

1 Department of Human Services

2

3 Adopted Permanent Rules Relating to Child Care Fund; Eligibility  
4 and Administration

5

6 Rules as Adopted

7

CHILD CARE FUND

8 9565.5000 PURPOSE AND APPLICABILITY.

9 Subpart 1. Purpose. The purpose of parts 9565.5000 to  
10 ~~9565.5240~~ 9565.5200 is to govern the administration of the child  
11 care fund and to reduce, according to a sliding fee schedule,  
12 the costs of child care services for eligible families to enable  
13 them to seek or retain employment or to participate in education  
14 or training programs to obtain employment. Parts 9565.5000  
15 to ~~9565.5240~~ 9565.5200 set eligibility standards for recipients  
16 and administrative requirements for agencies administering child  
17 care funds.

18 Subp. 2. Applicability. To the extent of available  
19 allocations, parts 9565.5000 to ~~9565.5240~~ 9565.5200 apply to all  
20 county and human service boards ~~and-postsecondary-educational~~  
21 ~~systems~~ providing subsidized child care assistance to eligible  
22 families under Minnesota Statutes, sections 256H.01 to 256H.19.

23 9565.5010 DEFINITIONS.

24 Subpart 1. Scope. As used in parts 9565.5000 to ~~9565.5240~~  
25 9565.5200, the following terms have the meaning given them in  
26 this part.

27 Subp. 2. Administering agency. "Administering agency"  
28 means a county social services agency or a public or nonprofit  
29 agency designated by the county board to administer the child  
30 care subsidy program, ~~or-a-postsecondary-education-institution.~~

31 Subp. 3. Administrative expenses. "Administrative  
32 expenses" means costs associated with the administration of the  
33 child care subsidy program. The costs include, but are not  
34 limited to:

35 A. salaries, wages, and related payroll expenses

1 incurred in the administration of the child care subsidy program  
2 including direct personnel costs, expenses for general  
3 administration and supervision, and expenses for secretarial,  
4 clerical, accounting, and other support services;

5 B. travel and transportation and per diem or  
6 subsistence expenses;

7 C. expenses for materials and office supplies;

8 D. publication, telephone, postage, and photocopy  
9 expenses; and

10 E. other expenses directly attributable to the child  
11 care subsidy program.

12 Subp. 4. **Aid to families with dependent children or AFDC.**

13 "Aid to families with dependent children" or "AFDC" means Aid to  
14 Families with Dependent Children program authorized under title  
15 IV-A of the Social Security Act and Minnesota Statutes, chapter  
16 256. AFDC provides financial assistance and social services to  
17 needy families with dependent children.

18 Subp. 5. **AFDC caretaker.** "AFDC caretaker" means an AFDC  
19 recipient described in part 9500.2440, subpart 7, who lives with  
20 and provides care to a dependent child.

21 Subp. 6. **AFDC employment special needs program.** "AFDC  
22 employment special needs program" means a payment made on behalf  
23 of an AFDC recipient for certain expenses relating to the  
24 preparation for employment, including child care, training, and  
25 education meeting the requirements of the AFDC employment  
26 special needs program under Minnesota Statutes, section 256.736,  
27 subdivision 8.

28 Subp. 7. **AFDC priority groups.** "AFDC priority groups"  
29 means AFDC recipients as defined in Minnesota Statutes, section  
30 256.736, subdivision 2a.

31 Subp. 8. **Allocation.** "Allocation" means the share of the  
32 total state appropriation of child care funds that a county may  
33 earn and be reimbursed for in a state fiscal year. A county's  
34 allocation may be raised or lowered during the fiscal year when  
35 the commissioner redistributes unexpended or unencumbered  
36 allocations.

1        Subp. 9. Applicant. "Applicant" means all parents,  
 2 stepparents, legal guardians, or eligible relative caretakers in  
 3 the family that apply for child care assistance under the child  
 4 care subsidy program.

5        Subp. 9 10. Child. "Child" means a person 12 years old or  
 6 younger, or a person 14 years old or younger who is handicapped,  
 7 as defined in Minnesota Statutes, section 120.03.

8        Subp. ~~10~~ 11. Child care. "Child care" means the care of a  
 9 child in or out of the child's own home for gain or otherwise,  
 10 on a regular basis, for any part of a 24-hour day, by someone  
 11 other than a parent, stepparent, legal guardian, or AFDC  
 12 eligible relative caretaker.

13        Subp. ~~11~~ 12. Child care services. "Child care services"  
 14 means child care provided in family day care homes, group day  
 15 care homes, nursery schools, day nurseries, child day care  
 16 centers, head start, licensed school age child care programs or  
 17 extended-day school age programs that meet the standards  
 18 established by the State Board of Education, or legal  
 19 nonlicensed child care provided in or out of the child's home.

20        Subp. ~~12~~ 13. Child care subsidy program. "Child care  
 21 subsidy program" means child care services funded under  
 22 Minnesota Statutes, sections 256H.01 to 256H.19.

23        Subp. ~~13~~ 14. Commissioner. "Commissioner" means the  
 24 commissioner of the Department of Human Services or the  
 25 commissioner's designated representative.

26        Subp. ~~14~~ 15. County board. "County board" means the board  
 27 of county commissioners in each county.

28        Subp. ~~15~~ 16. Department. "Department" means the  
 29 Department of Human Services.

30        Subp. ~~16~~ 17. Documentation. "Documentation" means a  
 31 written statement or record that substantiates or validates an  
 32 assertion made by a person or an action taken by an  
 33 administering agency.

34        Subp. ~~17~~ 18. Education program. "Education program" means  
 35 ~~remedial-or-basic-education-or-English-as-a-second-language~~  
 36 ~~instruction,-an-educational-program-that-leads-to-a-high-school~~

1 ~~or general equivalency diploma, a pre-vocational program, and~~  
 2 ~~postsecondary education excluding post-baccalaureate programs.~~  
 3 ~~Education program includes continuing education units or~~  
 4 ~~certification or course work necessary to update credentials to~~  
 5 ~~obtain or retain employment~~ an education program as that term is  
 6 defined in Minnesota Statutes, section 256H.01, subdivision 7.

7 Subp. ~~18~~ 19. **Employability plan.** "Employability plan"  
 8 means a plan developed for an AFDC caretaker by an employment  
 9 and training service provider or person designated by the county  
 10 to provide employment and training services. The employability  
 11 plan defines the caretaker's employment and training goals and  
 12 outlines the training, education, and support services the  
 13 caretaker needs to achieve those goals. All employability plans  
 14 must receive county approval and meet the requirements of the  
 15 AFDC Employment Special Needs Program under Minnesota Statutes,  
 16 section 256.736, subdivision 8, or other federal reimbursement  
 17 programs provided by Public Law Number 100-485.

18 Subp. ~~19~~ 20. **Employment and training service provider.**  
 19 "Employment and training service provider" means a provider  
 20 certified by the commissioner of jobs and training under  
 21 Minnesota Statutes, section 268.0122, subdivision 3, to deliver  
 22 employment and training services.

23 Subp. ~~20~~ 21. **Family.** "Family" means family as that term  
 24 is defined in Minnesota Statutes, section 256H.01, subdivision 9.

25 Subp. ~~21~~ 22. **Family copayment fee.** "Family copayment fee"  
 26 means the unsubsidized portion of the provider charge the family  
 27 must contribute as its share of child care costs.

28 Subp. ~~22~~ 23. **Full-time child care.** "Full-time child care"  
 29 means up to a maximum of 60 hours of child care per child per  
 30 week.

31 Subp. ~~23~~ 24. **Greater Minnesota counties.** "Greater  
 32 Minnesota counties" means counties outside the seven county  
 33 metropolitan area.

34 Subp. ~~24~~ 25. **Human services board.** "Human services board"  
 35 means a board established under Minnesota Statutes, section  
 36 402.02; Laws of Minnesota 1974, chapter 293; or Laws of

1 Minnesota 1976, chapter 340.

2 Subp. ~~25~~ 26. ~~Host-county.---"Host-county"---means---the-county~~  
 3 ~~in-which-a-postsecondary-educational-institution-is-located.~~

4 Subp. ~~26~~. Income. "Income" means income as that term is  
 5 defined in Minnesota Statutes, section 256H.01, subdivision 11.

6 Subp. 27. In-kind service. "In-kind service" means a  
 7 child care subsidy payment made on behalf of a recipient of AFDC  
 8 by a third party to cover the difference between actual child  
 9 care costs and the child care disregard under Minnesota Rules,  
 10 part 9500.2580, for employed AFDC recipients, or to cover the  
 11 cost of child care without a disregard for unemployed AFDC  
 12 recipients enrolled in an education or training program.

13 Subp. 28. Legal nonlicensed caregiver. "Legal nonlicensed  
 14 caregiver" means a child care provider exempt from licensing  
 15 under Minnesota Statutes, section 245A.03.

16 Subp. ~~29.---Postsecondary-educational-systems.~~  
 17 ~~"Postsecondary-educational-systems"---means---the-University-of~~  
 18 ~~Minnesota-Board-of-Regents,---the-State-University-Board,---the~~  
 19 ~~State-Board-for-Community-Colleges,---and---the-State-Board-of~~  
 20 ~~Vocational-Technical-Education.~~

21 Subp. ~~30~~ 29. Provider. "Provider" means the child care  
 22 license holder who operates a family day care home, group family  
 23 day care home, day care center, nursery school, day nursery; a  
 24 licensed school age child care program or extended-day school  
 25 age program that meets the standards established by the State  
 26 Board of Education; or the legal nonlicensed caregiver who is 18  
 27 years old or older and functions in or out of the child's home.

28 Subp. ~~31~~ 30. Provider charge. "Provider charge" means the  
 29 amount the child care service provider charges for child care.

30 Subp. ~~32~~ 31. Recipient. "Recipient" means a family  
 31 receiving child care assistance under the child care subsidy  
 32 program.

33 Subp. ~~33~~ 32. Redetermination. "Redetermination" means the  
 34 process by which information is collected periodically by the  
 35 county ~~or-postsecondary-educational-institution~~ and used to  
 36 determine ~~a-family's-continued-eligibility~~ whether a recipient

1 is eligible for continued assistance under the child care  
2 subsidy program.

3 Subp. 34 33. **Seven county metropolitan area.** "Seven  
4 county metropolitan area" means the counties of Anoka, Carver,  
5 Dakota, Hennepin, Ramsey, Scott, and Washington.

6 Subp. 35 34. **State median income.** "State median income"  
7 means the state's annual median income for a family of four,  
8 adjusted for family size, developed by the Bureau of Census and  
9 published annually by the United States Department of Health and  
10 Human Services in the Federal Register.

11 Subp. 36 35. **Student.** "Student" means an individual  
12 enrolled in an educational program as defined in subpart ~~17~~ 18.  
13 A student is a full-time student if the student is enrolled in  
14 the minimum equivalent of 12 credits or 20 hours of classroom  
15 training per week. A student is a part-time student if the  
16 student is (1) a non-AFDC student enrolled in a minimum  
17 equivalent of six credits or ten hours of classroom training per  
18 week up to the minimum equivalent of full-time student status;  
19 or (2) an AFDC student who is less than a full-time student but  
20 is in compliance with the education or training requirements in  
21 his or her employability plan.

22 Subp. 37 36. **Vendor payment.** "Vendor payment" means a  
23 payment made by a county or administering agency directly to a  
24 provider of child care services on behalf of a recipient.

25 9565.5020 NOTICE OF CHILD CARE FUND ALLOCATIONS.

