek and the commissioner shall not provide reimbursement for the administrative costs associated with performing the duties described in subdivision 4.

(c) For the purposes of determining eligibility or payment amounts under the AFDC program, MFIP-S, and other MFIP programs as of July 16, 1996, relative custody assistance payments shall be considered excluded income.

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

Sec. 114. Minnesota Statutes 1998, section 259.67, subdivision 4, is amended to read:

Subd. 4. **ELIGIBILITY CONDITIONS.** (a) The placing agency shall use the AFDC requirements as specified in federal law as of July 16, 1996, when determining the child's eligibility for adoption assistance under title IV-E of the Social Security Act. If the child does not qualify, the placing agency shall certify a child as eligible for state funded adoption assistance only if the following criteria are met:

(1) Due to the child's characteristics or circumstances it would be difficult to provide the child an adoptive home without adoption assistance.

(2)(i) A placement agency has made reasonable efforts to place the child for adoption without adoption assistance, but has been unsuccessful; or

(ii) the child's licensed foster parents desire to adopt the child and it is determined by the placing agency that the adoption is in the best interest of the child.

(3) The child has been a ward of the commissioner or a Minnesota-licensed child-placing agency.

(b) For purposes of this subdivision, the characteristics or circumstances that may be considered in determining whether a child is a child with special needs under United States Code, title 42, chapter 7, subchapter IV, part E, or meets the requirements of paragraph (a), clause (1), are the following:

(1) The child is a member of a sibling group to be placed as one unit in which at least one sibling is older than 15 months of age or is described in clause (2) or (3).

(2) The child has documented physical, mental, emotional, or behavioral disabilities.

(3) The child has a high risk of developing physical, mental, emotional, or behavioral disabilities.

(c) When a child's eligibility for adoption assistance is based upon the high risk of developing physical, mental, emotional, or behavioral disabilities, payments shall not be made under the adoption assistance agreement unless and until the potential disability manifests itself as documented by an appropriate health care professional.

Sec. 115. Minnesota Statutes 1998, section 260.38, is amended to read:

**260.38 COST, PAYMENT.**

In addition to the usual care and services given by public and private agencies, the necessary cost incurred by the commissioner of human services in providing care for such child shall be paid by the county committing such child which, subject to uniform rules established by the commissioner of human services, may receive a reimbursement not exceeding one-half of such costs from funds made available for this purpose by the legislature during the period beginning July 1, 1985, and ending December 31, 1985. Beginning January 1, 1986, the necessary cost incurred by the commissioner of human services in providing care for the child must be paid by the county committing the child. Where such child is eligible to receive a grant of aid to families with dependent children, Minnesota family investment program-statewide program or supplemental security in-

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come for the aged, blind, and disabled, or a foster care maintenance payment under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, the child's needs shall be met through these programs.

Sec. 116. Minnesota Statutes 1998, section 261.063, is amended to read:

**261.063 TAX LEVY FOR SOCIAL SECURITY MEASURES; DUTIES OF COUNTY BOARD.**

The board of county commissioners of each county shall annually levy taxes and fix a rate sufficient to produce the full amount required for poor relief, general assistance, ~~aid to dependent children~~ Minnesota family investment program, county share of county and state supplemental aid to supplemental security income applicants or recipients, and any other social security measures wherein there is now or may hereafter be county participation, sufficient to produce the full amount necessary for each such item, including administrative expenses, for the ensuing year, within the time fixed by law in addition to all other tax levies and tax rates, however fixed or determined, and any commissioner who shall fail to comply herewith shall be guilty of a gross misdemeanor and shall be immediately removed from office by the governor.

Sec. 117. Minnesota Statutes 1998, section 268.0111, subdivision 5, is amended to read:

**Subd. 5. INCOME MAINTENANCE AND SUPPORT SERVICES.** "Income maintenance and support services" means programs through which the state or its subdivisions provide direct financial or in-kind support to unemployed or underemployed persons, including reemployment insurance, ~~aid to families with dependent children~~, Minnesota family investment program ~~statewide program~~, general assistance, food stamps, energy assistance, disability determinations, and child care. Income maintenance and support services do not include medical assistance, aging services, social services, community social services, mental health services, or services for the emotionally disturbed, the mentally retarded, or residents of nursing homes.

Sec. 118. Minnesota Statutes 1998, section 268.0111, subdivision 7, is amended to read:

**Subd. 7. PUBLIC ASSISTANCE.** "Public assistance" means ~~aid to families with dependent children~~, Minnesota family investment program ~~statewide program~~ and general assistance.

Sec. 119. Minnesota Statutes 1998, section 268.0122, subdivision 3, is amended to read:

**Subd. 3. DUTIES AS STATE AGENCY.** The commissioner shall:

- (1) administer the reemployment insurance benefits laws and related programs;
- (2) administer the aspects of ~~aid to families with dependent children~~, Minnesota family investment program ~~statewide program~~, general assistance, and food stamps that relate to employment and training services, subject to the contract under section 268.86, subdivision 2;
- (3) administer wage subsidies and the discretionary employment and training fund;

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(4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;

(5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;

(6) enter into agreements with other departments of the state and local units of government as necessary;

(7) certify employment and training service providers and decertify service providers that fail to comply with performance criteria according to standards established by the commissioner;

(8) provide consistent, integrated employment and training services across the state;

(9) establish the standards for all employment and training services administered under this chapter;

(10) develop standards for the contents and structure of the local service unit plans and plans for Indian tribe employment and training services;

(11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;

(12) identify underserved populations, unmet service needs, and funding requirements;

(13) consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

(14) enter into agreements with Indian tribes as necessary to provide employment and training services as funds become available.

Sec. 120. Minnesota Statutes 1998, section 268.552, subdivision 5, is amended to read:

Subd. 5. **ALLOCATION TO APPLICANTS.** Priority for subsidies shall be in the following order:

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

(2) applicants whose incomes and resources are less than the standard for eligibility for general assistance; and

(3) applicants who are eligible for aid to families with dependent children of Minnesota family investment ~~program~~ statewide program.

Sec. 121. Minnesota Statutes 1998, section 268.672, subdivision 6, is amended to read:

Subd. 6. **ELIGIBLE JOB APPLICANT.** "Eligible job applicant" means a person who:

(1) has attempted to secure a nonsubsidized job by completing comprehensive job readiness and is:

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

(i) a temporary assistance for needy families (TANF) Minnesota family investment program recipient who is making good faith efforts to comply with the family support agreement a job search support plan as defined under section 256.032, subdivision 7a 256J.52, subdivision 3, or an employment plan as defined under section 256J.52, subdivision 5, but has failed to find suitable employment; or

(ii) a family general assistance recipient;

(2) is a member of a household supported only by:

(i) a low-income worker; or

(ii) a person who is underemployed as that term is defined in section 268.61, subdivision 5; or

(3) is a member of a family that is eligible for, but not receiving public assistance.

Sec. 122. Minnesota Statutes 1998, section 268.86, subdivision 2, is amended to read:

Subd. 2. **INTERAGENCY AGREEMENTS.** By October 1, 1987, the commissioner and the commissioner of human services shall enter into a written contract for the design, delivery, and administration of employment and training services for applicants for or recipients of food stamps, aid to families with dependent children or Minnesota family investment program ~~statewide program, including AFDC and MFIP-S employment and training programs and general assistance.~~ The contract must address:

(1) specific roles and responsibilities of each department;

(2) assignment and supervision of staff for interagency activities including any necessary interagency employee mobility agreements under the administrative procedures of the department of employee relations;

(3) mechanisms for determining the conditions under which individuals participate in services, their rights and responsibilities while participating, and the standards by which the services must be administered;

(4) procedures for providing technical assistance to local service units, Indian tribes, and employment and training service providers;

(5) access to appropriate staff for ongoing development and interpretation of policy, rules, and program standards;

(6) procedures for reimbursing appropriate agencies for administrative expenses; and

(7) procedures for accessing available federal funds.

Sec. 123. Minnesota Statutes 1998, section 268.871, subdivision 1, is amended to read:

Subdivision 1. **RESPONSIBILITY AND CERTIFICATION.** (a) Unless prohibited by federal law or otherwise determined by state law, a local service unit is responsible for the delivery of employment and training services. After February 1, 1988, employment and training services must be delivered by certified employment and training service providers.

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(b) The local service unit's employment and training service provider must meet the certification standards in this subdivision in order to be certified to deliver any of the following employment and training services and programs: wage subsidies; general assistance grant diversion; food stamp employment and training programs; community work experience programs; ~~AFDC or MFIP-S MFIP~~ job search; ~~AFDC or MFIP-S MFIP~~ grant diversion; ~~AFDC or MFIP-S MFIP~~ on-the-job training; and ~~AFDC or MFIP-S MFIP~~ case management.

(c) The commissioner shall certify a local service unit's service provider to provide these employment and training services and programs if the commissioner determines that the provider has:

(1) past experience in direct delivery of the programs specified in paragraph (b);

(2) staff capabilities and qualifications, including adequate staff to provide timely and effective services to clients, and proven staff experience in providing specific services such as assessments, career planning, job development, job placement, support services, and knowledge of community services and educational resources;

(3) demonstrated effectiveness in providing services to public assistance recipients and other economically disadvantaged clients; and

(4) demonstrated administrative capabilities, including adequate fiscal and accounting procedures, financial management systems, participant data systems, and record retention procedures.

(d) When the only service provider that meets the criterion in paragraph (c), clause (1), has been decertified, according to subdivision 1a, in that local service unit, the following criteria shall be substituted: past experience in direct delivery of multiple, coordinated, nonduplicative services, including outreach, assessments, identification of client barriers, employability development plans, and provision or referral to support services.

~~(e) The commissioner shall certify providers of the Minnesota family investment plan case management services as defined in section 256.032, subdivision 3. Providers must meet the standards defined in paragraph (e), except that past experience under paragraph (e), clause (1), must be in services and programs similar to those specified in section 256.032, subdivision 3.~~

Employment and training service providers shall be certified by the commissioner for two fiscal years beginning July 1, 1991, and every second year thereafter.

Sec. 124. Minnesota Statutes 1998, section 268.90, subdivision 2, is amended to read:

**Subd. 2. EMPLOYMENT CONDITIONS.** (a) An eligible nonprofit or public employer may not terminate, lay off, or reduce the regular working hours of an employee for the purpose of hiring an individual with money available under this program. An eligible employer may not hire an individual with money available through this program if any other person is on layoff from the same or a substantially equivalent job.

