A bill for an act
relating to human services; modifying child care provisions; amending Minnesota Statutes 2016, sections 119B.011, subdivisions 6, 20, 20a, by adding a subdivision; 119B.02, subdivision 1; 119B.025, subdivision 1, by adding subdivisions; 119B.03, subdivisions 3, 9; 119B.05, subdivision 1; 119B.09, subdivisions 1, 4; 119B.10, subdivision 1, by adding a subdivision; 119B.11, subdivision 2a; 119B.12, subdivision 2; 119B.13, subdivisions 1, 6; 256P.05, subdivision 1; 256P.07, subdivisions 3, 6; proposing coding for new law in Minnesota Statutes, chapter 119B; repealing Minnesota Statutes 2016, section 119B.07.

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

Section 1. Minnesota Statutes 2016, section 119B.011, subdivision 6, is amended to read:

Subd. 6. Child care fund. "Child care fund" means a program under this chapter providing:

(1) financial assistance for child care to support:

(i) parents engaged in employment, job search, or education and training leading to employment, or an at-home infant child care subsidy; and

(ii) the development and school readiness of children; and

(2) grants to develop, expand, and improve the access and availability of child care services statewide.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 2. Minnesota Statutes 2016, section 119B.011, is amended by adding a subdivision to read:

Subd. 13b. **Homeless.** "Homeless" means a self-declared housing status as defined in the McKinney-Vento Homeless Assistance Act and United States Code, title 42, section 11302, paragraph (a).

**EFFECTIVE DATE.** This section is effective December 18, 2017.

Sec. 3. Minnesota Statutes 2016, section 119B.011, subdivision 20, is amended to read:

Subd. 20. **Transition year families.** "Transition year families" means families who have received MFIP assistance, or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance under section 256J.31, subdivision 12, or families who have received DWP assistance under section 256J.95 for at least one of the last six months before losing eligibility for MFIP or DWP.

Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2, transition year child care may be used to support employment, approved education or training programs, or job search that meets the requirements of section 119B.10. Transition year child care is not available to families who have been disqualified from MFIP or DWP due to fraud.

**EFFECTIVE DATE.** This section is effective October 23, 2017.

Sec. 4. Minnesota Statutes 2016, section 119B.011, subdivision 20a, is amended to read:

Subd. 20a. **Transition year extension families.** "Transition year extension families" means families who have completed their transition year of child care assistance under this subdivision and who are eligible for, but on a waiting list for, services under section 119B.03. For purposes of sections 119B.03, subdivision 3, and 119B.05, subdivision 1, clause (2), families participating in extended transition year shall not be considered transition year families. Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2, transition year extension child care may be used to support employment, approved education or training programs, or a job search that meets the requirements of section 119B.10 for the length of time necessary for families to be moved from the basic sliding fee waiting list into the basic sliding fee program.

**EFFECTIVE DATE.** This section is effective October 23, 2017.
Sec. 5. Minnesota Statutes 2016, section 119B.02, subdivision 1, is amended to read:

Subdivision 1. **Child care services.** The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. Within the limits of available appropriations, the commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The rules shall provide that funds received as a lump-sum payment of child support arrearages shall not be counted as income to a family in the month received but shall be prorated over the 12 months following receipt and added to the family income during those months. The commissioner may establish limits on how frequently expedited application processing timelines are used for an applicant who declares that the applicant is homeless. The commissioner may adopt rules to implement changes under this subdivision. The commissioner shall maximize the use of federal money under title I and title IV of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and other programs that provide federal or state reimbursement for child care services for low-income families who are in education, training, job search, or other activities allowed under those programs. Money appropriated under this section must be coordinated with the programs that provide federal reimbursement for child care services to accomplish this purpose. Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under programs that provide federal reimbursement for child care services. The counties shall use the federal money to expand child care services. The commissioner may adopt rules under chapter 14 to implement and coordinate federal program requirements.

**EFFECTIVE DATE.** This section is effective December 18, 2017.

Sec. 6. Minnesota Statutes 2016, section 119B.025, subdivision 1, is amended to read:

Subdivision 1. **Factors which must be verified Applications.** (a) The county shall verify the following at all initial child care applications using the universal application:

(1) identity of adults;

(2) presence of the minor child in the home, if questionable;

(3) relationship of minor child to the parent, stepparent, legal guardian, eligible relative caretaker, or the spouses of any of the foregoing;

(4) age;

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(5) immigration status, if related to eligibility;

(6) Social Security number, if given;

(7) counted income;

(8) spousal support and child support payments made to persons outside the household;

(9) residence; and

(10) inconsistent information, if related to eligibility.