26 By June 1 of each ~~odd-numbered~~ year, the commissioner shall  
27 notify all county and human services boards ~~and-postsecondary~~  
28 ~~educational-systems~~ of their allocations under the child care  
29 fund.

30 9565.5025 GENERAL ELIGIBILITY REQUIREMENTS AND ASSISTANCE  
31 STANDARDS FOR ALL APPLICANTS.

32 Subpart 1. **Applicant requirements and standards.** In  
33 addition to specific eligibility requirements under parts  
34 9565.5030~~7~~, 9565.5070~~7~~, 9565.5080~~7~~, 9565.5090~~7~~ and  
35 9565.5100 9565.5060, all applicants for a child care subsidy

1 shall be governed by the standards and requirements in subparts  
2 2 to 9.

3 Subp. 2. Documentation of eligibility information. A  
4 ~~family~~ An applicant requesting a child care subsidy must  
5 document income eligibility, work, and education or training  
6 status. The county ~~or-postsecondary-educational-institution~~  
7 shall verify ~~a-family's~~ an applicant's eligibility to receive a  
8 child care subsidy at the time of the ~~family's~~ application; when  
9 there is a change in household status, family size, employment,  
10 income, education or training status; and at each  
11 redetermination under part ~~9565.5190~~ 9565.5150. When contacting  
12 third parties to confirm eligibility information, the county ~~and~~  
13 ~~postsecondary-educational-institution~~ shall comply with the  
14 Minnesota Government Data Practices Act, Minnesota Statutes,  
15 chapter 13.

16 Subp. 3. Recipient reporting responsibilities. A  
17 recipient must follow the reporting procedures in items A to C.

18 A. A recipient of a child care subsidy must notify  
19 the county ~~or-postsecondary-educational-institution~~ of any  
20 changes in marital or household status, address, employment, and  
21 any change in income from the amount reported on the application  
22 form or the last redetermination, whichever occurred later.

23 B. The recipient must report the changes listed in  
24 item A within ten calendar days after the change. In cases of  
25 an income change, the date of change begins on the day that the  
26 recipient receives payment at the new rate.

27 C. A recipient's failure to report any changes under  
28 this subpart or to update information for redetermination is  
29 just grounds to terminate a child care subsidy.

30 Subp. 4. Resident requirement. A recipient of a child  
31 care subsidy must be a Minnesota resident under part 8100.0300.

32 Subp. 5. Eligible applicants ~~in-two-parent-families~~. The  
33 ~~applicant~~ An applicant must meet the employment and,  
34 education, or training requirements ~~of~~ under the basic sliding  
35 fee program or ~~set-aside-programs---~~ ~~The-other-parent-or~~  
36 ~~individual-with-legal-guardianship-of-the-child-must-meet-child~~

1 ~~care-fund-requirements-or-be~~ the AFDC child care program unless  
 2 the applicant is unable to care for their the applicant's child  
 3 or dependent as determined by a medical doctor or by an  
 4 assessment by the local social services agency.

5 Subp. 6. Maximum weekly child care assistance. Child care  
 6 subsidies may not be received for more than 60 hours per child  
 7 per week.

8 Subp. 7. Child care assistance during employment. Child  
 9 care assistance during employment shall be granted for all hours  
 10 of work including break and meal time and up to one hour per day  
 11 for travel time. ~~The county must approve additional child care~~  
 12 ~~during employment for time greater than the amount provided in~~  
 13 ~~this subpart.~~

14 Subp. 8. Child care assistance during education or  
 15 training. Child care assistance during education or training  
 16 shall be granted according to items A and B.

17 A. Full-time students shall receive the equivalent of  
 18 full-time child care on the days of class for all hours of the  
 19 education program including time in between nonconsecutive  
 20 classes and up to one hour per day for travel time. Full-time  
 21 students who do not have an open period between classes shall  
 22 receive up to five hours per week for study and academic  
 23 appointments.

24 B. Part-time students shall receive child care for  
 25 all hours of actual class time and periods between  
 26 nonconsecutive classes plus up to one hour per day for travel  
 27 time and up to two hours per week for study and academic  
 28 appointments if there are no open periods between classes in the  
 29 student's schedule. ~~The county must approve additional child~~  
 30 ~~care during education or training for time in excess of the~~  
 31 ~~amount provided in this subpart for part-time students.~~

32 Subp. 9. Maximum education and training under child care  
 33 fund. The maximum length of time a student is eligible for  
 34 child care assistance under the child care fund for education  
 35 and training is described in items A to E E.

36 A. A student is eligible for a maximum of 48 months



1 of child care subsidy for education or training from a single  
 2 child care fund program or combination of programs within the  
 3 child care fund. A four-year education or training program must  
 4 be directed towards a baccalaureate degree.

5 B. A student may receive a child care subsidy for a  
 6 second education or training program if:

7 (1) the total period of assistance under both  
 8 programs does not exceed the equivalent of 48 calendar months;

9 (2) the student has been unable to find full-time  
 10 employment in the student's first program; and

11 (3) at least one year has passed since the  
 12 student completed the first program.

13 C. A student with a baccalaureate degree may ~~only~~  
 14 obtain a child care subsidy for continuing education units or  
 15 certification or coursework necessary to update credentials to  
 16 obtain or retain employment.

17 D. A student who has once dropped out of an education  
 18 or training program or who once failed to complete an education  
 19 or training program while receiving a child care subsidy is  
 20 eligible for child care assistance to enable the student to  
 21 complete the program or begin a new program. A student applying  
 22 for child care assistance under this item must be treated as a  
 23 new applicant.

24 E. A student may receive a child care subsidy for a  
 25 second baccalaureate degree if:

26 (1) the student did not receive child care  
 27 assistance under the child care subsidy program for the first  
 28 baccalaureate degree; and

29 (2) the student does not have marketable skills.

30 9565.5030 BASIC SLIDING FEE PROGRAM.

31 Subpart 1. Basic sliding fee allocation. ~~For-fiscal-year~~  
 32 ~~1990-and-each-following-fiscal-year,~~ The commissioner shall  
 33 allocate ~~to-the-basic-sliding-fee-program~~ child care funds that  
 34 ~~remain-after-set-aside-allocations~~ for the basic sliding fee  
 35 program as provided in Minnesota Statutes, section 256H.03,

1 subdivision 2.

2 Subp. 2. County allocation. The commissioner shall  
3 allocate basic sliding fee funds among the counties according to  
4 items A to C:

5 A. 50 percent of the money shall be allocated among  
6 the counties on the basis of the number of families below the  
7 poverty level, as determined from the most recent special census.

8 B. 50 percent of the money shall be allocated among  
9 the counties on the basis of caseloads of AFDC for the preceding  
10 year.

11 C. If under the formula in items A and B, either the  
12 seven county area or the area made up of the greater Minnesota  
13 counties is allocated more than 55 percent of the basic sliding  
14 fee funds, each county's allocation in that area shall be  
15 proportionally reduced until the total for the area is no more  
16 than 55 percent of the basic sliding fee funds. The amount of  
17 the allocations proportionally reduced shall be used to  
18 proportionally increase each county's allocation in the other  
19 area.

20 Subp. 3. County administrative expenses. A county may use  
21 up to seven percent of its allocation under subpart 2 for  
22 administrative expenses.

23 Subp. 4. AFDC federal program reimbursement. Counties  
24 shall claim, on forms prescribed by the commissioner, federal  
25 reimbursement under the AFDC special needs program and other  
26 appropriate federal programs for child care expenditures for all  
27 eligible AFDC recipients who are in education, training, or  
28 other preemployment activities allowed under the AFDC special  
29 needs program or other federal reimbursement programs. The  
30 commissioner shall allocate any federal earnings to the county  
31 that claimed the federal reimbursement and the county shall use  
32 the earnings to expand funding for child care services under the  
33 basic sliding fee program.

34 Subp. 5. Reallocation of unexpended or unencumbered  
35 funds. The commissioner shall reallocate unexpended or  
36 unencumbered funds according to items A to E D.

1           A. The commissioner may reallocate unexpended or  
2 unencumbered funds following the first, second, and third  
3 quarters as provided in Minnesota Statutes, section 256H.03,  
4 subdivision 3. Following the fourth quarter, the commissioner  
5 shall review county expenditures under the basic sliding fee  
6 program and shall reallocate unearned allocations to counties  
7 that earned their full allocation.

8           B. The amount reallocated to any county shall be  
9 based on earnings in excess of its allocation. The amount  
10 reallocated shall not be greater than the earnings in excess of  
11 allocation minus the county's maintenance of effort required  
12 under part ~~9565.5150~~ 9565.5110, subpart 8 9.

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

18           D. If the amount of funds available for reallocation  
19 is greater than total county earnings in excess of allocations  
20 under the basic sliding fee program, the funds remaining after  
21 the basic sliding fee reallocation shall be allocated to  
22 counties with excess earnings under the AFDC ~~priority-groups~~  
23 child care program based on the ratio of a county's earning in  
24 excess of its allocation to all county earnings in excess of  
25 allocation under the AFDC ~~priority-groups~~ child care program.

26           ~~E.--Funds-remaining-after-reallocations-for-excess~~  
27 ~~earnings-under-the-basic-sliding-fee-and-the-AFDC-priority~~  
28 ~~groups-programs-shall-be-allocated-to-counties-with-excess~~  
29 ~~earnings-under-the-AFDC-postsecondary-student-program-based-on~~  
30 ~~the-ratio-of-a-county's-earnings-in-excess-of-its-allocation-to~~  
31 ~~all-county-earnings-in-excess-of-allocation-under-the-AFDC~~  
32 ~~postsecondary-student-program.~~

33           Subp. 6. Families eligible for subsidies under the basic  
34 sliding fee program. Eligibility for subsidies under the basic  
35 sliding fee program is determined according to items A and B.

36           A. To the extent of available allocations, a family

1 is eligible for a child care subsidy under the basic sliding fee  
 2 program if the ~~family~~ applicant meets eligibility requirements  
 3 under part 9565.5025 and the family:

4 (1) is receiving AFDC;

5 (2) is eligible for AFDC but is not receiving  
 6 AFDC; or

7 (3) has annual gross income that is above the  
 8 eligibility limit for AFDC but that does not exceed 75 percent  
 9 of the state median income for a family of four, adjusted for  
 10 family size.

11 B. If adequate funds become available, the  
 12 commissioner may extend the eligibility limit to families with  
 13 incomes greater than 75 percent of the state median income for a  
 14 family of four, adjusted for family size, to use available funds.

15 Subp. 7. Basic sliding fee program waiting lists.

16 Counties must keep a written record of families who have applied  
 17 for a child care subsidy. When a family requests information  
 18 about child care assistance, the county shall perform a  
 19 preliminary determination of eligibility. If it appears that a  
 20 family is eligible for a child care subsidy and funds are not  
 21 immediately available, the family shall be placed on a child  
 22 care subsidy waiting list. The county shall provide a means of  
 23 identifying students placed on the basic sliding fee waiting  
 24 list. If it appears that a family is eligible for a child care  
 25 subsidy and funds are available or if a family requests an  
 26 application, the family shall be given a child care subsidy  
 27 application.

28 Subp. 8. Prioritizing child care assistance. If a county  
 29 projects that its basic sliding fee allocation is insufficient  
 30 to meet the needs of all families eligible under subpart 6, it  
 31 ~~may shall~~ shall prioritize, ~~subject to the commissioner's approval,~~  
 32 funding among the groups to be served as provided in Minnesota  
 33 Statutes, section 256H.03, subdivision 2b. The county's  
 34 procedure for prioritizing basic sliding fee program funds  
 35 between all eligible groups shall be contained in its annual  
 36 allocation plan required under part ~~9565.5160~~ 9565.5120.