(b) Community investment program participants are employees of the project employer within the meaning of workers' compensation laws, personal income tax, and the Federal Insurance Contribution Act, but not retirement or civil service laws.

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

(c) Each project and job must comply with all applicable affirmative action, fair labor, health, safety, and environmental standards.

(d) Individuals employed under the community investment program must be paid a wage at the same wage rates as work site or employees doing comparable work in that locality, unless otherwise specified in law.

(e) ~~Recipients of aid to families with dependent children or Minnesota family investment program—statewide who are eligible on the basis of an unemployed parent may not have available more than 100 hours a month. All employees are limited to 32 hours or four days a week, so that they can continue to seek full-time private sector employment, unless otherwise specified in law.~~

(f) The commissioner shall establish, by rule, the terms and conditions governing the participation of appropriate public assistance recipients. The rules must, at a minimum, establish the procedures by which the minimum and maximum number of work hours and maximum allowable travel distances are determined, the amounts and methods by which work expenses will be paid, and the manner in which support services will be provided. The rules must also provide for periodic reviews of clients continuing employment in community investment programs.

(g) Participation in a community investment program by a recipient of aid to families with dependent children, Minnesota family investment program—statewide, program assistance or general assistance is voluntary.

Sec. 125. Minnesota Statutes 1998, section 268.95, subdivision 4, is amended to read:

Subd. 4. **PILOT PROGRAM.** The commissioner shall develop a pilot program, in cooperation with the commissioners of trade and economic development and human services, to enable low-income persons to start or expand self-employment opportunities or home-based businesses that are designed to make the individual entrepreneurs economically independent. The commissioner of human services shall seek necessary waivers from federal regulations to allow recipients of aid to families with dependent children or Minnesota family investment program—statewide program assistance to participate and retain eligibility while establishing a business.

Sec. 126. Minnesota Statutes 1998, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. **PUBLIC ADVERTISEMENT.** (a) A city that has a population of more than 2,500, county, a metropolitan special taxing district as defined in subdivision 3, paragraph (i), a regional library district established under section 134.201, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and

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not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

For purposes of this section, the metropolitan special taxing district's advertisement must only be published in the Minneapolis Star and Tribune and the Saint Paul Pioneer Press.

(b) The advertisement for school districts, metropolitan special taxing districts, and regional library districts must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

**"NOTICE OF PROPOSED PROPERTY TAXES**

(School District/Metropolitan Special Taxing  
District/Regional Library District) of .....

The governing body of ..... will soon hold budget hearings and vote on the property taxes for (metropolitan special taxing district/regional library district services that will be provided in (year)/school district services that will be provided in (year) and (year)).

**NOTICE OF PUBLIC HEARING:**

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (school district/metropolitan special taxing district/regional library district) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address)."

(c) The advertisement for cities and counties must be in the following form.

**"NOTICE OF PROPOSED TOTAL BUDGET AND PROPERTY TAXES**

The (city/county) governing body or board of commissioners will hold a public hearing to discuss the budget and to vote on the amount of property taxes to collect for services the (city/county) will provide in (year).

**SPENDING:** The total budget amounts below compare (city's/county's) (year) total actual budget with the amount the (city/county) proposes to spend in (year).

(Year) Total Actual Budget	Proposed (Year) Budget	Change from (Year)-(Year)
\$ .....	\$ .....	.. %

**TAXES:** The property tax amounts below compare that portion of the current budget levied in property taxes in (city/county) for (year) with the property taxes the (city/county) proposes to collect in (year).

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

(Year) Property Taxes	Proposed (Year) Property Taxes	Change from (Year)-(Year)
\$ .....	\$ .....	.. %

ATTEND THE PUBLIC HEARING

All (city/county) residents are invited to attend the public hearing of the (city/county) to express your opinions on the budget and the proposed amount of (year) property taxes. The hearing will be held on:

(Month/Day/Year/Time)  
(Location/ Address)

If the discussion of the budget cannot be completed, a time and place for continuing the discussion will be announced at the hearing. You are also invited to send your written comments to:

(City/County)  
(Location/ Address)"

(d) For purposes of this subdivision, the budget amounts listed on the advertisement mean:

(1) for cities, the total government fund expenditures, as defined by the state auditor under section 471.6965, less any expenditures for improvements or services that are specially assessed or charged under chapter 429, 430, 435, or the provisions of any other law or charter; and

(2) for counties, the total government fund expenditures, as defined by the state auditor under section 375.169, less any expenditures for direct payments to recipients or providers for the human service aids listed below:

~~(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1~~ (i) Minnesota family investment program under chapters 256J and 256K;

~~(2) (ii)~~ (ii) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

~~(3) (iii)~~ (iii) general assistance medical care under section 256D.03, subdivision 6;

~~(4) (iv)~~ (iv) general assistance under section 256D.03, subdivision 2;

~~(5) (v)~~ (v) emergency assistance under section ~~256.871~~, subdivision ~~6~~ 256J.48;

~~(6) (vi)~~ (vi) Minnesota supplemental aid under section 256D.36, subdivision 1;

~~(7) (vii)~~ (vii) preadmission screening under section 256B.0911, and alternative care grants under section 256B.0913;

~~(8) (viii)~~ (viii) general assistance medical care claims processing, medical transportation and related costs under section 256D.03, subdivision 4;

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(9) (ix) medical transportation and related costs under section 256B.0625, subdivisions 17 to 18a;

(10) (x) group residential housing under 256I.05, subdivision 8, transferred from programs in clauses (4) (iv) and (6) (vi); or

(11) (xi) any successor programs to those listed in clauses (4) (i) to (10) (x).

(e) A city with a population of over 500 but not more than 2,500 must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(f) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 4A.02.

(g) The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall prescribe the form and format of the advertisement.

Sec. 127. Minnesota Statutes 1998, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **AMOUNT OF CREDIT.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as an aid to families with dependent children, a Minnesota family investment program grant or allowance to or on behalf of the child, or as a grant or allowance to or on behalf of the child under the successor program pursuant to Public Law 104-193, must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child who has not attained the age of one year at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of

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(i) the combined earned income of the couple or (ii) \$2,400 will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

Sec. 128. Minnesota Statutes 1998, section 290A.03, subdivision 7, is amended to read:

Subd. 7. **DEPENDENT.** "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children a Minnesota family investment program grant, allowance to or on behalf of the child, or as a grant or allowance to or on behalf of the child under the successor program pursuant to Public Law Number 104-193, surplus food, or other relief in kind supplied by a governmental agency must not be taken into account in determining whether the child received more than half of the child's support from the claimant.

Sec. 129. Minnesota Statutes 1998, section 393.07, subdivision 6, is amended to read:

Subd. 6. **PURCHASE OF EQUIPMENT TO AID WELFARE RECIPIENTS.** Every local social services agency authorizing braces, crutches, trusses, wheel chairs and hearing aids for use by recipients of supplemental security income for the aged, blind and disabled, aid to families with dependent children or Minnesota family investment program-statewide program and relief shall secure such devices at the lowest cost obtainable conducive to the well being of the recipient and fix the recipient's grant in an amount to cover the cost of the device providing it will be purchased at the lowest cost obtainable, or may make payment for the device directly to the vendor.

Sec. 130. Minnesota Statutes 1998, section 462A.205, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** For the purposes of this section, the following terms have the meanings given them.

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(a) "Caretaker parent" means a parent, relative caretaker, or minor caretaker as defined by the ~~aid to families with dependent children program, sections 256.72 to 256.87, or its successor program~~ Minnesota family investment program, chapter 256J.

(b) "County agency" means the agency designated by the county board to implement financial assistance for current public assistance programs and for the Minnesota family investment program statewide.

(c) "Counties with high average housing costs" means counties whose average federal section 8 fair market rents as determined by the Department of Housing and Urban Development are in the highest one-third of average rents in the state.

(d) "Designated rental property" is rental property (1) that is made available by a self-sufficiency program for use by participating families and meets federal section 8 existing quality standards, or (2) that has received federal, state, or local rental rehabilitation assistance since January 1, 1987, and meets federal section 8 existing housing quality standards.

(e) "Earned income" for a family receiving rental assistance under this section means cash or in-kind income earned through the receipt of wages, salary, commissions, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, and any other profit from activity earned through effort or labor.

(f) "Family or participating family" means:

(1) a family with a caretaker parent who is participating in a self-sufficiency program and with at least one minor child;

(2) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent participating in a self-sufficiency program and had at least one minor child;

(3) a family with a caretaker parent who is receiving public assistance and has earned income and with at least one minor child; or

(4) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent who had earned income and at least one minor child.

(g) "Gross family income" for a family receiving rental assistance under this section means the gross amount of the wages, salaries, social security payments, pensions, workers' compensation, reemployment insurance, public assistance payments, alimony, child support, and income from assets received by the family.

(h) "Local housing organization" means the agency of local government responsible for administering the Department of Housing and Urban Development's section 8 existing voucher and certificate program or a nonprofit or for-profit organization experienced in housing management.

(i) "Public assistance" means ~~aid to families with dependent children, or its successor program, family general assistance, or its successor program, or family work readiness, or its successor~~ the Minnesota family investment program.

(j) "Self-sufficiency program" means a program operated by an employment and training service provider as defined in chapter 256J, an employability program adminis-

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tered by a community action agency, or courses of study at an accredited institution of higher education pursued with at least half-time student status.

Sec. 131. Minnesota Statutes 1998, section 462A.222, subdivision 1a, is amended to read:

Subd. 1a. **DETERMINATION OF REGIONAL CREDIT POOLS.** The agency shall divide the annual per capita amount used in determining the state ceiling for low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986, as amended, into a metropolitan pool and a greater Minnesota pool. The metropolitan pool shall serve the metropolitan area as defined in section 473.121, subdivision 2. The greater Minnesota pool shall serve the remaining counties of the state. The percentage of the annual per capita amount allotted to each pool must be determined as follows:

(a) The percentage set-aside for projects involving a qualified nonprofit organization as provided in section 42 of the Internal Revenue Code of 1986, as amended, must be deducted from the annual per capita amount used in determining the state ceiling.

(b) Of the remaining amount, the metropolitan pool must be allotted a percentage equal to the metropolitan counties' percentage of the total number of state recipients of ~~aid to families with dependent children~~ the Minnesota family investment program, general assistance, Minnesota supplemental aid, and supplemental security income in the state, as reported annually by the department of human services. The greater Minnesota pool must be allotted the amount remaining after the metropolitan pool's percentage has been allotted.