(b) If a family did not use the universal application or child care addendum to apply for child care assistance, the family must complete the universal application or child care addendum at its next eligibility redetermination and the county must verify the factors listed in paragraph (a) as part of that redetermination. Once a family has completed a universal application or child care addendum, the county shall use the redetermination form described in paragraph (c) for that family's subsequent redeterminations. Eligibility must be redetermined at least every six months. A family is considered to have met the eligibility redetermination requirement if a complete redetermination form and all required verifications are received within 30 days after the date the form was due. When the 30th day after the date the form was due falls on a Saturday, Sunday, or legal holiday, the 30-day time period is extended to include the next succeeding day that is not a Saturday, Sunday, or legal holiday. Assistance shall be payable retroactively from the redetermination due date. For a family where at least one parent is under the age of 21, does not have a high school or general equivalency diploma, and is a student in a school district or another similar program that provides or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, the redetermination of eligibility shall be deferred beyond six months, but not to exceed 12 months, to the end of the student's school year. If a family reports a change in an eligibility factor before the family's next regularly scheduled redetermination, the county must recalculate eligibility without requiring verification of any eligibility factor that did not change. Changes must be reported as required by section 256P.07. A change in income occurs on the day the participant received the first payment reflecting the change in income. The county must mail a notice of approval or denial of assistance to the applicant within 30 calendar days after receiving the application. The county may extend the response time by 15 calendar days if the applicant is informed of the extension.

(c) The commissioner shall develop a redetermination form to redetermine eligibility and a change report form to report changes that minimize paperwork for the county and the participant. The county must send a notice of approval or denial of assistance to an applicant...
who declares that the applicant is homeless and who meets the definition of homeless under
section 119B.011, subdivision 13b, within five working days after receiving the application.

The county is not required to verify the factors under paragraph (a) before issuing the notice
of approval or denial. An applicant must submit proof of eligibility within three months of
the date the application was received by the county. If the applicant does not submit the
proof of eligibility within three months, the applicant's eligibility ends. The county must
send a 15-day adverse action notice to end an applicant's eligibility.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective the day following final
enactment. Paragraph (c) is effective December 18, 2017.

Sec. 7. Minnesota Statutes 2016, section 119B.025, is amended by adding a subdivision
to read:

Subd. 3. Redeterminations. (a) Notwithstanding Minnesota Rules, part 3400.0180, item
A, the county shall conduct a redetermination according to paragraphs (b) and (c).

(b) The county shall use the redetermination form developed by the commissioner. The county must verify the factors listed in subdivision 1, paragraph (a), as part of the redetermination.

(c) An applicant's eligibility must be redetermined no more frequently than every 12 months. The following criteria apply:

(1) a family meets the eligibility redetermination requirements if a complete redetermination form and all required verifications are received within 30 days after the date the form was due;

(2) if the 30th day after the date the form was due falls on a Saturday, Sunday, or holiday, the 30-day time period is extended to include the next day that is not a Saturday, Sunday, or holiday. Assistance shall be payable retroactively from the redetermination due date;

(3) for a family where at least one parent is under 21 years of age, does not have a high school degree or general equivalency diploma, and is a student in a school district or another similar program that provides or arranges for child care; parenting, social services, career and employment supports; and academic support to achieve high school graduation, the redetermination of eligibility may be deferred beyond 12 months, to the end of the student's school year; and

(4) a family and the family's providers must be notified that the family's redetermination is due at least 45 days before the end of the family's 12-month eligibility period.
EFFECTIVE DATE. This section is effective October 23, 2017.

Sec. 8. Minnesota Statutes 2016, section 119B.025, is amended by adding a subdivision to read:

Subd. 4. Changes in eligibility. (a) The county shall process a change in eligibility factors according to paragraphs (b) to (g).

(b) A family is subject to the reporting requirements in section 256P.07.

(c) If a family reports a change or a change is known to the agency before the family's regularly scheduled redetermination, the county must act on the change. The commissioner shall establish standards for verifying changes.