1       Subp. 9. ~~County documentation required if group~~  
2 ~~disproportionately funded.---If more than 60 percent of the total~~  
3 ~~funds available under the basic sliding fee program are provided~~  
4 ~~to any group eligible for a child care subsidy under subpart 6,~~  
5 ~~the county shall document the reason the group received a~~  
6 ~~disproportionate share of the basic sliding fee funds.---The~~  
7 ~~county shall provide a copy of the documentation to the~~  
8 ~~commissioner for approval.---If a county's disproportionate~~  
9 ~~funding is consistent with its annual allocation plan, no~~  
10 ~~additional documentation is required.~~

11       Subp. ~~10.~~ Application for child care assistance. A family  
12 that seeks a child care subsidy under the basic sliding fee  
13 program must apply for the child care subsidy in the family's  
14 county of residence.

15 9565.5040 JOB SEARCH, EMPLOYMENT, AND EDUCATION OR TRAINING  
16 ELIGIBILITY UNDER BASIC SLIDING FEE PROGRAM.

17       Subpart 1. Child care subsidy during job search. To the  
18 extent of available allocations, counties shall provide persons  
19 eligible under part 9565.5030 who are seeking employment, the  
20 equivalent of one month of full-time child care during job  
21 search. At the option of the applicant and with prior county  
22 approval, child care may be used at a rate that is less than  
23 full-time for a period of up to four consecutive months provided  
24 the total child care subsidy does not exceed the equivalent of  
25 one month full-time child care. For the purpose of this  
26 subpart, job search includes locating, contacting, and  
27 interviewing with potential employers and preparing for job  
28 interviews.

29       Subp. 2. Child care subsidy during employment. To the  
30 extent of available allocations, counties shall provide child  
31 care subsidies to employed persons who are eligible under part  
32 9565.5030, who work ten hours or more per week, and who receive  
33 at least the state minimum wage for all hours worked.

34       Subp. 3. Child care subsidy during education or training  
35 programs. To the extent of available allocations, counties

1 shall provide child care subsidies to students eligible under  
2 part 9565.5030 and enrolled in part-time or full-time education  
3 or training programs.

4 A. Employed full-time or part-time students are  
5 eligible for child care for the hours of employment and  
6 education or training.

7 (1) An acceptable course of study for an AFDC  
8 caretaker is a training or education program described in the  
9 AFDC recipient's employability plan.

10 (2) An acceptable course of study for a non-AFDC  
11 student is an education or training program that will reasonably  
12 lead to full-time employment opportunities as determined by the  
13 county.

14 B. Subject to the limitation in part 9565.5025,  
15 subpart 9, counties shall pay child care subsidies to persons  
16 eligible under this subpart for the length of the education or  
17 training program if the student is making satisfactory progress  
18 in the educational or training program. Satisfactory progress  
19 in the education or training program ~~shall be determined by the~~  
20 ~~county-based-on-written-county-policies-approved-by-the~~  
21 ~~commissioner~~ means a student remains in good standing in the  
22 education or training program and meets the pertinent  
23 requirements of the recipient's employability plan. If the  
24 county determines that a student is not making satisfactory  
25 progress towards completion of an education program, it shall  
26 notify the student and shall discontinue the child care subsidy  
27 according to part ~~9565.5150~~ 9565.5110, subpart 9 10.

28 C. Upon approval of an application for assistance  
29 under this subpart, a county must set aside funds from its  
30 current allocation to cover child care subsidies for the current  
31 program year. Counties may cover the funding for a child care  
32 subsidy for persons eligible under this subpart from funding  
33 sources other than the child care fund.

34 Subp. 4. Changes in education or training programs;  
35 approvals required. A change in an education or training  
36 program ~~that requires an additional period of child care~~

1 ~~assistance from the student's original program must be~~ is  
 2 permitted if approved by the county based on written policies  
 3 established by the county and approved by the commissioner. A  
 4 An approved change in an AFDC recipient's education or training  
 5 program must be included in the employability plan.

6 9565.5050 CONTINUED ELIGIBILITY UNDER THE BASIC SLIDING FEE  
 7 PROGRAM.

8 To the extent of available allocations, a county may not  
 9 refuse continued child care assistance to a family receiving a  
 10 subsidy under the basic sliding fee program when there is a  
 11 change in the family's financial or household status. However,  
 12 the family's annual gross income may not exceed 75 percent of  
 13 the state median income for a family of four, adjusted for  
 14 family size, and the family must meet all other eligibility  
 15 requirements under the basic sliding fee program. Except for  
 16 the education time limit under part 9565.5025, subpart 9,  
 17 counties may not set a time limit for eligibility under the  
 18 basic sliding fee program.

19 9565.5060 SET-ASIDE-PROGRAM-ALLOCATIONS.

20 ~~For fiscal year 1990 and each following fiscal year, the~~  
 21 ~~commissioner may allocate up to 52 percent of the available~~  
 22 ~~child care funds for set-aside programs described in Minnesota~~  
 23 ~~Statutes, section 256H.04, subdivision 1.~~

24 9565.5070 SET-ASIDE-FOR AFDC PRIORITY-GROUPS CHILD CARE  
 25 PROGRAM.

26 Subpart 1. County allocation. The commissioner shall  
 27 allocate to the counties ~~set-aside~~ funds for the AFDC priority  
 28 groups child care program as provided in Minnesota Statutes,  
 29 section 256H.05, subdivision 1 la. The county shall not use any  
 30 of the allocation under this subpart for administrative expenses.

31 Subp. 2. Families eligible under the AFDC priority  
 32 groups child care program. To the extent of available  
 33 allocations, families eligible for a child care subsidy under  
 34 the AFDC priority-groups child care program are AFDC-caretakers

1 ~~who meet eligibility requirements under part 9565.5025 and~~  
 2 ~~criteria under part 9565.5010, subpart 7. -- Former AFDC families~~  
 3 ~~who received a child care subsidy under the AFDC priority groups~~  
 4 ~~program, who continue to require a child care subsidy to remain~~  
 5 ~~employed, and who are on a waiting list for the basic sliding~~  
 6 ~~fee program under part 9565.5030 are eligible for a child care~~  
 7 ~~subsidy under this subpart. families receiving AFDC and former~~  
 8 AFDC recipients who during their first year of employment  
 9 continue to require a child care subsidy in order to retain  
 10 employment.

11 Subp. 3. Funding priority. Priority for child care  
 12 assistance under the AFDC child care program shall be given to  
 13 AFDC priority groups who are engaged in an employment or  
 14 education program consistent with their employability plan.

15 Subp. 4. Agreements with employment and training service  
 16 providers. The county shall develop cooperative agreements with  
 17 employment and training service providers to coordinate child  
 18 care funding with employment, training, and education programs  
 19 for all AFDC recipients under the PATHS program in Minnesota  
 20 Statutes, section 256.736. The cooperative agreement shall  
 21 specify that individuals receiving employment, training, and  
 22 education services under an employability plan shall, to the  
 23 extent of available allocations, be guaranteed set-aside money  
 24 for child care assistance from the county of their residence to  
 25 cover the recipient's employability plan.

26 Subp. 4 5. Child care subsidy during education or training  
 27 programs under AFDC ~~priority groups~~ child care program. To the  
 28 extent of available allocations, counties shall provide child  
 29 care subsidies for full-time or part-time AFDC students.

30 A. Employed students are eligible for child care for  
 31 the hours of employment and education or training. An  
 32 acceptable course of study for an AFDC caretaker is a training  
 33 or education program described in the AFDC recipient's  
 34 employability plan.

35 B. Subject to the limitation in part 9565.5025,  
 36 subpart 9, counties shall pay child care subsidies for persons



1 eligible under this subpart for the length of the education or  
 2 training program if the student is making satisfactory progress  
 3 in an educational or training program. Satisfactory progress in  
 4 an education or training program ~~shall be determined by the~~  
 5 ~~counties based on written policies approved by the commissioner~~  
 6 means a student remains in good standing in the education or  
 7 training program and meets the pertinent requirements of the  
 8 recipient's employability plan. The county of financial  
 9 responsibility shall obtain reports on the student's progress  
 10 for each grading period. If the county determines that the  
 11 student is not making satisfactory progress toward completion of  
 12 an education program, it shall notify the student and shall  
 13 discontinue the child care subsidy according to part 9565.5150  
 14 9565.5110, subpart 9 10.

15 C. Upon approval of an application for assistance  
 16 under this subpart, a county must set aside funds from its  
 17 current allocation to cover child care subsidies for the current  
 18 program year. Counties may cover the funding for a child care  
 19 subsidy for persons eligible under this subpart from funding  
 20 sources other than the child care fund.

21 Subp. 5 6. Changes in education or training programs;  
 22 approvals required. A change in an education or training  
 23 program ~~that requires an additional period of child care~~  
 24 ~~eligibility from the student's original program must be included~~  
 25 ~~in the student's employability plan and~~ is permitted if approved  
 26 by the county based on written policies established by the  
 27 county and approved by the commissioner. An approved change in  
 28 an AFDC recipient's education or training program must be  
 29 included in the employability plan.

30 ~~Subp. 6. Set aside fund use after second quarter. On or~~  
 31 ~~after January 1 of each year, if the commissioner finds that~~  
 32 ~~set aside funds for AFDC priority groups are not being fully~~  
 33 ~~used, counties may use AFDC priority group set asides for~~  
 34 ~~families eligible under the basic sliding fee program or other~~  
 35 ~~set aside programs. However, priority for use of the funds must~~  
 36 ~~be given to AFDC priority groups.~~

1 Subp. 7. Reallocation of unearned AFDC priority  
 2 groups child care program funds. The commissioner shall  
 3 ~~reallocate set-aside-funds-for~~ AFDC ~~priority-groups-according-to~~  
 4 ~~items-A-to-E~~ child care program funds as provided in Minnesota  
 5 Statutes, section 256H.05, subdivision 3a.

6 ~~A.--Following-the-fourth-quarter,--the-commissioner~~  
 7 ~~shall-review-county-expenditures-of-AFDC-priority-groups~~  
 8 ~~set-aside-funds.--The-commissioner-shall-reallocate-unearned~~  
 9 ~~AFDC-priority-groups-set-aside-allocations-to-counties-that~~  
 10 ~~earned-their-full-allocation.~~

11 ~~B.--The-amount-reallocated-to-any-county-shall-be~~  
 12 ~~based-on-earnings-in-excess-of-its-allocation.--The-amount~~  
 13 ~~reallocated-shall-not-be-greater-than-the-earnings-in-excess-of~~  
 14 ~~allocation.~~

15 ~~C.--If-the-amount-of-funds-available-for-reallocation~~  
 16 ~~is-less-than-total-county-earnings-in-excess-of-allocations,--the~~  
 17 ~~reallocated-funds-shall-be-prorated-to-each-county-based-on-the~~  
 18 ~~ratio-of-a-county's-earnings-in-excess-of-its-allocation-to-the~~  
 19 ~~total-of-all-county-earnings-in-excess-of-their-allocations.~~

20 ~~D.--If-the-amount-of-funds-available-for-reallocation~~  
 21 ~~is-greater-than-total-county-earnings-in-excess-of-allocations~~  
 22 ~~under-the-AFDC-priority-groups-program,--the-funds-remaining~~  
 23 ~~after-the-AFDC-priority-groups-program-reallocation-shall-be~~  
 24 ~~allocated-to-counties-with-excess-earnings-under-the-AFDC~~  
 25 ~~postsecondary-student-program-based-on-the-ratio-of-a-county's~~  
 26 ~~earnings-in-excess-of-its-allocation-to-all-county-earnings-in~~  
 27 ~~excess-of-allocation-under-the-AFDC-postsecondary-student~~  
 28 ~~program.~~

29 ~~E.--Funds-remaining-after-reallocations-for-excess~~  
 30 ~~earnings-under-the-AFDC-postsecondary-student-program-shall-be~~  
 31 ~~reallocated-to-counties-with-excess-earnings-under-the-basic~~  
 32 ~~sliding-fee-program.~~

33 Subp. 8. AFDC federal program reimbursement. Counties  
 34 shall claim, on forms prescribed by the commissioner, federal  
 35 reimbursement under the AFDC special needs program and other  
 36 appropriate federal programs for child care expenditures for all

1 eligible AFDC recipients who are in education, training, or  
 2 other preemployment activities allowed under the AFDC special  
 3 needs program or other federal reimbursement programs. The  
 4 commissioner shall allocate any federal earnings to the county  
 5 that claimed the federal reimbursement. The county shall use  
 6 the earnings to expand funding for child care services under the  
 7 AFDC ~~priority-groups~~ child care program.