The set-aside for qualified nonprofit organizations must be divided between the two regional pools in the same percentage as determined for the credit amounts above.

Sec. 132. Minnesota Statutes 1998, section 473.129, subdivision 8, is amended to read:

Subd. 8. **INSURANCE.** The council may provide for self-insurance or otherwise provide for insurance relating to any of its property, rights, or revenue, workers' compensation, public liability, or any other risk or hazard arising from its activities, and may provide for insuring any of its officers or employees against the risk or hazard at the expense of the council. If the council provides for self-insurance, against its liability and the liability of its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including its obligation to pay basic economic loss benefits under sections 65B.41 to 65B.71, it shall be entitled to deduct from damages and basic economic loss benefits all money paid or payable to the persons seeking damages and benefits from all governmental entities providing medical, hospital, and disability benefits except for payments made under the ~~aid to families with dependent children~~ Minnesota family investment program or medical assistance ~~programs~~ program.

Sec. 133. Minnesota Statutes 1998, section 477A.0122, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** For purposes of this section, the following definitions apply:

(a) "Children in out-of-home placement" means the total unduplicated number of children in out-of-home care as reported according to section 257.0725.

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(b) "Family preservation programs" means family-based services as defined in section 256F.03, subdivision 5, families first services, parent and child education programs, and day treatment services provided in cooperation with a school district or other programs as defined by the commissioner of human services.

(c) "Income maintenance caseload" means average monthly number of AFDC or Minnesota family investment program—statewide program cases for the calendar year.

By July 1, 1994, the commissioner of human services shall certify to the commissioner of revenue the number of children in out-of-home placement in 1991 and 1992 for each county and the income maintenance caseload for each county for the most recent year available. By July 1 of each subsequent year, the commissioner of human services shall certify to the commissioner of revenue the income maintenance caseload for each county for the most recent calendar year available.

Sec. 134. Minnesota Statutes 1998, section 501B.89, subdivision 2, is amended to read:

Subd. 2. **SUPPLEMENTAL TRUSTS FOR PERSONS WITH DISABILITIES.** (a) It is the public policy of this state to enforce supplemental needs trusts as provided in this subdivision.

(b) For purposes of this subdivision, a "supplemental needs trust" is a trust created for the benefit of a person with a disability and funded by someone other than the trust beneficiary, the beneficiary's spouse, or anyone obligated to pay any sum for damages or any other purpose to or for the benefit of the trust beneficiary under the terms of a settlement agreement or judgment.

(c) For purposes of this subdivision, a "person with a disability" means a person who, prior to creation of a trust which otherwise qualifies as a supplemental needs trust for the person's benefit:

(1) is considered to be a person with a disability under the disability criteria specified in Title II or Title XVI of the Social Security Act; or

(2) has a physical or mental illness or condition which, in the expected natural course of the illness or condition, either prior to or following creation of the trust, to a reasonable degree of medical certainty, is expected to:

(i) last for a continuous period of 12 months or more; and

(ii) substantially impair the person's ability to provide for the person's care or custody.

Disability may be established conclusively for purposes of this subdivision by the written opinion of a licensed professional who is qualified to diagnose the illness or condition, confirmed by the written opinion of a second licensed professional who is qualified to diagnose the illness or condition.

(d) The general purpose of a supplemental needs trust must be to provide for the reasonable living expenses and other basic needs of a person with a disability when benefits from publicly funded benefit programs are not sufficient to provide adequately for those needs. Subject to the restrictions contained in this paragraph, a supplemental needs trust may authorize distributions to provide for all or any portion of the reasonable living ex-

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penses of the beneficiary. A supplemental needs trust may allow or require distributions only in ways and for purposes that supplement or complement the benefits available under medical assistance, Minnesota supplemental aid, and other publicly funded benefit programs for disabled persons. A supplemental needs trust must contain provisions that prohibit disbursements that would have the effect of replacing, reducing, or substituting for publicly funded benefits otherwise available to the beneficiary or rendering the beneficiary ineligible for publicly funded benefits.

(e) A supplemental needs trust is not enforceable if the trust beneficiary becomes a patient or resident after age 64 in a state institution or nursing facility for six months or more and, due to the beneficiary's medical need for care in an institutional setting, there is no reasonable expectation that the beneficiary will ever be discharged from the institution or facility. For purposes of this paragraph "reasonable expectation" means that the beneficiary's attending physician has certified that the expectation is reasonable. For purposes of this paragraph, a beneficiary participating in a group residential program is not deemed to be a patient or resident in a state institution or nursing facility.

(f) The trust income and assets of a supplemental needs trust are considered available to the beneficiary for medical assistance purposes to the extent they are considered available to the beneficiary under medical assistance, supplemental security income, or ~~aid to families with dependent children~~ Minnesota family investment program methodology, whichever is used to determine the beneficiary's eligibility for medical assistance. For other public assistance programs established or administered under state law, assets and income will be considered available to the beneficiary in accordance with the methodology applicable to the program.

(g) Nothing in this subdivision requires submission of a supplemental needs trust to a court for interpretation or enforcement.

(h) Paragraphs (a) to (g) apply to supplemental needs trusts whenever created, but the limitations and restrictions in paragraphs (c) to (g) apply only to trusts created after June 30, 1993.

Sec. 135. Minnesota Statutes 1998, section 518.171, subdivision 1, is amended to read:

Subdivision 1. **ORDER.** Compliance with this section constitutes compliance with a qualified medical child support order as described in the federal Employee Retirement Income Security Act of 1974 (ERISA) as amended by the federal Omnibus Budget Reconciliation Act of 1993 (OBRA).

(a) Every child support order must:

(1) expressly assign or reserve the responsibility for maintaining medical insurance for the minor children and the division of uninsured medical and dental costs; and

(2) contain the names, last known addresses, and social security number of the custodial parent and noncustodial parent, of the dependents unless the court prohibits the inclusion of an address or social security number and orders the custodial parent to provide the address and social security number to the administrator of the health plan. The court shall order the party with the better group dependent health and dental insurance coverage or health insurance plan to name the minor child as beneficiary on any health and dental insurance plan that is available to the party on:

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- (i) a group basis;
- (ii) through an employer or union; or

(iii) through a group health plan governed under the ERISA and included within the definitions relating to health plans found in section 62A.011, 62A.048, or 62E.06, subdivision 2.

“Health insurance” or “health insurance coverage” as used in this section means coverage that is comparable to or better than a number two qualified plan as defined in section 62E.06, subdivision 2. “Health insurance” or “health insurance coverage” as used in this section does not include medical assistance provided under chapter 256, 256B, 256J, 256K, or 256D.

(b) If the court finds that dependent health or dental insurance is not available to the obligor or obligee on a group basis or through an employer or union, or that group insurance is not accessible to the obligee, the court may require the obligor (1) to obtain other dependent health or dental insurance, (2) to be liable for reasonable and necessary medical or dental expenses of the child, or (3) to pay no less than \$50 per month to be applied to the medical and dental expenses of the children or to the cost of health insurance dependent coverage.

(c) If the court finds that the available dependent health or dental insurance does not pay all the reasonable and necessary medical or dental expenses of the child, including any existing or anticipated extraordinary medical expenses, and the court finds that the obligor has the financial ability to contribute to the payment of these medical or dental expenses, the court shall require the obligor to be liable for all or a portion of the medical or dental expenses of the child not covered by the required health or dental plan. Medical and dental expenses include, but are not limited to, necessary orthodontia and eye care, including prescription lenses.

(d) Unless otherwise agreed by the parties and approved by the court, if the court finds that the obligee is not receiving public assistance for the child and has the financial ability to contribute to the cost of medical and dental expenses for the child, including the cost of insurance, the court shall order the obligee and obligor to each assume a portion of these expenses based on their proportionate share of their total net income as defined in section 518.54, subdivision 6.

(e) Payments ordered under this section are subject to section 518.6111. An obligee who fails to apply payments received to the medical expenses of the dependents may be found in contempt of this order.

Sec. 136. Minnesota Statutes 1998, section 518.551, subdivision 5, is amended to read:

**Subd. 5. NOTICE TO PUBLIC AUTHORITY; GUIDELINES.** (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving public assistance or applies for it subsequent to the commencement of the proceeding. The notice must contain the full names of the parties to the proceeding, their social security account numbers, and their birth dates. After receipt of the notice, the court shall set child support as provided in this subdivision. The court may order either or both parents owing

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a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (i). In other cases the court shall determine and order child support in a specific dollar amount in accordance with the guidelines and the other factors set forth in paragraph (c) and any departure therefrom. The court may also order the obligor to pay child support in the form of a percentage share of the obligor's net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

(b) The court shall derive a specific dollar amount for child support by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$550 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001- 5000 or the amount in effect under paragraph (k)	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income in excess of the income limit currently in effect under paragraph (k) shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income equal to the limit in effect.

Net Income defined as:

- Total monthly income less
  - \*(i) Federal Income Tax
  - \*(ii) State Income Tax
  - (iii) Social Security Deductions
  - (iv) Reasonable Pension Deductions

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**\*Standard**

Deductions apply—  
use of tax tables  
recommended

- (v) Union Dues
- (vi) Cost of Dependent Health Insurance Coverage
- (vii) Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
- (viii) A Child Support or Maintenance Order that is Currently Being Paid.

“Net income” does not include:

(1) the income of the obligor’s spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor’s living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) the party’s compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

The court shall review the work-related and education-related child care costs paid and shall allocate the costs to each parent in proportion to each parent’s net income, as determined under this subdivision, after the transfer of child support and spousal maintenance, unless the allocation would be substantially unfair to either parent. There is a presumption of substantial unfairness if after the sum total of child support, spousal maintenance, and child care costs is subtracted from the noncustodial parent’s income, the income is at or below 100 percent of the federal poverty guidelines. The cost of child care for purposes of this paragraph is 75 percent of the actual cost paid for child care, to reflect the approximate value of state and federal tax credits available to the custodial parent. The actual cost paid for child care is the total amount received by the child care provider for the child or children of the obligor from the obligee or any public agency. The court shall require verification of employment or school attendance and documentation of child care expenses from the obligee and the public agency, if applicable. If child care

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expenses fluctuate during the year because of seasonal employment or school attendance of the obligee or extended periods of visitation with the obligor, the court shall determine child care expenses based on an average monthly cost. The amount allocated for child care expenses is considered child support but is not subject to a cost-of-living adjustment under section 518.641. The amount allocated for child care expenses terminates when either party notifies the public authority that the child care costs have ended and without any legal action on the part of either party. The public authority shall verify the information received under this provision before authorizing termination. The termination is effective as of the date of the notification. In other cases where there is a substantial increase or decrease in child care expenses, the parties may modify the order under section 518.64.