(d) A change in income occurs on the day the participant received the first payment reflecting the change in income.

(e) During a family's 12-month eligibility period, if the family's income increases and remains at or below 85 percent of the state median income, adjusted for family size, there is no change to the family's eligibility. The county shall not request verification of the change. The co-payment fee shall not increase during the remaining portion of the family's 12-month eligibility period.

(f) During a family's 12-month eligibility period, if the family's income increases and exceeds 85 percent of the state median income, adjusted for family size, the family is not eligible for child care assistance. The family must be given 15 calendar days to provide verification of the change. If the required verification is not returned or confirms ineligibility, the family's eligibility ends following a subsequent 15-day adverse action notice.

(g) Notwithstanding Minnesota Rules, parts 3400.0040, subpart 3, and 3400.0170, subpart 1, if an applicant or participant reports that employment ended, the agency may accept a signed statement from the applicant or participant as verification that employment ended.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective the day following final enactment. Paragraphs (c) to (g) are effective October 23, 2017.

Sec. 9. Minnesota Statutes 2016, section 119B.03, subdivision 3, is amended to read:

Subd. 3. Eligible participants. Families that meet the eligibility requirements under sections 119B.07, 119B.09, and 119B.10, except MFIP participants, diversionary work program, and transition year families are eligible for child care assistance under the basic
sliding fee program. Families enrolled in the basic sliding fee program shall be continued
until they are no longer eligible. Child care assistance provided through the child care fund
is considered assistance to the parent.

**EFFECTIVE DATE.** This section is effective December 18, 2017.

Sec. 10. Minnesota Statutes 2016, section 119B.03, subdivision 9, is amended to read:

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

(b) To be eligible for portable basic sliding fee assistance, a family that has moved from
a county in which it was receiving basic sliding fee assistance to a county with a waiting
list for the basic sliding fee program must:

1. meet the income and eligibility guidelines for the basic sliding fee program; and
2. notify the new county of residence within 60 days of moving and submit information
to the new county of residence to verify eligibility for the basic sliding fee program.

(c) The receiving county must:

1. accept administrative responsibility for applicants for portable basic sliding fee
assistance at the end of the two months of assistance under the Unitary Residency Act;
2. continue portability pool basic sliding fee assistance for the lesser of six months or
until the family is able to receive assistance under the county’s regular basic sliding program;
and
3. notify the commissioner through the quarterly reporting process of any family that
meets the criteria of the portable basic sliding fee assistance pool.

**EFFECTIVE DATE.** This section is effective October 23, 2017.

Sec. 11. Minnesota Statutes 2016, section 119B.05, subdivision 1, is amended to read:

Subdivision 1. **Eligible participants.** Families eligible for child care assistance under
the MFIP child care program are:
8.1 (1) MFIP participants who are employed or in job search and meet the requirements of section 119B.10;

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

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

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

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

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

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

8.8 (8) families who are participating in the transition year extension under section 119B.011, subdivision 20a; and

8.9 (9) student parents as defined under section 119B.011, subdivision 19b; and

8.10 (10) student parents who turn 21 years of age and who continue to meet the other requirements under section 119B.011, subdivision 19b. A student parent continues to be eligible until the student parent is approved for basic sliding fee child care assistance or until the student parent's redetermination, whichever comes first. At the student parent's redetermination, if the student parent was not approved for basic sliding fee child care assistance, a student parent's eligibility ends following a 15-day adverse action notice.

8.11 EFFECTIVE DATE. This section is effective October 23, 2017.

Sec. 12. Minnesota Statutes 2016, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. General eligibility requirements for all applicants for child care assistance. (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

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(1) have household income less than or equal to 67 percent of the state median income, adjusted for family size, at application and redetermination, and meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J; or

(2) have household income less than or equal to 47 percent of the state median income, adjusted for family size, at program entry application and less than or equal to 67 percent of the state median income, adjusted for family size, at program exit redetermination.

(b) Child care services must be made available as in-kind services.

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

(d) All applicants for child care assistance and families currently receiving child care assistance must pay the co-payment fee under section 119B.12, subdivision 2, as a condition of eligibility. The co-payment fee may include additional recoupment fees due to a child care assistance program overpayment.