8 ~~9565.5080-SET-ASIDE-FOR-AFDC-POSTSECONDARY-STUDENTS.~~

9 ~~Subpart 1.--County allocation.--The commissioner shall~~  
 10 ~~allocate AFDC postsecondary student set aside funds to the~~  
 11 ~~counties based on the ratio of a county's caseloads for AFDC for~~  
 12 ~~the preceding year to the total of all AFDC caseloads for the~~  
 13 ~~preceding year.--When information becomes available on the~~  
 14 ~~number of AFDC caretakers enrolled in postsecondary educational~~  
 15 ~~institutions, the commissioner shall allocate AFDC postsecondary~~  
 16 ~~student set aside funds to the counties based on the ratio of~~  
 17 ~~the number of AFDC caretakers enrolled in postsecondary~~  
 18 ~~educational institutions in each county to all AFDC caretakers~~  
 19 ~~enrolled in postsecondary educational institutions in all~~  
 20 ~~counties.--The county may not use any of the funding under this~~  
 21 ~~subpart for administrative expenses.~~

22 ~~Subp. 2.--Families eligible under the AFDC postsecondary~~  
 23 ~~student program.--To the extent of available allocations, a~~  
 24 ~~family is eligible for a child care subsidy under the AFDC~~  
 25 ~~postsecondary student program if the family meets the~~  
 26 ~~eligibility requirements under part 9565.5025 and is receiving~~  
 27 ~~AFDC with a caretaker enrolled in a postsecondary institution.~~  
 28 ~~An acceptable postsecondary educational program may not include~~  
 29 ~~post-baccalaureate programs directed towards a~~  
 30 ~~post-baccalaureate degree.~~

31 ~~Subp. 3.--Fund uses and continued assistance.--Funds~~  
 32 ~~allocated to a county under subpart 1 must be used for child~~  
 33 ~~care expenses of AFDC recipients attending postsecondary~~  
 34 ~~educational institutions and making satisfactory progress in~~  
 35 ~~completing the educational program.--Satisfactory progress in~~

1 the-education-program-shall-be-determined-by-the-county-based-on  
 2 written-county-policies-approved-by-the-commissioner.--The  
 3 county-shall-obtain-reports-on-the-student's-progress-for-each  
 4 grading-period.--If-the-county-determines-that-the-student-is  
 5 not-making-satisfactory-progress-toward-completion-of-an  
 6 education-program, it shall notify the student and shall  
 7 discontinue the child-care subsidy according to part 9565.5150,  
 8 subpart 9.

9 Subp.-4.--Child-care-subsidy-during-education-or-training  
 10 programs-under-the-AFDC-postsecondary-student-program.--To-the  
 11 extent-of-available-allocations, counties shall provide child  
 12 care-subsidies-for-AFDC-students-enrolled-in-education-or  
 13 training-programs.

14 A.--Employed-students-are-eligible-for-child-care-for  
 15 the-hours-of-employment-and-education-or-training.--An  
 16 acceptable-course-of-study-for-an-AFDC-caretaker-is-a-training  
 17 or-education-program-described-in-an-employability-plan.

18 B.--Subject-to-the-limitation-in-part-9565.5025,  
 19 subpart 9, counties shall pay child-care subsidies for persons  
 20 eligible-under-this-subpart-for-the-length-of-the-education-or  
 21 training-program-if-the-student-is-making-satisfactory-progress  
 22 in-the-educational-or-training-program.--Satisfactory-progress  
 23 in-the-education-or-training-program-shall-be-determined-by  
 24 county-based-on-written-county-policies-approved-by-the  
 25 commissioner.

26 C.--Upon-approval-of-an-application-for-assistance  
 27 under-this-subpart, a county must set aside funds from its  
 28 current-allocation-to-cover-child-care-subsidies-for-the-current  
 29 program-year.--If-a-recipient's-education-or-training-program  
 30 extends-beyond-the-current-allocation-year, the county must set  
 31 aside-allocations-to-cover-the-recipient's-eligible-period-of  
 32 education-or-training-upon-receipt-of-its-allocation-in  
 33 subsequent-years.--Counties may cover the funding for a child  
 34 care-subsidy-for-persons-eligible-under-this-subpart-from  
 35 funding-sources-other-than-the-child-care-fund.

36 Subp.-5.--Changes-in-education-or-training-programs;

1 ~~approvals required.---A change in an education or training~~  
 2 ~~program requiring an additional period of child care eligibility~~  
 3 ~~over the student's original program must be included in the~~  
 4 ~~employability plan and approved by the county based on written~~  
 5 ~~policies established by the county and approved by the~~  
 6 ~~commissioner.~~

7 ~~Subp. 6.---AFDC federal program reimbursement.---Counties~~  
 8 ~~shall claim, on forms prescribed by the commissioner, federal~~  
 9 ~~reimbursement under the AFDC special needs program and other~~  
 10 ~~appropriate federal programs for child care expenditures for all~~  
 11 ~~eligible AFDC recipients who are in education, training, or~~  
 12 ~~other preemployment activities allowed under the AFDC special~~  
 13 ~~needs program or other federal reimbursement programs.---The~~  
 14 ~~commissioner shall allocate any federal earnings to the county~~  
 15 ~~that claimed the federal reimbursement.---The county must use the~~  
 16 ~~earnings to expand funding for child care services under the~~  
 17 ~~AFDC postsecondary student program.~~

18 ~~Subp. 7.---Reallocation of unexpended or unencumbered~~  
 19 ~~funds.---The commissioner shall reallocate unexpended or~~  
 20 ~~unencumbered funds according to items A to C.~~

21 ~~A.---The commissioner may reallocate unexpended or~~  
 22 ~~unencumbered funds following the first, second, and third~~  
 23 ~~quarters as provided in Minnesota Statutes, section 256H.06,~~  
 24 ~~subdivision 3.---Following the fourth quarter, the commissioner~~  
 25 ~~shall review county expenditures under the AFDC postsecondary~~  
 26 ~~student program.---The commissioner shall reallocate unearned~~  
 27 ~~allocations to counties that earned their full allocation.~~

28 ~~B.---The amount reallocated to any county shall be~~  
 29 ~~based on earnings in excess of its allocation.---The amount~~  
 30 ~~reallocated shall not be greater than the earnings in excess of~~  
 31 ~~allocation.~~

32 ~~C.---If the amount of funds available for reallocation~~  
 33 ~~is less than the total county earnings in excess of allocations,~~  
 34 ~~the reallocated funds shall be prorated to each county based on~~  
 35 ~~the ratio of the county's earnings in excess of its allocation~~  
 36 ~~to the total of all county earnings in excess of all county's~~

1 allocations.

2 9565.5090-SET-ASIDE-FOR-PUBLIC-POSTSECONDARY-STUDENTS.

3 Subpart-1.--Postsecondary-educational-system-allocation.

4 Each-postsecondary-educational-system-shall-be-allocated-a  
5 portion-of-the-set-aside-funds-for-eligible-postsecondary  
6 students-as-provided-in-Minnesota-Statutes, section-256H.07,  
7 subdivision-1.--The-postsecondary-educational-system-may-allow  
8 pooling-of-individual-institution-allocations-within-a-host  
9 county.

10 Subp.-2.--Families-eligible-under-the-public-postsecondary  
11 student-program.--To-the-extent-of-available-allocations, a  
12 family-is-eligible-for-a-child-care-subsidy-under-the-public  
13 postsecondary-student-program-if-(1)-the-family-meets-the  
14 eligibility-requirements-under-part-9565.5025, (2)-the-family's  
15 annual-gross-income-does-not-exceed-75-percent-of-the-state  
16 median-income-for-a-family-of-four, adjusted-for-family-size,  
17 and-(3)-a-parent, legal-guardian, or-APDC-caretaker-is-attending  
18 a-public-postsecondary-educational-institution.

19 Subp.-3.--Public-postsecondary-educational-institution  
20 account.--The-commissioner-shall-transfer-to-the-host-county-the  
21 allocation-for-each-public-postsecondary-educational-institution  
22 located-in-the-county.--The-host-county-shall-hold-the-funds-in  
23 an-account-for-students-attending-the-public-postsecondary  
24 educational-institution-in-that-county-who-are-eligible-for-a  
25 child-care-subsidy.--If-there-is-more-than-one-public  
26 postsecondary-education-institution-in-the-host-county, the-host  
27 county-shall-keep-a-separate-account-for-each-institution.

28 Subp.-4.--County-administrative-expenses.--The-county-may  
29 use-up-to-four-percent-of-the-funds-transferred-to-it-under  
30 subpart-3-for-administrative-expenses.

31 Subp.-5.--Child-care-subsidy-during-education-or-training  
32 programs-under-the-postsecondary-student-program.--To-the-extent  
33 of-available-allocations, host-counties-shall-provide-from-the  
34 institution's-account-child-care-subsidies-for-part-time-or  
35 full-time-students-enrolled-in-education-or-training-programs.

1           A.--Students who are employed while enrolled in school  
2 are eligible for child care for the hours of employment and  
3 education or training.

4           (1) An acceptable course of study for an AFDC  
5 caretaker is a training or education program described in an  
6 employability plan.

7           (2) An acceptable course of study for a non-AFDC  
8 student is an education or training program that will reasonably  
9 lead to full-time employment opportunities as determined by the  
10 educational institution.

11           B.--Subject to the limitation in part 9565.5025,  
12 subpart 9, host counties shall pay child care subsidies for  
13 persons eligible under this subpart for the length of the  
14 education or training program if the student is making  
15 satisfactory progress in the educational or training program.  
16 Satisfactory progress in the education or training program shall  
17 be determined by the institution based on written policies  
18 approved by the commissioner.--If the institution determines  
19 that a student is not making satisfactory progress towards  
20 completion of an education program, it shall notify the student  
21 and the county and the county shall discontinue the child care  
22 subsidy consistent with the procedure under part 9565.5150,  
23 subpart 9.

24           C.--Upon approval of an application for assistance  
25 under this subpart, an institution must set aside funds from its  
26 current allocation to cover child care subsidies for the current  
27 program year.--If a recipient's education or training program  
28 extends beyond the current allocation year, the institution must  
29 set aside allocations to cover the recipient's eligible period  
30 of education or training upon receipt of its allocation in  
31 subsequent years.--Institutions may cover the funding for a  
32 child care subsidy for persons eligible under this subpart from  
33 funding sources other than the child care fund.