The court may allow the noncustodial parent to care for the child while the custodial parent is working, as provided in section 518.175, subdivision 8. Allowing the noncustodial parent to care for the child under section 518.175, subdivision 8, is not a reason to deviate from the guidelines.

(c) In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support or in determining whether to deviate from the guidelines:

(1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph (b), clause (2)(ii);

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standard of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

(4) which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it;

(5) the parents' debts as provided in paragraph (d); and

(6) the obligor's receipt of public assistance under the AFDC program formerly codified under sections 256.72 to 256.82 or 256B.01 to 256B.40 and chapter ~~256J~~ or ~~256K~~.

(d) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section ~~256.74~~ 256.741;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

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(e) Any schedule prepared under paragraph (d), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

(f) Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

(g) If payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(h) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(i) The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the amount of support calculated under the guidelines, the reasons for the deviation, and shall specifically address the criteria in paragraph (c) and how the deviation serves the best interest of the child. The court may deviate from the guidelines if both parties agree and the court makes written findings that it is in the best interests of the child, except that in cases where child support payments are assigned to the public agency under section ~~256.74~~ 256.741, the court may deviate downward only as provided in paragraph (j). Nothing in this paragraph prohibits the court from deviating in other cases. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

(j) If the child support payments are assigned to the public agency under section ~~256.74~~ 256.741, the court may not deviate downward from the child support guidelines unless the court specifically finds that the failure to deviate downward would impose an extreme hardship on the obligor.

(k) The dollar amount of the income limit for application of the guidelines must be adjusted on July 1 of every even-numbered year to reflect cost-of-living changes. The supreme court shall select the index for the adjustment from the indices listed in section 518.641. The state court administrator shall make the changes in the dollar amount required by this paragraph available to courts and the public on or before April 30 of the year in which the amount is to change.

(l) In establishing or modifying child support, if a child receives a child's insurance benefit under United States Code, title 42, section 402, because the obligor is entitled to old age or disability insurance benefits, the amount of support ordered shall be offset by the amount of the child's benefit. The court shall make findings regarding the obligor's income from all sources, the child support amount calculated under this section, the amount of the child's benefit, and the obligor's child support obligation. Any benefit re-

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ceived by the child in a given month in excess of the child support obligation shall not be treated as an arrearage payment or a future payment.

Sec. 137. Minnesota Statutes 1998, section 518.57, subdivision 3, is amended to read:

Subd. 3. **SATISFACTION OF CHILD SUPPORT OBLIGATION.** The court may conclude that an obligor has satisfied a child support obligation by providing a home, care, and support for the child while the child is living with the obligor, if the court finds that the child was integrated into the family of the obligor with the consent of the obligee and child support payments were not assigned to the public agency under section 256.74 or 256.741.

Sec. 138. Minnesota Statutes 1998, section 518.614, subdivision 3, is amended to read:

Subd. 3. **DUTIES OF PUBLIC AUTHORITY.** Within three working days of receipt of sums released under subdivision 2, the public authority shall remit to the obligee all amounts not assigned under section ~~256.74~~ 256.741 as current support or maintenance. The public authority shall also serve a copy of the court's order and the provisions of section 518.6111 and this section on the obligor's employer or other payor of funds unless within 15 days after mailing of the notice of intent to implement income withholding the obligor requests a hearing on the issue of whether payment was in default as of the date of the notice of default and serves notice of the request for hearing on the public authority and the obligee. The public authority shall instruct the employer or payor of funds pursuant to section 518.6111 as to the effective date on which the next support or maintenance payment is due. The withholding process must begin on said date and shall reflect the total credits of principal and interest amounts received from the escrow account.

Sec. 139. Minnesota Statutes 1998, section 518.64, subdivision 2, is amended to read:

Subd. 2. **MODIFICATION.** (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under the AFDC program formerly codified under sections 256.72 to 256.87 or 256B.01 to ~~256B.40~~, or chapter ~~256J~~ or ~~256K~~; (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair; (5) extraordinary medical expenses of the child not provided for under section 518.171; or (6) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses.

On a motion to modify support, the needs of any child the obligor has after the entry of the support order that is the subject of a modification motion shall be considered as provided by section 518.551, subdivision 5f.

(b) It is presumed that there has been a substantial change in circumstances under paragraph (a) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if:

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(1) the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least \$50 per month higher or lower than the current support order;

(2) the medical support provisions of the order established under section 518.171 are not enforceable by the public authority or the custodial parent;

(3) health coverage ordered under section 518.171 is not available to the child for whom the order is established by the parent ordered to provide; or

(4) the existing support obligation is in the form of a statement of percentage and not a specific dollar amount.

(c) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(d) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that:

(1) the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion;

(2) the party seeking modification was a recipient of federal Supplemental Security Income (SSI), Title II Older Americans, Survivor's Disability Insurance (OASDI), other

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disability benefits, or public assistance based upon need during the period for which retroactive modification is sought; or

(3) the order for which the party seeks amendment was entered by default, the party shows good cause for not appearing, and the record contains no factual evidence, or clearly erroneous evidence regarding the individual obligor's ability to pay.

The court may provide that a reduction in the amount allocated for child care expenses based on a substantial decrease in the expenses is effective as of the date the expenses decreased.

(e) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(f) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(g) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 140. Minnesota Statutes 1998, section 548.13, is amended to read:

**548.13 ASSIGNMENT OF JUDGMENT; MODE AND EFFECT.**

Every assignment of a judgment shall be in writing, signed and acknowledged by the assignor, except that written notice of assignment shall be sufficient in the case of assignment under section ~~256.74~~ 256.741. No assignment shall be valid as against a subsequent purchaser of the judgment in good faith for value, or against a creditor levying upon or attaching the same, unless it is filed with the court administrator and an entry is made in the docket. When filed and entered, no one but the assignee, the assignee's agent, or attorney, shall be authorized to collect or enforce the judgment; provided, that the lien of an attorney on the judgment shall not be affected by the assignment.

Sec. 141. Minnesota Statutes 1998, section 550.136, subdivision 6, is amended to read:

Subd. 6. **EARNINGS EXEMPTION NOTICE.** Before the first levy on earnings under this chapter, the judgment creditor shall serve upon the judgment debtor no less than ten days before the service of the writ of execution, a notice that the writ of execution may be served on the judgment debtor's employer. The notice must: (1) be substantially in the form set forth below; (2) be served personally, in the manner of a summons and complaint, or by first class mail to the last known address of the judgment debtor; (3) inform the judgment debtor that an execution levy may be served on the judgment debtor's employer in ten days, and that the judgment debtor may, within that time, cause to be served on the judgment creditor a signed statement under penalties of perjury asserting an entitlement to an exemption from execution; (4) inform the judgment debtor of the earnings exemptions contained in section 550.37, subdivision 14; and (5) advise the judg-

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

ment debtor of the relief set forth in this chapter to which the debtor may be entitled if a judgment creditor in bad faith disregards a valid claim and the fee, costs, and penalty that may be assessed against a judgment debtor who in bad faith falsely claims an exemption or in bad faith takes action to frustrate the execution process. The notice requirement of this subdivision does not apply to a levy on earnings being retained by an employer pursuant to a garnishment previously served in compliance with chapter 571.

The ten-day notice informing a judgment debtor that a writ of execution may be used to levy the earnings of an individual must be substantially in the following form:

STATE OF MINNESOTA	DISTRICT COURT
COUNTY OF .....	..... JUDICIAL DISTRICT
..... (Judgment Creditor)	
against	
..... (Judgment Debtor)	EXECUTION EXEMPTION
and	NOTICE AND NOTICE OF
	INTENT TO LEVY ON EARNINGS
	WITHIN TEN DAYS
..... (Third Party)	

PLEASE TAKE NOTICE that a levy may be served upon your employer or other third parties, without any further court proceedings or notice to you, ten days or more from the date hereof. Your earnings are completely exempt from execution levy if you are now a recipient of relief based on need, if you have been a recipient of relief within the last six months, or if you have been an inmate of a correctional institution in the last six months.

Relief based on need includes Aid to Families with Dependent Children (AFDC), AFDC Emergency Assistance (AFDC-EA), Minnesota family investment program, Emergency Assistance (EA), work first, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Work Readiness, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance.

If you wish to claim an exemption, you should fill out the appropriate form below, sign it, and send it to the judgment creditor's attorney.

You may wish to contact the attorney for the judgment creditor in order to arrange for a settlement of the debt or contact an attorney to advise you about exemptions or other rights.

PENALTIES

(1) Be advised that even if you claim an exemption, an execution levy may still be served on your employer. If your earnings are levied on after you claim an exemption, you may petition the court for a determination of your exemption. If the court finds that the judgment creditor disregarded your claim of exemption in bad faith, you will be entitled to costs, reasonable attorney fees, actual damages, and an amount not to exceed \$100.

(2) HOWEVER, BE WARNED if you claim an exemption, the judgment creditor can also petition the court for a determination of your exemption, and

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

if the court finds that you claimed an exemption in bad faith, you will be assessed costs and reasonable attorney's fees plus an amount not to exceed \$100.

(3) If after receipt of this notice, you in bad faith take action to frustrate the execution levy, thus requiring the judgment creditor to petition the court to resolve the problem, you will be liable to the judgment creditor for costs and reasonable attorney's fees plus an amount not to exceed \$100.

DATED: ..... (Attorney for Judgment Creditor)
Address
Telephone

JUDGMENT DEBTOR'S EXEMPTION CLAIM NOTICE

I hereby claim that my earnings are exempt from execution because:

(1) I am presently a recipient of relief based on need. (Specify the program, case number, and the county from which relief is being received.)

.....
Program Case Number (if known) County

(2) I am not now receiving relief based on need, but I have received relief based on need within the last six months. (Specify the program, case number, and the county from which relief has been received.)

.....
Program Case Number (if known) County

(3) I have been an inmate of a correctional institution within the last six months. (Specify the correctional institution and location.)

.....
Correctional Institution Location

I hereby authorize any agency that has distributed relief to me or any correctional institution in which I was an inmate to disclose to the above-named judgment creditor or the judgment creditor's attorney only whether or not I am or have been a recipient of relief based on need or an inmate of a correctional institution within the last six months. I have mailed or delivered a copy of this form to the judgment creditor or judgment creditor's attorney.