(e) At application and redetermination, a family must self-certify that the value of the family's assets is less than or equal to $1,000,000 as a condition of eligibility. The commissioner shall establish procedures to determine the value of countable assets when a family self-certifies that the value of the family's assets is greater than $1,000,000. The value of countable assets must be less than or equal to $1,000,000 as a condition of eligibility at application and redetermination.

(f) If a family has one child with a child care authorization and the child turns 13 years of age or the child has a disability and turns 15 years of age, the family remains eligible until the redetermination.

EFFECTIVE DATE. Paragraphs (a) and (c) are effective October 23, 2017. Paragraph (d) is effective the day following final enactment. Paragraph (e) is effective February 26, 2018. Paragraph (f) is effective December 18, 2017.

Sec. 13. Minnesota Statutes 2016, section 119B.09, subdivision 4, is amended to read:

Subd. 4. Eligibility; annual income; calculation. (a) Annual income of the applicant family is the current monthly income of the family multiplied by 12 or the income for the
12-month period immediately preceding the date of application, or income calculated by
the method which provides the most accurate assessment of income available to the family.

(b) Self-employment income must be calculated based on gross receipts less operating
expenses. Income must be recalculated when the family's income changes, but no less often
than every six months. For a family where at least one parent is under the age of 21, does
not have a high school or general equivalency diploma, and is a student in a school district
or another similar program that provides or arranges for child care, as well as parenting,
social services, career and employment supports, and academic support to achieve high
school graduation, income must be recalculated when the family's income changes, but
otherwise shall be deferred beyond six months, but not to exceed 12 months, to the end of
the student's school year section 256P.05.

(c) Income changes are processed under section 119B.025, subdivision 4. Included
lump sums counted as income under section 256P.06, subdivision 3, must be annualized
over 12 months. Income must be verified with documentary evidence. If the applicant does
not have sufficient evidence of income, verification must be obtained from the source of
the income.

EFFECTIVE DATE. Paragraphs (a) is effective the day following final enactment.
Paragraph (b) is effective July 30, 2018. Paragraph (c) is effective October 23, 2017.

Sec. 14. [119B.095] CHILD CARE AUTHORIZATIONS.

Subdivision 1. General authorization requirements. (a) When authorizing the amount
of child care, the county agency must consider the amount of time the parent reports on the
application or redetermination form that the child attends preschool, a Head Start program,
or school while the parent is participating in an authorized activity.

(b) Care must be authorized and scheduled with a provider based on the applicant's or
participant's verified activity schedule when:

(1) the family requests care from more than one provider per child;

(2) the family requests care from a legal nonlicensed provider; or

(3) an applicant or participant is employed by any business that is licensed by the
Department of Human Services or Medicaid-enrolled as verified through the department's
Web site.
(c) If the conditions in paragraph (b) do not apply, the county does not need to verify
the applicant's or participant's activity schedule and the amount of child care assistance
authorized may be used at times determined by the family.

(d) If the family remains eligible at redetermination, a new authorization with fewer
hours, the same hours, or increased hours may be determined.

Subd. 2. Maintain steady child care authorizations. (a) Notwithstanding Minnesota
Rules, chapter 3400, the amount of child care authorized under section 119B.10 for
employment, education, or an MFIP or DWP employment plan shall continue at the same
number of hours or more hours until redetermination, including:

(1) when the other parent moves in and is employed or has an education plan under
section 119B.10, subdivision 3, or has an MFIP or DWP employment plan; or

(2) when a participant's work hours are reduced or a participant temporarily stops working
or attending an approved education program. Temporary changes include, but are not limited
to, a medical leave, seasonal employment fluctuations, or a school break between semesters.

(b) The county may increase the amount of child care authorized at any time if the
participant verifies the need for increased hours for authorized activities.

(c) The county may reduce the amount of child care authorized if a parent requests a
reduction or because of a change in:

(1) the child's school schedule;

(2) the custody schedule; or

(3) the provider's availability.

(d) When a child reaches 13 years of age or a child with a disability reaches 15 years of
age, the amount of child care authorized shall continue at the same number of hours or more
hours until redetermination.

(e) The amount of child care authorized for a family subject to subdivision 1, paragraph
(b), must change when the participant's activity schedule changes. Paragraph (a) does not
apply to a family subject to subdivision 1, paragraph (b).