34           Subp. 6.--Changes in education or training programs;  
35 approvals required.--A change in an education or training  
36 program that requires an additional period of child care

1 eligibility-from-the-student's-original-program-must-be-approved  
2 under-this-subpart.

3 A.--For-non-AFDC-students-an-education-or-training  
4 program-change-may-be-approved-by-the-educational-institution.  
5 The-educational-institution-shall-notify-the-host-county-of-the  
6 academic-change-and-the-host-county-shall-extend-the-recipient's  
7 child-care-subsidy-for-the-necessary-period-of-time.

8 B.--An-AFDC-student's-program-change-must-be-included  
9 in-the-student's-employability-plan-and-must-be-approved-by-the  
10 county-of-residence-based-on-written-policies-established-by-the  
11 county-of-residence-and-approved-by-the-commissioner.

12 C.--Upon-county-approval-of-the-change-in-the  
13 employability-plan, the-institution-shall-notify-the-host-county  
14 to-extend-the-recipient's-child-care-subsidy-for-the-necessary  
15 period-of-time.--The-educational-institution-is-responsible-for  
16 assuring-that-allocations-are-available-to-cover-child-care  
17 costs-for-the-student's-revised-education-or-training-program.

18 Subp.-7.--Institution-processing-of-student-eligibility.  
19 Postsecondary-educational-institutions-shall-take-applications  
20 for-a-child-care-subsidy-from-students-and-determine-family  
21 eligibility-for-assistance-under-parts-9565.5025-and-9565.5030,  
22 subpart-6.--The-institution-shall-notify-the-host-county-of-the  
23 student's-eligibility.--The-postsecondary-educational  
24 institution-shall-not-approve-student-applications-for  
25 assistance-or-extend-student-eligibility-for-child-care  
26 assistance-in-excess-of-its-allocation-under-subpart-1.--The  
27 institution-shall-negotiate-an-agreement-with-the-host-county-to  
28 delegate-administration-of-the-program-to-the-host-county-or-the  
29 host-county's-designated-administering-agency.

30 Subp.-8.--Postsecondary-educational-systems-policies.  
31 Postsecondary-educational-systems-shall-establish-written  
32 policies-for:--(1)-prioritizing-which-students-will-receive-a  
33 child-care-subsidy;-(2)-the-number-of-credits-or-hours-needed  
34 before-a-student-may-qualify-for-a-subsidy;-(3)-the-hours-of  
35 child-care-to-be-funded-for-a-student;-(4)-student-dropout;-(5)  
36 satisfactory-progress-policy; and-(6)-other-policies-affecting



1 ~~academic issues.~~

2 ~~Policies for AFDC students must meet AFDC employment~~  
 3 ~~special needs requirements. The institution's policies must be~~  
 4 ~~submitted with the county allocation plan in order to act as~~  
 5 ~~documentation in the fair hearing process.~~

6 ~~Subp. 9. Institution maintenance of funding effort. The~~  
 7 ~~postsecondary educational institution shall provide a written~~  
 8 ~~statement to the commissioner that it has not reduced funds from~~  
 9 ~~federal, other state, or private sources that were specified for~~  
 10 ~~child care or used for child care in state fiscal year 1987~~  
 11 ~~that, in absence of the child care subsidy funds, would have~~  
 12 ~~been available for child care subsidies.~~

13 ~~Subp. 10. County payment responsibility. The host county~~  
 14 ~~shall process the child care subsidy application and make vendor~~  
 15 ~~payments to the family's provider of child care from the~~  
 16 ~~postsecondary institution's account on at least a monthly~~  
 17 ~~reimbursement basis. The host county shall inform the family,~~  
 18 ~~educational institution, and the provider of the payment~~  
 19 ~~procedures and the amount of the payment. The host county shall~~  
 20 ~~inform the postsecondary institution of vendor payments and the~~  
 21 ~~institution's account status at least once each quarter.~~

22 ~~Subp. 11. Reallocation of unexpended or unencumbered~~  
 23 ~~postsecondary education funds. Postsecondary educational~~  
 24 ~~systems may reallocate unexpended or unencumbered funds among~~  
 25 ~~institutions under their authority. If by May 15 of any year~~  
 26 ~~public postsecondary student set aside funds are not expended or~~  
 27 ~~encumbered by the postsecondary educational systems, the~~  
 28 ~~commissioner shall reallocate the funds to the counties based on~~  
 29 ~~the reallocation process in part 9565.5030, subpart 5.~~

30 ~~9565.5100 SET ASIDE FOR NONPROFIT POSTSECONDARY STUDENTS.~~

31 ~~Subpart 1. Nonprofit educational institution~~  
 32 ~~participation. A nonprofit postsecondary educational~~  
 33 ~~institution that wants to participate in the child care subsidy~~  
 34 ~~program must make a written request to the commissioner. The~~  
 35 ~~written request shall include documentation of the institution's~~

1 nonprofit-status.--If-the-commissioner-approves-the  
 2 institution's-participation-in-the-child-care-subsidy-program,  
 3 the-host-county-of-the-institution-shall-receive-child-care  
 4 funding-as-provided-in-subpart-2.

5 Subp.-2.--Funding-allocation-and-system-accounts.--Funds  
 6 for-a-nonprofit-educational-institution-participating-in-the  
 7 child-care-subsidy-program-are-allocated-according-to-items-A-to  
 8 E.

9 A.--Ten-percent-of-the-funds-available-for-allocation  
 10 under-part-9565.5090,-subpart-1,-shall-be-transferred-by-the  
 11 commissioner-to-the-host-counties-of-nonprofit-postsecondary  
 12 educational-institutions-participating-in-the-nonprofit  
 13 postsecondary-student-program.

14 B.--Child-care-funds-shall-be-allocated-to  
 15 participating-institutions-based-on-the-proportion-of-the  
 16 students-who-apply-for-financial-aid-and-report-dependents-in  
 17 each-nonprofit-postsecondary-institution-to-all-students-who  
 18 apply-for-financial-aid-and-report-dependents-in-all-nonprofit  
 19 postsecondary-institutions.--The-funds-shall-be-used-to  
 20 subsidize-the-child-care-costs-of-students-attending-nonprofit  
 21 postsecondary-educational-institutions.

22 C.--If-a-nonprofit-postsecondary-educational  
 23 institution's-allocation-under-item-B-is-insufficient-to-fund  
 24 the-child-care-subsidy-need-of-an-eligible-full-time-student-for  
 25 a-full-academic-year,-those-funds-shall-be-reallocated-on-a  
 26 proportional-basis-to-nonprofit-postsecondary-educational  
 27 institutions-that-qualify-for-funding.--If-there-is-more-than  
 28 one-nonprofit-postsecondary-educational-institution-in-the-host  
 29 county,-the-county-shall-maintain-a-separate-account-for-each  
 30 institution.

31 Subp.-3.--Program-requirements-under-the-nonprofit  
 32 postsecondary-student-program.--Program-requirements-under-the  
 33 nonprofit-postsecondary-student-program-are-the-same-as-the  
 34 requirements-in-part-9565.5090,-subparts-2-to-11.

35 9565.5110 9565.5070 FAMILY COPAYMENT FEE SCHEDULE.

1 Subpart 1. Non-AFDC family copayment fees. Non-AFDC  
2 families participating in the sliding fee program must pay a  
3 family copayment fee for child care services as provided in  
4 subpart 3.

5 Subp. 2. AFDC family copayment fees. AFDC families  
6 participating in the sliding fee program shall be governed by  
7 AFDC program rules regarding child care costs. Employed AFDC  
8 recipients must use their dependent care disregard before using  
9 the child care fund except as federal and state waivers allow.  
10 The child care fund shall cover the cost of child care for  
11 unemployed AFDC recipients in education, training, or  
12 preemployment activities up to the maximum amount set by the  
13 county under part ~~9565.5140~~ 9565.5100 without applying a  
14 disregard.

15 Subp. 3. Calculation of non-AFDC family copayment fee. A  
16 non-AFDC family's monthly copayment fee is a fixed percent of  
17 its annual gross income. The fixed percent is based on the  
18 relationship of the family's annual gross income to 100 percent  
19 of state median income for a family of four, adjusted for family  
20 size. The fixed percent is set forth in item C.

21 Subject to the maximum provider rate established under part  
22 ~~9565.5140~~ 9565.5100, if the family is eligible for AFDC but not  
23 receiving AFDC there is no family copayment fee. If the  
24 provider's charge for child care is greater than the maximum  
25 provider rate established by the county under part ~~9565.5140~~  
26 9565.5100, the family shall pay the difference between the  
27 maximum provider rate and the provider charge.

28 The monthly family copayment fee for families with annual  
29 incomes greater than 185 percent of the AFDC family allowance  
30 for the assistance unit under part 9500.2440 is determined as  
31 follows:

32 A. The family's annual gross income is converted into  
33 a percentage of state median income for a family of four,  
34 adjusted for family size, by dividing the family's annual gross  
35 income by 100 percent of the state median income for a family of  
36 four, adjusted for family size. The percentage must be carried

1 out to the nearest 100th of a percent.

2 B. If the family's annual gross income is greater  
3 than 185 percent of the maximum AFDC grant for a family of the  
4 same size but less than 42.01 percent of the state median income  
5 for a family of four, adjusted for family size, the family's  
6 monthly copayment fee is \$20.

7 C. If the family's annual gross income is between  
8 42.01 and 75.00 percent of the state median income (SMI) for a  
9 family of four, adjusted for family size, the monthly copayment  
10 fee is the fixed percentage established for that income range in  
11 subitems (1) to (58) multiplied by the highest possible income  
12 within that income range, divided by 12, and rounded to the  
13 nearest whole dollar.

- 14 (1) 42.01 to 43.00 percent of SMI -- 2.60%
- 15 (2) 43.01 to 44.00 percent of SMI -- 2.80%
- 16 (3) 44.01 to 45.00 percent of SMI -- 3.00%
- 17 (4) 45.01 to 46.00 percent of SMI -- 3.20%
- 18 (5) 46.01 to 47.00 percent of SMI -- 3.40%
- 19 (6) 47.01 to 48.00 percent of SMI -- 3.60%
- 20 (7) 48.01 to 49.00 percent of SMI -- 3.80%
- 21 (8) 49.01 to 50.00 percent of SMI -- 4.00%
- 22 (9) 50.01 to 50.50 percent of SMI -- 4.20%
- 23 (10) 50.51 to 51.00 percent of SMI -- 4.40%
- 24 (11) 51.01 to 51.50 percent of SMI -- 4.60%
- 25 (12) 51.51 to 52.00 percent of SMI -- 4.80%
- 26 (13) 52.01 to 52.50 percent of SMI -- 5.00%
- 27 (14) 52.51 to 53.00 percent of SMI -- 5.20%
- 28 (15) 53.01 to 53.50 percent of SMI -- 5.40%
- 29 (16) 53.51 to 54.00 percent of SMI -- 5.60%
- 30 (17) 54.01 to 54.50 percent of SMI -- 5.80%
- 31 (18) 54.51 to 55.00 percent of SMI -- 6.00%
- 32 (19) 55.01 to 55.50 percent of SMI -- 6.25%
- 33 (20) 55.51 to 56.00 percent of SMI -- 6.50%
- 34 (21) 56.01 to 56.50 percent of SMI -- 6.75%
- 35 (22) 56.51 to 57.00 percent of SMI -- 7.00%
- 36 (23) 57.01 to 57.50 percent of SMI -- 7.25%