.....
Debtor
Address

Sec. 142. Minnesota Statutes 1998, section 550.143, subdivision 3, is amended to read:

Subd. 3. EXEMPTION NOTICE. If the levy is on funds of a judgment debtor who is a natural person and if the funds to be levied are held on deposit at any financial institu-

New language is indicated by underline, deletions by strikeout.

tion, the judgment creditor or its attorney shall provide the sheriff with two copies of an exemption notice, which must be substantially in the form set forth below. The sheriff shall serve both copies of the exemption notice on the financial institution, along with the writ of execution. Failure of the sheriff to serve the exemption notices renders the levy void, and the financial institution shall take no action. However, if this subdivision is being used to execute on funds that have previously been garnished in compliance with section 571.71, the judgment creditor is not required to serve additional exemption notices. In that event, the execution levy shall only be effective as to the funds that were subject to the prior garnishment. Upon receipt of the writ of execution and exemption notices, the financial institution shall retain as much of the amount due under section 550.04 as the financial institution has on deposit owing to the judgment debtor, but not more than 110 percent of the amount remaining due on the judgment.

STATE OF MINNESOTA  
 COUNTY OF .....  
 ..... (Judgment Creditor)  
 ..... (Judgment Debtor)

DISTRICT COURT  
 ..... JUDICIAL DISTRICT

TO: Debtor

EXEMPTION NOTICE

An order for attachment, garnishment summons, or levy of execution (strike inapplicable language) has been served on ..... (Bank or other financial institution where you have an account.)

Your account balance is \$.....

The amount being held is \$.....

However, all or a portion of the funds in your account will normally be exempt from creditors' claims if they are in one of the following categories:

(1) relief based on need. This includes: Aid to Families with Dependent Children (AFDC), ~~AFDC Emergency Assistance (AFDC- EA)~~ the Minnesota family investment program, Emergency Assistance (EA), work first program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Work Readiness, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA- EA), Supplemental Security Income (SSI), and Energy Assistance;

(2) Social Security benefits (Old Age, Survivors, or Disability Insurance);

(3) reemployment insurance, workers' compensation, or veterans' benefits;

(4) an accident, disability, or retirement pension or annuity;

(5) life insurance proceeds;

(6) the earnings of your minor child and any child support paid to you; or

(7) money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a mobile home, or a car).

The following funds are also exempt:

(8) all earnings of a person in category (1);

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

(9) all earnings of a person who has received relief based on need, or who has been an inmate of a correctional institution, within the last six months;

(10) 75 percent of every debtor's after tax earnings; and

(11) all of a judgment debtor's after tax earnings below 40 times the federal minimum wage.

**TIME LIMIT ON EXEMPTIONS AFTER DEPOSIT IN BANK:**

Categories (10) and (11): 20 days

Categories (8) and (9): 60 days

All others: no time limit, as long as funds are traceable to the exempt source. (In tracing funds, the first-in, first-out method is used. This means money deposited first is spent first.) The money being sought by the judgment creditor is being held in your account to give you a chance to claim an exemption.

**TO CLAIM AN EXEMPTION:**

Fill out, sign, and mail or deliver one copy of the attached exemption claim form to the institution which sent you this notice and mail or deliver one copy to the judgment creditor's attorney. In the event that there is no attorney for the judgment creditor, then the notice shall be sent directly to the judgment creditor. The address for the judgment creditor's attorney or the judgment creditor is set forth below. Both copies must be mailed or delivered on the same day.

If the financial institution does not get the exemption claim back from you within 14 days of the date they mailed or gave it to you, they will be free to turn the money over to the sheriff or the judgment creditor. If you are going to claim an exemption, do so as soon as possible, because your money may be held until it is decided.

**IF YOU CLAIM AN EXEMPTION:**

- (1) nonexempt money can be turned over to the judgment creditor or sheriff;
- (2) the financial institution will keep holding the money claimed to be exempt; and
- (3) seven days after receiving your exemption claim, the financial institution will release the money to you unless before then it receives an objection to your exemption claim.

**IF THE JUDGMENT CREDITOR OBJECTS TO YOUR EXEMPTION CLAIM:**

the institution will hold the money until a court decides if your exemption claim is valid, **BUT ONLY IF** the institution gets a copy of your court motion papers asserting the exemption **WITHIN TEN DAYS** after the objection is mailed or given to you. You may wish to consult an attorney at once if the creditor objects to your exemption claim.

**MOTION TO DETERMINE EXEMPTION:**

At any time after your funds have been held, you may ask for a court decision on the validity of your exemption claim by filing a request for hearing which may be obtained at the office of the court administrator of the above court.

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

PENALTIES:

If you claim an exemption in bad faith, or if the judgment creditor wrongly objects to an exemption in bad faith, the court may order the person who acted in bad faith to pay costs, actual damages, attorney fees, and an additional amount of up to \$100.

.....  
.....  
.....  
.....  
Name and address of (Attorney  
for) Judgment Creditor

EXEMPTION:

(a) Amount of exemption claim.

// I claim ALL the funds being held are exempt.

// I claim SOME of the funds being held are exempt.

The exempt amount is \$ .....

(b) Basis for exemption.

Of the 11 categories listed above, I am in category number ..... (If more than one category applies, you may fill in as many as apply.) The source of the exempt funds is the following:

.....  
.....  
.....

(If the source is a type of relief based on need, list the case number and county:

case number: .....

county: .....

I hereby authorize any agency that has distributed relief to me or any correctional institution in which I was an inmate to disclose to the above named creditor or its attorney only whether or not I am or have been a recipient of relief based on need or an inmate of a correctional institute within the last six months.

I have mailed or delivered a copy of the exemption notice to the judgment creditor or judgment creditor's attorney if represented.

.....  
DEBTOR

DATED: .....

.....  
.....  
.....  
DEBTOR ADDRESS

Sec. 143. Minnesota Statutes 1998, section 550.37, subdivision 14, is amended to read:

Subd. 14. **PUBLIC ASSISTANCE.** All relief based on need, and the earnings or salary of a person who is a recipient of relief based on need, shall be exempt from all

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

claims of creditors including any contractual setoff or security interest asserted by a financial institution. For the purposes of this chapter, relief based on need includes AFDC, MFIP, MFIP-R, MFIP-S, work first, general assistance medical care, supplemental security income, medical assistance, Minnesota supplemental assistance, and general assistance. The salary or earnings of any debtor who is or has been an eligible recipient of relief based on need, or an inmate of a correctional institution shall, upon the debtor's return to private employment or farming after having been an eligible recipient of relief based on need, or an inmate of a correctional institution, be exempt from attachment, garnishment, or levy of execution for a period of six months after the debtor's return to employment or farming and after all public assistance for which eligibility existed has been terminated. The exemption provisions contained in this subdivision also apply for 60 days after deposit in any financial institution, whether in a single or joint account. In tracing the funds, the first-in first-out method of accounting shall be used. The burden of establishing that funds are exempt rests upon the debtor. Agencies distributing relief and the correctional institutions shall, at the request of creditors, inform them whether or not any debtor has been an eligible recipient of relief based on need, or an inmate of a correctional institution, within the preceding six months.

Sec. 144. Minnesota Statutes 1998, section 551.05, subdivision 1a, is amended to read:

Subd. 1a. **EXEMPTION NOTICE.** If the writ of execution is being used by the attorney to levy funds of a judgment debtor who is a natural person and if the funds to be levied are held on deposit at any financial institution, the attorney for the judgment creditor shall serve with the writ of execution two copies of an exemption notice. The notice must be substantially in the form set forth below. Failure of the attorney for the judgment creditor to send the exemption notice renders the execution levy void, and the financial institution shall take no action. However, if this subdivision is being used to execute on funds that have previously been garnished in compliance with section 571.71, the attorney for judgment creditor is not required to serve an additional exemption notice. In that event, the execution levy shall only be effective as to the funds that were subject to the prior garnishment. Upon receipt of the writ of execution and exemption notices, the financial institution shall retain as much of the amount due under section 550.04 as the financial institution has on deposit owing to the judgment debtor, but not more than 100 percent of the amount remaining due on the judgment, or \$5,000, whichever is less.

The notice informing a judgment debtor that an execution levy has been used to attach funds of the judgment debtor to satisfy a claim must be substantially in the following form:

STATE OF MINNESOTA	DISTRICT COURT
County of .....	..... JUDICIAL DISTRICT
..... (Judgment Creditor)	
..... (Judgment Debtor)	
TO: Judgment Debtor	EXEMPTION NOTICE

An order for attachment, garnishment summons, or levy of execution (strike inapplicable language) has been served on ..... (bank or other financial institution where you have an account).

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

Your account balance is \$.....

The amount being held is \$.....

However, all or a portion of the funds in your account will normally be exempt from creditors' claims if they are in one of the following categories:

(1) relief based on need. This includes: ~~Aid to Families with Dependent Children (AFDC), AFDC-Emergency Assistance (AFDC-EA)~~ the Minnesota family investment program (MFIP), work first program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Work Readiness, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance;

(2) Social Security benefits (Old Age, Survivors, or Disability Insurance);

(3) reemployment insurance, workers' compensation, or veterans' benefits;

(4) an accident, disability, or retirement pension or annuity;

(5) life insurance proceeds;

(6) the earnings of your minor child and any child support paid to you; or

(7) money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a mobile home, or a car).

The following funds are also exempt:

(8) all earnings of a person in category (1);

(9) all earnings of a person who has received relief based on need, or who has been an inmate of a correctional institution, within the last six months;

(10) 75 percent of every judgment debtor's after tax earnings; or

(11) all of a judgment debtor's after tax earnings below 40 times the federal minimum wage.

#### TIME LIMIT ON EXEMPTIONS AFTER DEPOSIT IN BANK:

Categories (10) and (11): 20 days

Categories (8) and (9): 60 days

All others: no time limit, as long as funds are traceable to the exempt source. (In tracing funds, the first-in, first-out method is used. This means money deposited first is spent first.) The money being sought by the judgment creditor is being held in your account to give you a chance to claim an exemption.

#### TO CLAIM AN EXEMPTION:

Fill out, sign, and mail or deliver one copy of the attached exemption claim form to the institution which sent you this notice and mail or deliver one copy to the judgment creditor's attorney. The address for the judgment creditor's attorney is set forth below. Both copies must be mailed or delivered on the same day.