- 1 (24) 57.51 to 58.00 percent of SMI -- 7.50%
- 2 (25) 58.01 to 58.50 percent of SMI -- 7.75%
- 3 (26) 58.51 to 59.00 percent of SMI -- 8.00%
- 4 (27) 59.01 to 59.50 percent of SMI -- 8.25%
- 5 (28) 59.51 to 60.00 percent of SMI -- 8.50%
- 6 (29) 60.01 to 60.50 percent of SMI -- 8.75%
- 7 (30) 60.51 to 61.00 percent of SMI -- 9.00%
- 8 (31) 61.01 to 61.50 percent of SMI -- 9.25%
- 9 (32) 61.51 to 62.00 percent of SMI -- 9.50%
- 10 (33) 62.01 to 62.50 percent of SMI -- 9.75%
- 11 (34) 62.51 to 63.00 percent of SMI -- 10.00%
- 12 (35) 63.01 to 63.50 percent of SMI -- 10.30%
- 13 (36) 63.51 to 64.00 percent of SMI -- 10.60%
- 14 (37) 64.01 to 64.50 percent of SMI -- 10.90%
- 15 (38) 64.51 to 65.00 percent of SMI -- 11.20%
- 16 (39) 65.01 to 65.50 percent of SMI -- 11.50%
- 17 (40) 65.51 to 66.00 percent of SMI -- 11.80%
- 18 (41) 66.01 to 66.50 percent of SMI -- 12.10%
- 19 (42) 66.51 to 67.00 percent of SMI -- 12.40%
- 20 (43) 67.01 to 67.50 percent of SMI -- 12.70%
- 21 (44) 67.51 to 68.00 percent of SMI -- 13.00%
- 22 (45) 68.01 to 68.50 percent of SMI -- 13.30%
- 23 (46) 68.51 to 69.00 percent of SMI -- 13.60%
- 24 (47) 69.01 to 69.50 percent of SMI -- 13.90%
- 25 (48) 69.51 to 70.00 percent of SMI -- 14.20%
- 26 (49) 70.01 to 70.50 percent of SMI -- 14.50%
- 27 (50) 70.51 to 71.00 percent of SMI -- 14.80%
- 28 (51) 71.01 to 71.50 percent of SMI -- 15.10%
- 29 (52) 71.51 to 72.00 percent of SMI -- 15.40%
- 30 (53) 72.01 to 72.50 percent of SMI -- 15.70%
- 31 (54) 72.51 to 73.00 percent of SMI -- 16.00%
- 32 (55) 73.01 to 73.50 percent of SMI -- 16.30%
- 33 (56) 73.51 to 74.00 percent of SMI -- 16.60%
- 34 (57) 74.01 to 74.50 percent of SMI -- 16.90%
- 35 (58) 74.51 to 75.00 percent of SMI -- 17.20%

36 D. If the provider's charge for child care is greater

1 than the maximum provider rate established by the county under  
 2 part ~~9565-5140~~ 9565.5100, families shall pay, in addition to the  
 3 family copayment fee, the difference between the maximum  
 4 provider rate and the provider charge.

5 E. If the remaining provider charge, up to the  
 6 maximum provider rate established by the county under part  
 7 ~~9565-5140~~ 9565.5100, for child care services is less than \$20  
 8 upon payment of the family copayment fee, the family shall pay  
 9 the remainder of the provider charge.

10 F. During the start-up month, the county may  
 11 determine the family copayment fee but it may not establish a  
 12 fee that is greater than 100 percent of the monthly copayment  
 13 fee for families receiving assistance on or before the 15th of  
 14 any month or greater than 50 percent of the monthly copayment  
 15 fee for families receiving assistance on or after the 16th of  
 16 any month.

17 Subp. 4. **Publication of state median income and fee**  
 18 **schedule in State Register.** The department shall publish in the  
 19 State Register the state median income for a family of four,  
 20 adjusted for family size, and a fee schedule based on the  
 21 formula in subpart 3, item C, within 120 days from the date of  
 22 its publication in the Federal Register by the Department of  
 23 Health and Human Services. Once published in the State  
 24 Register, the department shall distribute a copy of the fee  
 25 schedule and the updated estimate of state median income to each  
 26 county. The updated fee schedule shall be used by the county to  
 27 determine the family copayment fee for new applications and at a  
 28 participating family's next redetermination ~~to calculate a~~  
 29 ~~family's copayment fee~~ beginning on the first month of the first  
 30 full quarter that follows publication of the state median income  
 31 in the State Register.

32 ~~9565-5120~~ 9565.5080 PAYMENT OF CHILD CARE SUBSIDY.

33 Subpart 1. **Payment options.** ~~Under the basic sliding-fee~~  
 34 ~~program and the AFDC set-aside programs,~~ The county may make  
 35 child care subsidy payments to the child care provider or

1 directly to an eligible family to reimburse the family for child  
 2 care expenditures. If the county makes child care subsidy  
 3 payments directly to an eligible family, it shall establish  
 4 appropriate documentation procedures to ensure that funds are  
 5 used for child care. ~~Under-the-public-and-nonprofit~~  
 6 ~~postsecondary-student-programs, the county must reimburse the~~  
 7 ~~provider directly.~~

8 Subp. 2. Notification of vendor payment procedures. If  
 9 the method of payment is vendor payment, the county shall inform  
 10 both the family and child care provider of the payment amount  
 11 and how and when payment shall be received.

12 Subp. 3. County payment schedule. The county shall make  
 13 payments at least monthly.

14 Subp. 4. Sick child care. Sick child care means child  
 15 care services provided to children who as a result of illness  
 16 cannot attend the family's regular provider. If required by the  
 17 regular provider, child care payments shall go to the provider  
 18 to hold a child care space for the sick child. In addition to  
 19 making payments for regular child care, the county may pay sick  
 20 child care on a limited basis. If the county chooses to pay  
 21 sick child care, payment for sick child care shall be at a rate  
 22 comparable to like care arrangements in the county. The  
 23 county's sick child care rate shall be included in the county's  
 24 annual allocation plan required under part ~~9565.5160~~ 9565.5120.

25 Subp. 5. Payment during child absences. If required by  
 26 the regular provider, child care payments shall go to the  
 27 provider to hold a child care space for an absent child.  
 28 Payments for child absences may be made for employer or school  
 29 holidays and breaks. The total payment amount allowed to be  
 30 paid from the child care fund under this subpart and subpart 4  
 31 shall not exceed ~~five~~ ten days per ~~quarter~~ per child in a  
 32 six-month period. Provider charges for absent days in excess of  
 33 this amount are the responsibility of the family receiving the  
 34 child care subsidy.

35 ~~9565.5130~~ 9565.5090 ELIGIBLE PROVIDERS.

1 Counties must follow the procedures in items A to C in  
2 prioritizing eligible providers.

3 A. Providers eligible for payments under the child  
4 care fund are providers as defined in part 9565.5010, subpart 30  
5 29. Counties may establish the following priority to encourage  
6 the use of licensed child care providers.

7 (1) When available and reasonably accessible,  
8 licensed providers with vendor contracts with the county may be  
9 used as the first choice for providing child care.

10 (2) If a licensed provider with a vendor contract  
11 is not available or reasonably accessible, licensed child care  
12 providers that do not have vendor contracts with the county may  
13 be used as the second choice for providing child care.

14 (3) If licensed child care is unavailable or is  
15 not reasonably accessible, legal nonlicensed child care  
16 providers may be used as the third choice for providing child  
17 care.

18 B. If a county does not establish a provider  
19 prioritization policy under item A, a family may choose a  
20 provider as the term is defined in part 9565.5010, subpart 30.

21 C. A county that prioritizes child care providers  
22 must submit a copy of its child care provider policy in the  
23 county allocation plan required under part 9565.5160 for  
24 commissioner approval. Parents may choose child care providers  
25 that best meet the needs of their family subject to the  
26 limitation in Minnesota Statutes, section 256H.10, subdivision 5.

27 9565.5140 9565.5100 CHILD CARE PROVIDER RATES.

28 Subpart 1. Rate determination. Each year, the  
29 commissioner shall determine the median provider charge for  
30 infants, toddlers, preschool children, and school age children  
31 in day care centers and family day care homes in each county.  
32 When the sample size for determining provider rates is too small  
33 to provide a valid statistical sample, the commissioner may  
34 establish child care provider rates based on like care  
35 arrangements in similar areas.



1           Subp. 2. Establishment of maximum county child care  
2 subsidy. Counties shall pay the provider's charges to cover all  
3 eligible hours of child care up to the maximum of 60 hours per  
4 child per week. The county board may set a maximum rate that it  
5 will pay a child care provider according to items A to F.

6           A. The maximum rate for a legal nonlicensed caregiver  
7 may be set by the county but may not be less than the median  
8 rate in the county for family day care providers nor more than  
9 125 percent of the median rate for family day care providers.

10           B. The rate for child care for a child with a  
11 handicap may be set by the county but not be less than the 110  
12 percent or more than 125 percent of the median rate in the  
13 county for care of children with a handicap.

14           C. The maximum rate for a licensed provider may be  
15 set by the county but may not be lower than 110 percent or  
16 higher than 125 percent of the median rate determined by the  
17 department to exist for similar care arrangements in that county.

18           D. To be reimbursed for more than 110 percent of the  
19 median rate, a provider with employees must pay wages for  
20 teachers, assistants, and aides that are more than 110 percent  
21 of the county average rate for child care workers.

22           E. If the county chooses not to set a maximum rate,  
23 the maximum state participation is 125 percent of the median  
24 rate for similar care arrangements in the county. The county  
25 shall pay the difference between the provider charge and the  
26 amount of state participation.

27           F. If the county establishes a maximum rate, it must  
28 pay the provider's charge for each child in care up to the  
29 maximum rate ~~unless a lesser rate is charged by the provider for~~  
30 ~~multiple family members~~. If a provider's child care rate is  
31 less than the county's maximum rate, the county must pay the  
32 lower rate.

33           Subp. 3. Maximum state participation. The state payment  
34 is limited to the difference between the family copayment fee  
35 and the provider's charge for care up to a maximum of 125  
36 percent of the median rate determined by the department for

1 similar care arrangements in the county. When the provider of  
2 child care services charges more than the maximum rate set for  
3 similar care arrangements in the county, the state's payment is  
4 limited to the difference between the maximum rate set for  
5 similar care arrangements in the county and the family's  
6 copayment fee.

7 ~~9565.5150~~ 9565.5110 COUNTY RESPONSIBILITIES.

8 Subpart 1. County child care assistance policies and  
9 procedures. Counties shall adopt policies and procedures for  
10 providing child care subsidies to enable eligible ~~parents, legal~~  
11 ~~guardians, or AFDC-caretakers~~ applicants to seek or retain  
12 employment or to participate in education or training programs.  
13 All county policies applied to recipients of child care  
14 subsidies must be in writing and must be included in the  
15 county's annual allocation plan required under part ~~9565.5160~~  
16 9565.5120.

17 Subp. 2. Child care subsidy information. The county shall  
18 provide information on child care subsidies to child care  
19 service providers, social service agencies, and the local news  
20 media as it deems necessary to ensure the full use of its child  
21 care fund allocation.

22 Subp. 3. County contracts and designation of administering  
23 agency. Counties may contract for the administration of the  
24 child care subsidy program or may arrange for child care subsidy  
25 funds to be used by other designated programs. The county shall  
26 designate the agency authorized to administer the child care  
27 fund.

28 Subp. 4. Local match. The county shall provide a local  
29 match equal to 15 percent of the basic sliding fee program  
30 allocation during the grant year. The local match may include  
31 in-kind materials and services furnished by the county and  
32 required for the administration of the program. The local match  
33 may not include the family copayment fee.