If they do not get the exemption claim back from you within 14 days of the date they mailed or gave it to you, they will be free to turn the money over to the attorney for the

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

judgment creditor. If you are going to claim an exemption, do so as soon as possible, because your money may be held until it is decided.

**IF YOU CLAIM AN EXEMPTION:**

- (1) nonexempt money can be turned over to the judgment creditor or sheriff;
- (2) the financial institution will keep holding the money claimed to be exempt; and
- (3) seven days after receiving your exemption claim, the financial institution will release the money to you unless before then it receives an objection to your exemption claim.

**IF THE JUDGMENT CREDITOR OBJECTS TO YOUR EXEMPTION CLAIM:**

the institution will hold the money until a court decides if your exemption claim is valid, **BUT ONLY IF** the institution gets a copy of your court motion papers asserting the exemption **WITHIN TEN DAYS** after the objection is mailed or given to you. You may wish to consult an attorney at once if the judgment creditor objects to your exemption claim.

**MOTION TO DETERMINE EXEMPTION:**

At any time after your funds have been held, you may ask for a court decision on the validity of your exemption claim by filing a request for hearing which may be obtained at the office of the court administrator of the above court.

**PENALTIES:**

If you claim an exemption in bad faith, or if the judgment creditor wrongly objects to an exemption in bad faith, the court may order the person who acted in bad faith to pay costs, actual damages, attorney fees, and an additional amount of up to \$100.

.....  
 .....  
 .....  
 .....  
 Name and address of (Attorney  
 for) Judgment Creditor

**EXEMPTION:**

(a) Amount of exemption claim.

// I claim ALL the funds being held are exempt.

// I claim SOME of the funds being held are exempt.

The exempt amount is \$ .....

(b) Basis for exemption.

Of the 11 categories listed above, I am in category number ..... (If more than one category applies, you may fill in as many as apply.) The source of the exempt funds is the following:

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

.....  
.....  
.....

(If the source is a type of relief based on need, list the case number and county:

case number: .....

county: .....

I hereby authorize any agency that has distributed relief to me or any correctional institution in which I was an inmate to disclose to the above named judgment creditor's attorney only whether or not I am or have been a recipient of relief based on need or an inmate of a correctional institute within the last six months.

I have mailed or delivered a copy of the exemption notice to the judgment creditor's attorney.

.....  
DEBTOR

DATED: .....

.....  
.....  
.....

DEBTOR ADDRESS

Sec. 145. Minnesota Statutes 1998, section 551.06, subdivision 6, is amended to read:

**Subd. 6. EARNINGS EXEMPTION NOTICE.** Before the first levy on earnings, the attorney for the judgment creditor shall serve upon the judgment debtor no less than ten days before the service of the writ of execution, a notice that the writ of execution may be served on the judgment debtor's employer. The notice must: (1) be substantially in the form set forth below; (2) be served personally, in the manner of a summons and complaint, or by first class mail to the last known address of the judgment debtor; (3) inform the judgment debtor that an execution levy may be served on the judgment debtor's employer in ten days, and that the judgment debtor may, within that time, cause to be served on the judgment creditor's attorney a signed statement under penalties of perjury asserting an entitlement to an exemption from execution; (4) inform the judgment debtor of the earnings exemptions contained in section 550.37, subdivision 14; and (5) advise the judgment debtor of the relief set forth in this chapter to which the judgment debtor may be entitled if a judgment creditor in bad faith disregards a valid claim and the fee, costs, and penalty that may be assessed against a judgment debtor who in bad faith falsely claims an exemption or in bad faith takes action to frustrate the execution process. The notice requirement of this subdivision does not apply to a levy on earnings being held by an employer pursuant to a garnishment summons served in compliance with chapter 571.

The ten-day notice informing a judgment debtor that a writ of execution may be used to levy the earnings of an individual must be substantially in the following form:

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

STATE OF MINNESOTA  
COUNTY OF .....  
..... (Judgment Creditor)  
against

DISTRICT COURT  
..... JUDICIAL DISTRICT

..... (Judgment Debtor)  
and  
..... (Third Party)

EXECUTION EXEMPTION  
NOTICE AND NOTICE OF  
INTENT TO LEVY ON EARNINGS  
WITHIN TEN DAYS

PLEASE TAKE NOTICE that a levy may be served upon your employer or other third parties, without any further court proceedings or notice to you, ten days or more from the date hereof. Your earnings are completely exempt from execution levy if you are now a recipient of relief based on need, if you have been a recipient of relief within the last six months, or if you have been an inmate of a correctional institution in the last six months.

Relief based on need includes Aid to Families with Dependent Children (AFDC), ~~AFDC~~ Emergency Assistance (AFDC-EA) the Minnesota family investment program (MFIP), Emergency Assistance (EA), work first program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), ~~Work Readiness~~, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance.

If you wish to claim an exemption, you should fill out the appropriate form below, sign it, and send it to the judgment creditor's attorney.

You may wish to contact the attorney for the judgment creditor in order to arrange for a settlement of the debt or contact an attorney to advise you about exemptions or other rights.

PENALTIES

(1) Be advised that even if you claim an exemption, an execution levy may still be served on your employer. If your earnings are levied on after you claim an exemption, you may petition the court for a determination of your exemption. If the court finds that the judgment creditor disregarded your claim of exemption in bad faith, you will be entitled to costs, reasonable attorney fees, actual damages, and an amount not to exceed \$100.

(2) HOWEVER, BE WARNED if you claim an exemption, the judgment creditor can also petition the court for a determination of your exemption, and if the court finds that you claimed an exemption in bad faith, you will be assessed costs and reasonable attorney's fees plus an amount not to exceed \$100.

(3) If after receipt of this notice, you in bad faith take action to frustrate the execution levy, thus requiring the judgment creditor to petition the court to resolve the problem, you will be liable to the judgment creditor for costs and reasonable attorney's fees plus an amount not to exceed \$100.

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

DATED: .....  
 .....  
 (Attorney for Judgment Creditor)  
 .....  
 Address  
 .....  
 Telephone

JUDGMENT DEBTOR'S EXEMPTION CLAIM NOTICE

I hereby claim that my earnings are exempt from execution because:

(1) I am presently a recipient of relief based on need. (Specify the program, case number, and the county from which relief is being received.)

.....	.....	.....
Program	Case Number (if known)	County

(2) I am not now receiving relief based on need, but I have received relief based on need within the last six months. (Specify the program, case number, and the county from which relief has been received.)

.....	.....	.....
Program	Case Number (if known)	County

(3) I have been an inmate of a correctional institution within the last six months. (Specify the correctional institution and location.)

.....	.....
Correctional Institution	Location

I hereby authorize any agency that has distributed relief to me or any correctional institution in which I was an inmate to disclose to the above-named judgment creditor or the judgment creditor's attorney only whether or not I am or have been a recipient of relief based on need or an inmate of a correctional institution within the last six months. I have mailed or delivered a copy of this form to the creditor or creditor's attorney.

DATE: .....  
 .....  
 Judgment Debtor  
 .....  
 Address

Sec. 146. Minnesota Statutes 1998, section 570.025, subdivision 6, is amended to read:

Subd. 6. **NOTICE.** The respondent shall be served with a copy of the preliminary attachment order issued pursuant to this section together with a copy of all pleadings and other documents not previously served, including any affidavits upon which the claimant intends to rely at the subsequent hearing and a transcript of any oral testimony given at the preliminary hearing upon which the claimant intends to rely and a notice of hearing. Service shall be in the manner prescribed for personal service of a summons unless that service is impracticable or would be ineffective and the court prescribes an alternative method of service calculated to provide actual notice to the respondent.

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

The notice of hearing served upon the respondent shall be signed by claimant or the attorney for claimant and shall provide, at a minimum, the following information in substantially the following language:

#### NOTICE OF HEARING

To: (the respondent)

The (insert name of court) Court has ordered the sheriff to seize some of your property. The court has directed the sheriff to seize the following specific property: (insert list of property). (List other action taken by the court). Some of your property may be exempt from seizure. See the exemption notice below.

The Court issued this Order based upon the claim of (insert name of claimant) that (insert name of claimant) is entitled to a court order for seizure of your property to secure your payment of any money judgment that (insert name of claimant) may later be obtained against you and that immediate action was necessary.

You have the legal right to challenge (insert name of claimant) claims at a court hearing before a judge. The hearing will be held at the (insert place) on (insert date) at (insert time). You may attend the court hearing alone or with an attorney. After you have presented your side of the matter, the court will decide what should be done with your property until the lawsuit against you is finally decided.

**IF YOU DO NOT ATTEND THIS HEARING, THE COURT MAY ORDER THE SHERIFF TO KEEP PROPERTY THAT HAS BEEN SEIZED.**

#### EXEMPTION NOTICE

An order of attachment is being served upon you. Some of your property is exempt and cannot be seized. The following is a list of some of the more common exemptions. It is not complete and is subject to section 550.37, and other state and federal laws. If you have questions about an exemption, you should obtain competent legal advice.

1. A homestead or the proceeds from the sale of a homestead.
2. Household furniture, appliances, phonographs, radios, and televisions up to a total current value of \$4,500 at the time of attachment.
3. A manufactured (mobile) home used as your home.
4. One motor vehicle currently worth less than \$2,000 after deducting any security interests.
5. Farm machinery used by someone principally engaged in farming, or tools, machines, or office furniture used in your business or trade. This exemption is limited to \$5,000.
6. Relief based on need. This includes Aid to Families with Dependent Children (AFDC) Minnesota family investment program, Emergency Assistance (EA), work first program, Supplemental Security Income (SSI), Minnesota Supplemental Assistance, and General Assistance.

7. Social Security benefits.

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

8. Reemployment insurance, workers' compensation, or veterans' benefits.

9. An accident disability or retirement pension or annuity.

10. Life insurance proceeds or the earnings of your minor child and any child support paid to you.

11. Money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a manufactured (mobile) home, or a car).

Sec. 147. Minnesota Statutes 1998, section 570.026, subdivision 2, is amended to read:

Subd. 2. **SERVICE.** The claimant's motion to obtain an order of attachment together with the claimant's affidavit and notice of hearing shall be served in the manner prescribed for service of a summons in a civil action in district court unless that service is impracticable or would be ineffective and the court prescribes an alternative method of service calculated to provide actual notice to the respondent. If the respondent has already appeared in the action, the motion shall be served in the manner prescribed for service of pleadings subsequent to the summons. The date of hearing shall be fixed in accordance with Rule 6 of the Minnesota Rules of Civil Procedure, unless a different date is fixed by order of the court.