34 Subp. 5. Funding priorities. If a county's funding  
35 allocation for child care is insufficient to address all

1 requests for a child care subsidy, the county shall prioritize  
2 funding among all the groups ~~eligible-for-assistance~~ that remain  
3 to be served after the county has complied with the priority  
4 requirements set forth in Minnesota Statutes, sections 256H.03  
5 and 256H.05. The county shall include its rationale for the  
6 prioritization in its annual allocation plan. To the extent of  
7 available allocations, no eligible family may be excluded from  
8 receiving a child care subsidy.

9 Subp. 6. Documentation required if group is  
10 disproportionately funded. If more than 75 percent of the child  
11 care funds are provided to any one of the groups described in  
12 Minnesota Statutes, sections 256H.03 and 256H.05, the county  
13 shall document to the commissioner the reason the group received  
14 a disproportionate share unless approved in the county's annual  
15 child care fund allocation plan.

16 Subp. 7. Funding waiting list and intermittent assistance.  
17 The county shall place on a waiting list eligible families that  
18 do not receive a child care subsidy due to insufficient  
19 funding. Families on the waiting list shall be moved into the  
20 child care subsidy program as funding permits based on the  
21 county funding priorities adopted under subpart 5. For no more  
22 than 90 days, the county may reserve a family's position in the  
23 child care subsidy program if the family has been receiving a  
24 child care subsidy but is temporarily ineligible for assistance  
25 due to a change in income or family status. The county's policy  
26 for reserving the position of families temporarily ineligible  
27 for child care assistance must be in writing and must be  
28 included in the annual allocation plan required in  
29 part ~~9565.5160~~ 9565.5120.

30 Subp. 7 8. Child care fund reports. The county shall  
31 complete a child care fund program fiscal report each quarter on  
32 forms approved by the commissioner. The county must submit the  
33 child care fund program report to the commissioner no later than  
34 20 calendar days following the end of a quarter.

35 Subp. 8 9. Maintenance of effort. The county shall  
36 provide the commissioner with a written statement that it has

1 not reduced funding from other federal, state, and county  
2 sources available to it in state fiscal year 1987, that would  
3 have been available for child care services in absence of the  
4 child care fund, unless the county can demonstrate that no  
5 eligible family was refused a child care subsidy because of a  
6 shortage of funds. The county shall submit the written statement  
7 with the child care fund allocation plan.

8 Subp. 9 10. Termination of a child care subsidy. A county  
9 must follow the procedures in items A to D in terminating a  
10 child care subsidy.

11 A. The county shall notify a recipient, in writing,  
12 of termination of a child care subsidy. The notice must state  
13 the reason or reasons the assistance is being terminated. The  
14 notice shall inform the recipient of the right to contest the  
15 adverse action and the procedure for doing so. The notice shall  
16 inform the recipient that if the recipient appeals the proposed  
17 action before the effective date of termination, the action  
18 shall not be taken until the appeal has had a fair hearing and  
19 that benefits paid during the appeal process will be subject to  
20 recovery if the termination is upheld. Except for cases of  
21 suspected fraud, the notice must be mailed to the recipient's  
22 last known address at least 15 calendar days before terminating  
23 assistance. In cases of suspected fraud, the termination notice  
24 must be mailed at least five working days before the effective  
25 date of the termination.

26 B. Failure of a recipient to provide required  
27 information or documentation, to report changes required under  
28 part 9565.5025, subpart 3, to pay the family copayment fee or  
29 the provider charge if the state share of the subsidy is paid  
30 directly to the family is just cause for terminating assistance.

31 C. If the child care subsidy is made by vendor  
32 payment, the county shall inform the child care provider of the  
33 notice of termination and of the continuation of assistance  
34 pending a hearing if a recipient appeals the termination of  
35 assistance.

36 D. If the recipient appeals the proposed action

1 before the effective date of termination, the action shall not  
 2 be taken until the appeal has had a fair hearing as provided  
 3 under part ~~9565-5240~~ 9565.5200, subpart 1. Child care  
 4 assistance payments made pending a fair hearing are subject to  
 5 recovery when, as a result of the hearing, the commissioner  
 6 finds that the recipient was not eligible for the child care  
 7 assistance paid in excess of the recipient's entitlement pending  
 8 the appeal. The county shall seek voluntary repayment or  
 9 initiate civil court proceedings to recover child care  
 10 assistance payments under this subpart.

11 ~~9565-5160~~ 9565.5120 CHILD CARE FUND ALLOCATION PLAN.

12 Subpart 1. Submittal of plan. By the date established by  
 13 the commissioner each year, the county shall submit to the  
 14 commissioner an annual child care fund allocation plan.

15 Subp. 2. Plan content. The allocation plan shall contain:

16 A. a narrative of the county's total program for  
 17 child care services for job search, employment, and education or  
 18 training purposes, including the amount and sources of all other  
 19 funds used to provide child care services;

20 B. information regarding the number of families that  
 21 requested a child care subsidy in the previous year, the number  
 22 of eligible families the county is able to serve in each  
 23 program, the county's procedure for prioritizing child care  
 24 subsidies, and the number of families on a waiting list for  
 25 child care subsidies;

26 C. methods the county uses to inform target groups of  
 27 the availability of a child care subsidy and copies of county  
 28 policies regarding child care services;

29 D. information on provider rates paid by provider  
 30 type;

31 ~~E. the county's policy for determining satisfactory~~  
 32 ~~progress-in-education-and-training-programs;~~

33 ~~F.~~ the county's policy for approving and extending  
 34 child care subsidies for parents whose education programs  
 35 change;

~~G. the county's policy for prioritizing eligible providers, if applicable, under part 9565.5130;~~

H F. the county's policy for providing child care assistance to families needing intermittent child care assistance under part ~~9565.5150~~ 9565.5110, subpart 6 7;

I G. a statement that the county has not reduced child care funding as required under part ~~9565.5150~~ 9565.5110, subpart 8 9; and

J H. other information, as requested by the commissioner, that describes the county's policies and procedures used to administer the child care funds.

Subp. 3. **Plan approval and amendments.** The commissioner shall inform each county of the approval of its allocation plan within 60 calendar days after the submission deadline. If the plan is not approved, the commissioner shall inform the county why the plan was not approved. No child fund allocations shall be made to a county until it has an approved allocation plan. The county may request approval to amend its child care allocation plan at any time. If approved by the commissioner, the amendment is effective on the date ~~of approval~~ requested by the county unless a different effective date is set by the commissioner. Plan amendments must be approved or disapproved by the commissioner within 60 days after receipt of the amendment request.

~~9565.5170~~ 9565.5130 DUTIES OF ADMINISTERING AGENCY.

Subpart 1. **Application forms and child care subsidy information.** The administering agency shall offer by hand or mail, a child care subsidy application form to an applicant if funds are available or the family requests an application. The administering agency shall provide the family with information supplied by the department regarding the availability of federal and state child care tax credits and federal earned income tax credits. At the time of the request, the administering agency shall inform the family of the following:

A. the eligibility requirements for participating in

1 the child care subsidy program and documentation necessary to  
2 confirm eligibility;

3 B. the existence of a child care subsidy waiting list  
4 and the number of families on the waiting list;

5 C. the procedure for applying for a child care  
6 subsidy; and

7 D. the family copayment fee schedule and how the fee  
8 is computed.

9 Subp. 2. Application procedure. An administering agency  
10 must follow the application procedures in items A to D.

11 A. If it appears that a family is eligible for a  
12 child care subsidy and funds are available or if a family  
13 requests an application, the administering agency shall mail or  
14 hand the family a child care subsidy application.

15 B. If a family requests child care assistance and  
16 funds are not available, the administering agency shall inform  
17 the family of a waiting list, screen the family for potential  
18 eligibility, and place the family on the waiting list if they  
19 appear eligible.

20 C. If child care funds become available, the  
21 administering agency shall inform the family at the head of the  
22 waiting list and ask the family to complete an application. The  
23 administering agency shall accept signed and dated applications  
24 that are submitted by mail or delivered to the agency within 15  
25 calendar days after the date of signature. The administering  
26 agency shall mail a notice of approval or denial of assistance  
27 to the applicant within 30 calendar days after receiving the  
28 application. With the consent of the applicant, the  
29 administering agency may extend the response time by 15 calendar  
30 days.

31 D. The administering agency shall document the reason  
32 or reasons for denying an application for child care assistance,  
33 shall inform the applicant of the reason for denial, and shall  
34 inform the applicant of the right to a fair hearing under part  
35 ~~9565.5240~~ 9565.5200.

36 Subp. 3. Date of eligibility for assistance. The date of

1 eligibility for child care assistance is the later of the date  
 2 the application was signed; the beginning date of employment,  
 3 education, or training; or the date a determination has been  
 4 made that the applicant is a participant in employment and  
 5 training programs under Minnesota Statutes, section 256.736.  
 6 The notice of approval of the application must state the  
 7 following:

8           A. the beginning ~~and-final~~ date of the eligibility  
 9 ~~period~~; and

10           B. that any change in income, address, family size,  
 11 and employment, education, or training status must be reported  
 12 within ten calendar days from the date the change occurs.

13 ~~9565-5180~~ 9565.5140 DETERMINATION OF INCOME ELIGIBILITY FOR  
 14 CHILD CARE ASSISTANCE.

15           Subpart 1. Proof of income eligibility. An applicant  
 16 requesting a child care subsidy must provide proof of income  
 17 eligibility. For the purpose of determining income eligibility,  
 18 annual income of the applicant family is the income of the  
 19 family for the current month multiplied by 12, the income for  
 20 the 12-month period immediately preceding the date of  
 21 application, or the income for the time period that provides the  
 22 most accurate assessment of annual income available to the  
 23 family. Income must be verified with documentary evidence. If  
 24 the applicant does not have sufficient evidence of income,  
 25 verification must be obtained from the source of income.

26           Subp. 2. Evaluation of income of AFDC families. The  
 27 administering agency shall determine the income of AFDC families  
 28 based on AFDC requirements under parts 9500.2000 to 9500.2880.

29           Subp. 3. Evaluation of income of non-AFDC families. The  
 30 administering agency shall determine income received or  
 31 available to a non-AFDC family according to subparts 4 to 13.  
 32 All income, unless specifically excluded in subpart 6, must be  
 33 counted as income.

34           Subp. 4. Determination of annual gross income. The income  
 35 standard for determining eligibility for a child care subsidy is



1 annual gross income. Annual gross income is the sum of gross  
2 earned income, self-employment income, unearned income, and lump  
3 sum payments. Gross earned income, self-employment income,  
4 unearned income, and lump sum payments must be calculated  
5 separately.

6 Subp. 5. **Gross earned income of wage and salary employees.**

7 Gross earned income means earned income from employment before  
8 mandatory and voluntary payroll deductions. Gross earned income  
9 includes, but is not limited to, salaries, wages, tips,  
10 gratuities, commissions, incentive payments from work or  
11 training programs, payments made by an employer for regularly  
12 accrued vacation or sick leave, and profits from other activity  
13 earned by an individual's effort or labor. Gross earned income  
14 includes uniform and meal allowances if federal income tax is  
15 deducted from the allowance. Gross earned income includes  
16 flexible work benefits received from an employer if the employee  
17 has the option of receiving the benefit or benefits in cash.  
18 Gross earned income received by persons employed on a  
19 contractual basis must be prorated over the period covered by  
20 the contract even when payments are received over a lesser  
21 period of time. When housing is provided as part of the total  
22 work compensation, the fair market value of such housing shall  
23 be considered as if it were paid in cash.