The notice of hearing served upon the respondent shall be signed by the claimant or the attorney for the claimant and shall provide, at a minimum, the following information in substantially the following language:

#### NOTICE OF HEARING

TO: (the respondent)

A hearing will be held (insert place) on (insert date) at (insert time) to determine whether the sheriff shall seize nonexempt property belonging to you to secure a judgment that may be entered against you.

You may attend the court hearing alone or with an attorney. After you have presented your side of the matter, the court will decide what should be done with your property until the lawsuit which has been commenced against you is finally decided.

If the court directs the sheriff to seize and secure the property while the lawsuit is pending, you may still keep the property until the lawsuit is decided if you file a bond in an amount set by the court.

**IF YOU DO NOT ATTEND THIS HEARING, THE COURT MAY ORDER YOUR NONEXEMPT PROPERTY TO BE SEIZED.**

#### EXEMPTION NOTICE

Some of your property is exempt and cannot be attached. The following is a list of some of the more common exemptions. It is not complete and is subject to section 550.37, and other state and federal laws. If you have questions about an exemption you should obtain competent legal advice.

1. A homestead or the proceeds from the sale of a homestead.

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

- 2. Household furniture, appliances, phonographs, radios, and televisions up to a total current value of \$4,500 at the time of attachment.
- 3. A manufactured (mobile) home used as your home.
- 4. One motor vehicle currently worth less than \$2,000 after deducting any security interests.
- 5. Farm machinery used by someone principally engaged in farming, or tools, machines, or office furniture used in your business or trade. This exemption is limited to \$5,000.
- 6. Relief based on need. This includes ~~Aid to Families with Dependent Children (AFDC)~~ Minnesota family investment program, Emergency Assistance (EA), work first program, Supplemental Security Income (SSI), Minnesota Supplemental Assistance, and General Assistance.
- 7. Social Security benefits.
- 8. Reemployment insurance, workers' compensation, or veterans' benefits.
- 9. An accident disability or retirement pension or annuity.
- 10. Life insurance proceeds or the earnings of your minor child and any child support paid to you.
- 11. Money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a manufactured (mobile) home, or a car).

Sec. 148. Minnesota Statutes 1998, section 571.72, subdivision 8, is amended to read:

Subd. 8. **EXEMPTION NOTICE.** In every garnishment where the debtor is a natural person, the debtor shall be provided with a garnishment exemption notice. If the creditor is garnishing earnings, the earnings exemption notice provided in section 571.924 must be served ten or more days before the service of the first garnishment summons. If the creditor is garnishing funds in a financial institution, the exemption notice provided in section 571.912 must be served with the garnishment summons. In all other cases, the exemption notice must be in the following form and served on the debtor with a copy of the garnishment summons.

STATE OF MINNESOTA COUNTY OF ..... ..... (Creditor) against ..... (Debtor) and ..... (Garnishee)	DISTRICT COURT ..... JUDICIAL DISTRICT  <b>EXEMPTION NOTICE</b>
--	--

A Garnishment Summons is being served upon you. Some of your property may be exempt and cannot be garnished. The following is a list of some of the more common

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

exemptions. It is not complete and is subject to section 550.37 of the Minnesota Statutes and other state and federal laws. The dollar amounts contained in this list are subject to the provisions of section 550.37, subdivision 4a, at the time of garnishment. If you have questions about an exemption, you should obtain legal advice.

- (1) a homestead or the proceeds from the sale of a homestead;
- (2) household furniture, appliances, phonographs, radios, and televisions up to a total current value of \$5,850;
- (3) a manufactured (mobile) home used as your home;
- (4) one motor vehicle currently worth less than \$2,600 after deducting any security interest;
- (5) farm machinery used by an individual principally engaged in farming, or tools, machines, or office furniture used in your business or trade. This exemption is limited to \$13,000;
- (6) relief based on need. This includes:
  - (i) Aid to Families with Dependent Children (AFDC) Minnesota family investment program (MFIP) and work first program;
  - (ii) ~~AFDC Emergency Assistance (AFDC- EA);~~
  - (iii) ~~Medical Assistance (MA);~~
  - (iv) ~~(iii) General Assistance (GA);~~
  - (v) ~~(iv) General Assistance Medical Care (GAMC);~~
  - (vi) ~~(v) Emergency General Assistance (EGA);~~
  - (vii) ~~(vi) Work Readiness, Minnesota Supplemental AID (MSA);~~
  - (viii) ~~(vii) MSA-Emergency Assistance (MSA-EA);~~
  - (ix) ~~(viii) Supplemental Security Income (SSI); and~~
  - (x) ~~(ix) Energy Assistance; and~~
  - (x) Emergency Assistance (EA);
- (7) social security benefits;
- (8) reemployment insurance, workers' compensation, or veteran's benefits;
- (9) an accident, disability, or retirement pension or annuity;
- (10) life insurance proceeds;
- (11) earnings of your minor child; and
- (12) money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a manufactured (mobile) home, or a car).

Sec. 149. Minnesota Statutes 1998, section 571.912, is amended to read:

**571.912 FORM OF EXEMPTION NOTICE.**

The notice informing a debtor that an order for attachment, garnishment summons, or levy by execution has been used to attach funds of the debtor to satisfy a claim must be substantially in the following form:

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

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF .....

..... JUDICIAL DISTRICT

..... (Creditor)

..... (Debtor)

TO: Debtor

EXEMPTION NOTICE

An order for attachment, garnishment summons, or levy of execution (strike inapplicable language) has been served on ..... (bank or other financial institution) ..... where you have an account.

Your account balance is \$.....

The amount being held is \$.....

However, all or a portion of the funds in your account will normally be exempt from creditors' claims if they are in one of the following categories:

(1) relief based on need. This includes: ~~Aid to Families with Dependent Children (AFDC), AFDC-Emergency Assistance (AFDC-EA) the Minnesota family investment program (MFIP), Emergency Assistance (EA), work first program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Work Readiness, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance;~~

(2) Social Security benefits (Old Age, Survivors, or Disability Insurance);

(3) reemployment insurance, workers' compensation, or veterans' benefits;

(4) an accident, disability, or retirement pension or annuity;

(5) life insurance proceeds;

(6) the earnings of your minor child and any child support paid to you; or

(7) money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a mobile home, or a car).

The following funds are also exempt:

(8) all earnings of a person in category (1);

(9) all earnings of a person who has received relief based on need, or who has been an inmate of a correctional institution, within the last six months;

(10) 75 percent of every debtor's after tax earnings; and

(11) all of a debtor's after tax earnings below 40 times the federal minimum wage.

TIME LIMIT ON EXEMPTIONS AFTER DEPOSIT IN BANK:

Categories (10) and (11): 20 days

Categories (8) and (9): 60 days

All others: no time limit, as long as funds are traceable to the exempt source. (In tracing funds, the first-in, first-out method is used. This means money deposited first is spent

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first.) The money being sought by the creditor is being held in your account to give you a chance to claim an exemption.

TO CLAIM AN EXEMPTION:

Fill out, sign, and mail or deliver one copy of the attached exemption claim form to the institution which sent you this notice and mail or deliver one copy to the creditor's attorney. In the event that there is no attorney for the creditor, then such notice shall be sent directly to the creditor. The address for the creditor's attorney or the creditor is set forth below. Both copies must be mailed or delivered on the same day.

If they do not get the exemption claim back from you within 14 days of the date they mailed or gave it to you, they will be free to turn the money over to the sheriff or the creditor. If you are going to claim an exemption, do so as soon as possible, because your money may be held until it is decided.

IF YOU CLAIM AN EXEMPTION:

- (1) nonexempt money can be turned over to the creditor or sheriff;
- (2) the financial institution will keep holding the money claimed to be exempt; and
- (3) seven days after receiving your exemption claim, the financial institution will release the money to you unless before then it receives an objection to your exemption claim.

IF THE CREDITOR OBJECTS TO YOUR EXEMPTION CLAIM:

The institution will hold the money until a court decides if your exemption claim is valid, BUT ONLY IF the institution gets a copy of your court motion papers asserting the exemption WITHIN TEN DAYS after the objection is mailed or given to you. You may wish to consult an attorney at once if the creditor objects to your exemption claim.

MOTION TO DETERMINE EXEMPTION:

At any time after your funds have been held, you may ask for a court decision on the validity of your exemption claim by filing a request for hearing which may be obtained at the office of the court administrator of the above court.

PENALTIES:

If you claim an exemption in bad faith, or if the creditor wrongly objects to an exemption in bad faith, the court may order the person who acted in bad faith to pay costs, actual damages, attorney fees, and an additional amount of up to \$100.

.....  
 .....  
 .....  
 .....  
 Name and address of (Attorney  
 for) Judgment Creditor

EXEMPTION:

(If you claim an exemption complete the following):

- (a) Amount of exemption claim.

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

// I claim ALL the funds being held are exempt.

// I claim SOME of the funds being held are exempt.

The exempt amount is \$ .....

(b) Basis for exemption.

Of the eleven categories listed above, I am in category number ..... (If more than one category applies, you may fill in as many as apply.) The source of the exempt funds is the following:

.....  
.....  
.....

(If the source is a type of relief based on need, list the case number and county:

case number: .....

county: .....

I hereby authorize any agency that has distributed relief to me or any correctional institution in which I was an inmate to disclose to the above named creditor or its attorney only whether or not I am or have been a recipient of relief based on need or an inmate of a correctional institute within the last six months.

I have mailed or delivered a copy of the exemption notice to the creditor's attorney.

DATED: .....  
DEBTOR  
.....  
DEBTOR ADDRESS

Sec. 150. Minnesota Statutes 1998, section 571.925, is amended to read:

**571.925 FORM OF NOTICE.**

The ten-day notice informing a debtor that a garnishment summons may be used to garnish the earnings of an individual must be substantially in the following form:

STATE OF MINNESOTA DISTRICT COURT  
COUNTY OF ..... JUDICIAL DISTRICT  
..... (Creditor)  
against  
..... (Debtor)  
and  
..... (Garnishee)

GARNISHMENT EXEMPTION  
NOTICE AND NOTICE OF  
INTENT TO GARNISH EARNINGS  
WITHIN TEN DAYS

PLEASE TAKE NOTICE that a garnishment summons or levy may be served upon your employer or other third parties, without any further court proceedings or notice to you, ten days or more from the date hereof. Some or all of your earnings are exempt from

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

garnishment. If your earnings are garnished, your employer must show you how the amount that is garnished from your earnings was calculated. You have the right to request a hearing if you claim the garnishment is incorrect.

Your earnings are completely exempt from garnishment if you are now a recipient of relief based on need, if you have been a recipient of relief within the last six months, or if you have been an inmate of a correctional institution in the last six months.

Relief based on need includes Aid to Families with Dependent Children (AFDC), ~~AFDC-Emergency Assistance (AFDC-EA)~~ the Minnesota family investment program (MFIP), Emergency Assistance (EA), work first program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), ~~Work Readiness~~, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance.

If you wish to claim an exemption, you should fill out the appropriate form below, sign it, and send it to the creditor's attorney and the garnishee.

You may wish to contact the attorney for the creditor in order to arrange for a settlement of the debt or contact an attorney to advise you about exemptions or other rights.

PENALTIES

(1) Be advised that even if you claim an exemption, a garnishment summons may still be served on your employer. If your earnings are garnished after you claim an exemption, you may petition the court for a determination of your exemption. If the court finds that the creditor disregarded your claim of exemption in bad faith, you will be entitled to costs, reasonable attorney fees, actual damages, and an amount not to exceed \$100.

(2) HOWEVER, BE WARNED if you claim an exemption, the creditor can also petition the court for a determination of your exemption, and if the court finds that you claimed an exemption in bad faith, you will be assessed costs and reasonable attorney's fees plus an amount not to exceed \$100.

(3) If after receipt of this notice, you in bad faith take action to frustrate the garnishment, thus requiring the creditor to petition the court to resolve the problem, you will be liable to the creditor for costs and reasonable attorney's fees plus an amount not to exceed \$100.

DATED: .....  
.....  
(Attorney for) Creditor  
.....  
Address  
.....  
Telephone

DEBTOR'S EXEMPTION CLAIM NOTICE

I hereby claim that my earnings are exempt from garnishment because:

(1) I am presently a recipient of relief based on need. (Specify the program, case number, and the county from which relief is being received.)

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

.....	.....	.....
Program	Case Number (if known)	County

(2) I am not now receiving relief based on need, but I have received relief based on need within the last six months. (Specify the program, case number, and the county from which relief has been received.)

.....	.....	.....
Program	Case Number (if known)	County

(3) I have been an inmate of a correctional institution within the last six months. (Specify the correctional institution and location.)

.....	.....
Correctional Institution	Location

I hereby authorize any agency that has distributed relief to me or any correctional institution in which I was an inmate to disclose to the above-named creditor or the creditor's attorney only whether or not I am or have been a recipient of relief based on need or an inmate of a correctional institution within the last six months. I have mailed or delivered a copy of this form to the creditor or creditor's attorney.

.....	.....
Date	Debtor
	.....
	Address

Sec. 151. Minnesota Statutes 1998, section 571.931, subdivision 6, is amended to read:

Subd. 6. **NOTICE.** The debtor shall be served with a copy of the prejudgment garnishment order issued pursuant to this section together with a copy of all pleadings and other documents not previously served, including any affidavits upon which the claimant intends to rely at the subsequent hearing and a transcript of any oral testimony given at the prejudgment garnishment hearing upon which the creditor intends to rely and a notice of hearing. Service must be in the manner prescribed for personal service of a summons unless that service is impracticable or would be ineffective and the court prescribes an alternative method of service calculated to provide actual notice to the debtor.

The notice of hearing served upon the debtor must be signed by the creditor or the attorney for the creditor and must be accompanied by an exemption notice. The notice of hearing must be accompanied by an exemption notice, and both notices must provide, at a minimum, the following information in substantially the following language:

**NOTICE OF HEARING**

TO: (the debtor)

The (insert the name of court) Court has ordered the prejudgment garnishment of some of your property in the possession or control of a third party. Some of your property may be exempt from seizure. See the exemption notice below.

The Court issued this Order based upon the claim of (insert name of creditor) that (insert name of creditor) is entitled to a court order for garnishment of your property to

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secure your payment of any money judgment that (insert name of creditor) may later be obtained against you and that immediate action was necessary.

You have the legal right to challenge (insert name of creditor) claims at a court hearing before a judge. The hearing will be held at the (insert place) on (insert date) at (insert time). You may attend the court hearing alone or with an attorney. After you have presented your side of the matter, the court will decide what should be done with your property until the lawsuit against you is finally decided.

**IF YOU DO NOT ATTEND THIS HEARING, THE COURT MAY ORDER GARNISHMENT OF YOUR PROPERTY.**

#### EXEMPTION NOTICE

Some of your property may be exempt and cannot be garnished. The following is a list of some of the more common exemptions. It is not complete and is subject to section 550.37, and other state and federal laws. If you have questions about an exemption, you should obtain competent legal advice.

- (1) A homestead or the proceeds from the sale of a homestead.
- (2) Household furniture, appliances, phonographs, radios, and televisions up to a total current value of \$4,500 at the time of attachment.
- (3) A manufactured (mobile) home used as your home.
- (4) One motor vehicle currently worth less than \$2,000 after deducting any security interests.
- (5) Farm machinery used by someone principally engaged in farming, or tools, machines, or office furniture used in your business or trade. This exemption is limited to \$10,000.
- (6) Relief based on need. This includes: Aid to Families with Dependent Children (AFDC), AFDC Emergency Assistance (AFDC-~~EA~~) the Minnesota family investment program (MFIP), Emergency Assistance (EA), work first program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Work Readiness, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-~~EA~~), Supplemental Security Income (SSI), and Energy Assistance.
- (7) Social Security benefits.
- (8) Reemployment insurance, workers' compensation, or veterans' benefits.
- (9) An accident, disability or retirement pension or annuity.
- (10) Life insurance proceeds.
- (11) The earnings of your minor child.
- (12) Money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a manufactured (mobile) home, or a car).

Sec. 152. Minnesota Statutes 1998, section 571.932, subdivision 2, is amended to read:

Subd. 2. **SERVICE.** The creditor's motion to obtain an order of garnishment together with the creditor's affidavit and notice of hearing must be served in the manner pre-

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scribed for service of a summons in a civil action in district court unless that service is impracticable or would be ineffective and the court prescribes an alternative method of service calculated to provide actual notice to the debtor. If the debtor has already appeared in the action, the motion must be served in the manner prescribed for service of pleadings subsequent to the summons. The date of the hearing must be fixed in accordance with Rule 6 of the Minnesota Rules of Civil Procedure for the District Courts, unless a different date is fixed by order of the court.

The notice of hearing served upon the debtor shall be signed by the creditor or the attorney for the creditor and shall provide, at a minimum, the following information in substantially the following language:

#### NOTICE OF HEARING

TO: (the debtor)

A hearing will be held (insert place) on (insert date) at (insert time) to determine whether nonexempt property belonging to you will be garnished to secure a judgment that may be entered against you.

You may attend the court hearing alone or with an attorney. After you have presented your side of the matter, the court will decide whether your property should be garnished until the lawsuit which has been commenced against you is finally decided.

If the court directs the issuance of a garnishment summons while the lawsuit is pending, you may still keep the property until the lawsuit is decided if you file a bond in an amount set by the court.

IF YOU DO NOT ATTEND THIS HEARING, THE COURT MAY ORDER YOUR NONEXEMPT PROPERTY TO BE GARNISHED.

#### EXEMPTION NOTICE

Some of your property may be exempt and cannot be garnished. The following is a list of some of the more common exemptions. It is not complete and is subject to section 550.37, and other state and federal laws. The dollar amounts contained in this list are subject to the provisions of section 550.37, subdivision 4a, at the time of the garnishment. If you have questions about an exemption, you should obtain competent legal advice.

- (1) A homestead or the proceeds from the sale of a homestead.
- (2) Household furniture, appliances, phonographs, radios, and televisions up to a total current value of \$5,850.
- (3) A manufactured (mobile) home used as your home.
- (4) One motor vehicle currently worth less than \$2,600 after deducting any security interests.
- (5) Farm machinery used by an individual principally engaged in farming, or tools, machines, or office furniture used in your business or trade. This exemption is limited to \$13,000.
- (6) Relief based on need. This includes: Aid to Families with Dependent Children (AFDC), AFDC-Emergency Assistance (AFDC-EA) the Minnesota family investment

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program (MFIP), Emergency Assistance (EA), work first program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Work Readiness, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance.

(7) Social Security benefits.

(8) Reemployment insurance, workers' compensation, or veterans' benefits.

(9) An accident, disability or retirement pension or annuity.

(10) Life insurance proceeds.

(11) The earnings of your minor child.

(12) Money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a manufactured (mobile) home, or a car).

Sec. 153. Minnesota Statutes 1998, section 583.22, subdivision 7b, is amended to read:

Subd. 7b. **NECESSARY LIVING EXPENSES.** As used in section 583.27, "necessary living expenses" means a sum approximately equal to 1-1/2 times the amount to which the family would be entitled if eligible for payments under section 256.74 chapter 256J, unless limited by section 583.27, subdivision 1, paragraph (b).

Sec. 154. **REPEALER.**

(a) Minnesota Statutes 1998, sections 119B.01, subdivision 12a; 119B.05, subdivision 6; 126C.05, subdivision 4; 126C.06; 256.031, subdivision 1a; 256.736; 256.74, subdivision 1c; 256.9850; 256J.62, subdivision 5; 268.871, subdivision 5; and 290A.22, are repealed.

(b) Minnesota Rules, parts 9500.2000; 9500.2020; 9500.2060; 9500.2100; 9500.2140; 9500.2180; 9500.2220; 9500.2260; 9500.2300; 9500.2340; 9500.2380; 9500.2420; 9500.2440; 9500.2480; 9500.2500; 9500.2520; 9500.2560; 9500.2580; 9500.2600; 9500.2620; 9500.2640; 9500.2680; 9500.2700; 9500.2720; 9500.2722; 9500.2724; 9500.2726; 9500.2728; 9500.2730; 9500.2740; 9500.2760; 9500.2780; 9500.2800; 9500.2820; 9500.2860; and 9500.2880, are repealed.

Presented to the governor May 11, 1999

Signed by the governor May 13, 1999, 1:27 p.m.

#### CHAPTER 160—S.F.No. 1047

*An act relating to creditors' remedies; providing that Roth IRAs will be treated identically to other retirement accounts; amending Minnesota Statutes 1998, section 550.37, subdivision 24.*

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