24 Subp. 6. **Excluded income.** The administering agency shall  
25 exclude items A to G from annual gross income:

26 A. scholarships and grants that cover costs for  
27 tuition, fees, books, and educational supplies;

28 B. student loans for tuition, fees, books, supplies,  
29 and living expenses;

30 C. in-kind noncash public assistance income such as  
31 food stamps, energy assistance, medical assistance, and housing  
32 subsidies;

33 D. income from summer or part-time employment of 16,  
34 17, and 18-year-old full-time secondary school students;

35 E. grant awards under the family subsidy program;

36 F. nonrecurring lump sum income that is earmarked and

1 used for the purpose for which it is paid; and

2 G. child or spouse support paid to a person or  
3 persons who live outside of the household.

4 Subp. 7. Earned income from self-employment. In  
5 determining annual gross income for purposes of eligibility  
6 under this part, the administering agency shall determine earned  
7 income from self-employment. Earned income from self-employment  
8 is the difference between gross receipts and authorized  
9 self-employment expenses which may not include expenses under  
10 subpart 8. Self-employment business accounts must be kept  
11 separate from the family's personal checking and savings  
12 accounts. If the person's business is a partnership or a  
13 corporation and that person is drawing a salary, the salary  
14 shall be treated as gross earned income under subpart 5.

15 Subp. 8. Self-employment deductions which are not allowed.  
16 In determining eligibility under this part, self-employment  
17 expenses must be subtracted from gross receipts. However, the  
18 expenses listed in items A to M shall not be subtracted from  
19 gross receipts:

20 A. purchases of capital assets;

21 B. payments on the principal of loans for capital  
22 assets;

23 C. depreciation;

24 D. amortization;

25 E. the wholesale costs of items purchased, processed,  
26 or manufactured that are unsold inventory with a deduction for  
27 the costs of those items allowed at the time they are sold;

28 F. transportation costs that exceed the amount  
29 allowed for use of a personal car in the United States Internal  
30 Revenue Code;

31 G. the cost of transportation between the  
32 individual's home and his or her place of employment;

33 H. salaries and other employment deductions made for  
34 members of a family for whom an employer is legally responsible,  
35 provided family income is only counted once;

36 I. monthly expenses greater than \$71 for each roomer;

1 J. monthly expenses greater than \$86 for each  
2 boarder;

3 K. monthly expenses greater than \$157 for each  
4 roomer-boarder;

5 L. annual expenses greater than \$103 or two percent  
6 of the estimated market value on a county tax assessment form,  
7 whichever is greater, as a deduction for upkeep and repair  
8 against rental income; and

9 M. expenses not allowed by the United States Internal  
10 Revenue Code for self-employment income.

11 Subp. 9. **Self-employment budget period.** Gross receipts  
12 from self-employment must be budgeted in the month in which they  
13 are received. Expenses must be budgeted against gross receipts  
14 in the month the expenses are paid except for items A to C.

15 A. The purchase cost of inventory items, including  
16 materials that are processed or manufactured, must be deducted  
17 as an expense at the time payment is received for the sale of  
18 those inventory items, processed materials, or manufactured  
19 items, regardless of when those costs are incurred or paid.

20 B. Expenses to cover employee FICA, employee tax  
21 withholding, sales tax withholding, employee worker's  
22 compensation, employee unemployment compensation, business  
23 insurance, property rental, property taxes, and other costs that  
24 are commonly paid at least annually, but less often than  
25 monthly, must be prorated forward as deductions from gross  
26 receipts over the period they are intended to cover, beginning  
27 with the month in which the payment for these items is made.

28 C. Gross receipts from self-employment may be  
29 prorated forward to equal the period of time over which the  
30 expenses were incurred. However, gross receipts must not be  
31 prorated over a period that exceeds 12 months. This provision  
32 applies only when gross receipts are not received monthly but  
33 expenses are incurred on an ongoing monthly basis.

34 Subp. 10. **Determination of farm income.** Farm income must  
35 be determined for a one-year period. Farm income is gross  
36 receipts minus operating expenses, except for expenses listed in

1 subpart 8. Gross receipts include sales, rents, subsidies, soil  
2 conservation payments, production derived from livestock, and  
3 income from the sale of home-produced foods.

4 Subp. 11. Determination of rental income. Income from  
5 rental property is considered self-employment earnings when the  
6 owner spends an average of ten or more hours per week on  
7 maintenance or management of the property. The administering  
8 agency shall deduct an amount for upkeep and repairs according  
9 to subpart 8, item L, for real estate taxes, insurance,  
10 utilities, and interest on principal payments. When a family  
11 lives on the rental property, the administering agency shall  
12 divide the expenses for upkeep, taxes, insurance, utilities, and  
13 interest by the number of units to determine the expense per  
14 unit. The administering agency shall deduct expenses from  
15 rental income only for the number of units rented, not for units  
16 occupied by family members. When an owner does not spend an  
17 average of ten or more hours per week on maintenance or  
18 management of the property, income from rental property is  
19 considered unearned income. The deductions described in this  
20 subpart are subtracted from gross rental receipts.

21 Subp. 12. Determination of unearned income. Unearned  
22 income includes, but is not limited to, interest, dividends,  
23 unemployment compensation, disability insurance payments,  
24 veteran benefits, pension payments, child support and spousal  
25 support received or anticipated to be received by a family,  
26 insurance payments or settlements, and severance payments.  
27 Expenditures necessary to secure payment of unearned income are  
28 deducted from unearned income. Payments for illness or  
29 disability, except for those payments described as earned income  
30 in subpart 5, are considered unearned income whether the premium  
31 payments are made wholly or in part by an employer or by a  
32 recipient.

33 Subp. 13. Treatment of lump sum payments. Lump sum  
34 payments received by a family must be considered earned income  
35 under subparts 7 to 11 or unearned income according to subpart  
36 12.

1 ~~9565.5190~~ 9565.5150 REDETERMINATION OF ELIGIBILITY.

2 The county ~~or-postsecondary-educational-institution~~ shall  
3 redetermine a family's eligibility for a child care subsidy and  
4 the family's copayment fee when notified by the family of a  
5 change in the information required to be reported in part  
6 9565.5025, subpart 3, or at least every six months, whichever  
7 occurs first.

8 A redetermination of eligibility shall not be treated as a  
9 new application for child care assistance. If, as a result of  
10 redetermination of eligibility, a family is found to be  
11 ineligible for further child care assistance, the county ~~or~~  
12 ~~postsecondary-educational-institution~~ shall terminate the child  
13 care assistance as provided in part ~~9565.5150~~ 9565.5110, subpart  
14 9 10.

15 ~~9565.5200~~ 9565.5160 QUARTERLY FINANCIAL AND PROGRAM ACTIVITY  
16 REPORTS.

17 Counties shall submit, on forms prescribed by the  
18 commissioner, a quarterly financial and program activity  
19 report. The report is due within 20 calendar days after the end  
20 of each quarter. The financial and program activity report must  
21 include:

22 A. a detailed accounting of the expenditures and  
23 revenues for the child care subsidy program during the preceding  
24 quarter by funding source and eligibility group;

25 B. a description of child care activities and  
26 expenditures that are federally reimbursable under the AFDC  
27 employment special needs program or other federal reimbursement  
28 programs;

29 C. a description of child care activities and  
30 expenditures of set-aside money;

31 D. information on money encumbered at the quarter's  
32 end but not yet reimbursable, for use in adjusting allocations  
33 as provided in parts 9565.5030, subpart ~~6~~-~~9565.5080~~-~~subpart-8~~  
34 5; and ~~9565.5090~~ 9565.5060, subpart ~~13~~ 7; and

35 E. other information concerning financial or program

1 activity as requested by the department.

2 ~~9565-5210~~ 9565.5170 QUARTERLY PAYMENTS.

3 The commissioner shall make payments to the counties in  
4 quarterly installments. The commissioner may certify an advance  
5 to the counties for the first quarter of the fiscal year.

6 Payments made to the counties after the first quarter shall be  
7 based on actual expenditures as reported by the counties in the  
8 quarterly financial and program activity report required under  
9 part ~~9565-5200~~ 9565.5160.

10 ~~9565-5220~~ 9565.5180 NOTICE OF NONCOMPLIANCE; FUNDING  
11 SANCTIONS.

12 If the commissioner finds that a county ~~or-postsecondary~~  
13 ~~institution~~ is not complying with parts 9565.5000 to  
14 ~~9565-5240~~ 9565.5200, the procedures in items A to F apply.

15 A. The commissioner shall notify the county ~~or-the~~  
16 ~~postsecondary-institution~~, by certified mail, of the rule part  
17 that the county ~~or-postsecondary-institution~~ has not complied  
18 with.

19 B. Within 30 days after receiving the notice, the  
20 county ~~or-postsecondary-institution~~ must demonstrate to the  
21 commissioner that it is in compliance with the rule or must  
22 develop a correction plan to address the noncompliance. If the  
23 county ~~or-postsecondary-institution~~ can demonstrate compliance,  
24 the commissioner shall not take any further action.

25 C. If the county ~~or-postsecondary-institution~~ submits  
26 a correction plan, the commissioner shall approve or disapprove  
27 the correction plan within 30 days after the date that it is  
28 received. If the commissioner approves the correction plan  
29 submitted by the county ~~or-postsecondary-institution~~, the county  
30 ~~or-postsecondary-institution~~ shall have 90 days after the date  
31 of approval to implement the correction plan.

32 D. If the county ~~or-postsecondary-institution~~ fails  
33 to demonstrate compliance or fails to implement the correction  
34 plan approved by the commissioner, the commissioner may withhold  
35 the county's ~~or-postsecondary-institution's~~ child care fund

1 allocations until the county ~~or postsecondary institution~~ is in  
2 compliance with the statute or rule.

3 E. Funds withheld from a county under this part may  
4 be reallocated to other counties based on the formula in  
5 Minnesota Statutes, section 256H.03, subdivision 2. Funds  
6 ~~withheld from a postsecondary institution may be reallocated to~~  
7 ~~other postsecondary institutions based on the formula in~~  
8 ~~Minnesota Statutes, section 256H.07, subdivision 1.~~

9 F. Counties ~~and postsecondary institutions~~ may appeal  
10 the sanction in accordance with Minnesota Statutes, chapter 14,  
11 for contested cases.

12 ~~9565.5230~~ 9565.5190 AUDIT EXCEPTIONS.

13 The commissioner shall recover from counties ~~and~~  
14 ~~postsecondary institutions~~ state or federal money spent for  
15 child care that is ineligible under parts 9565.5000 to ~~9565.5240~~  
16 9565.5200. If a federal audit exception is taken based on a  
17 percentage of federal earnings, all counties shall pay a share  
18 proportional to their respective federal earnings during the  
19 period in question.

20 ~~9565.5240~~ 9565.5200 FAIR HEARING PROCESS.

21 Subpart 1. Hearing request. An applicant or recipient of  
22 a child care subsidy adversely affected by an administering  
23 agency's action may request a fair hearing according to  
24 Minnesota Statutes, section 256.045, subdivision 3.

25 Subp. 2. Informal conference. The administering agency  
26 shall offer an informal conference to ~~persons~~ applicants or  
27 recipients adversely affected by an agency action to attempt to  
28 resolve the dispute. The administering agency shall advise  
29 adversely affected ~~persons~~ applicants and recipients that a  
30 request for a conference with the agency is optional and does  
31 not delay or replace the right to a fair hearing under subpart 1.