Subd. 3. Assistance for persons who are homeless. An applicant who is homeless and
is eligible for child care assistance under this chapter is eligible for 60 hours of child care
assistance per service period for three months from the date the county receives the
application. Additional hours may be authorized as needed based on the applicant's
participation in an employment, education, or MFIP or DWP employment plan. To continue
receiving child care assistance after the initial three months, the applicant must verify that
the applicant meets eligibility and activity requirements for child care assistance under this
chapter.

EFFECTIVE DATE. This section is effective December 18, 2017.

Sec. 15. Minnesota Statutes 2016, section 119B.10, subdivision 1, is amended to read:

Subdivision 1. Assistance for persons seeking and retaining employment. (a) Persons
who are seeking employment An applicant who is job searching and who is eligible for
child care assistance under this chapter is eligible for 60 hours of child care assistance per
service period for three months from the date of eligibility. Job searching at initial application
is allowed one time per 12-month period. The applicant must meet employment requirements
under paragraph (c) or education requirements under subdivision 3, or have an MFIP or
DWP employment plan, to continue receiving child care assistance after the initial three
months.

(b) A participant who meets the employment requirements of paragraph (c) or who is
attending an approved education or training program under subdivision 3 and who are
eligible for is receiving child care assistance under this section are chapter is eligible to
receive up to 240 an additional ten hours of child care assistance per calendar-year service
period for job search.

(b) (c) At application and redetermination, employed persons who work at least an
average of 20 hours and full-time students who work at least an average of ten hours a week
and receive at least a minimum wage for all hours worked are eligible for continued child
care assistance for employment. For purposes of this section, work-study programs must
be counted as employment. An employed person with an MFIP or DWP employment plan
shall receive child care assistance as specified in the person's employment plan. Child care
assistance during employment must be authorized as provided in paragraphs (e) and (d) and
(e).

(e) (d) When the person works for an hourly wage and the hourly wage is equal to or
greater than the applicable minimum wage, child care assistance shall be provided for the
actual hours of employment, break, and mealtime during the employment and travel time
up to two hours per day.

(d) (e) When the person does not work for an hourly wage, child care assistance must
be provided for the lesser of:
(1) the amount of child care determined by dividing gross earned income or, for a self-employed person, the self-employment income determined under section 256P.05, subdivision 2, by the applicable minimum wage, up to one hour every eight hours for meals and break time, plus up to two hours per day for travel time; or 

(2) the amount of child care equal to the actual amount of child care used during employment, including break and mealtime during employment, and travel time up to two hours per day.

**EFFECTIVE DATE.** Paragraphs (a) to (d) are effective December 18, 2017. Paragraph (e) is effective July 30, 2018.

Sec. 16. Minnesota Statutes 2016, section 119B.10, is amended by adding a subdivision to read:

Subd. 3. **Assistance for persons attending an approved education or training program.** (a) Money for an eligible person according to sections 119B.03, subdivision 3, and 119B.05, subdivision 1, shall be used to reduce child care costs for a student. The county shall not limit the duration of child care subsidies for a person in an employment or educational program unless the person is ineligible for child care funds. Any other limitation must be based on county policies included in the approved child care fund plan.

(b) To be eligible, the student must be in good standing and making satisfactory progress toward the degree. The maximum length of time a student is eligible for child care assistance under the child care fund for education and training is no more than the time necessary to complete the credit requirements for an associate or baccalaureate degree as determined by the educational institution. Time limitations for child care assistance do not apply to basic or remedial educational programs needed for postsecondary education or employment. Basic or remedial educational programs include high school, general equivalency diploma, and English as second language programs. A program exempt from this time limit must not run concurrently with a postsecondary program.

(c) If a student meets the conditions of paragraphs (a) and (b), child care assistance must be authorized for all hours of class time and credit hours, including independent study and internships, and up to two hours of travel time per day. A postsecondary student shall receive four hours of child care assistance per credit hour for study time and academic appointments per service period.

(d) For an MFIP and DWP participant, child care assistance must be authorized according to the person's approved employment plan. If an MFIP or DWP participant receiving MFIP
or DWP child care assistance under this chapter moves to another county, continues to participate in an authorized educational or training program, and remains eligible for MFIP or DWP child care assistance, the participant must receive continued child care assistance from the county responsible for the person's current employment plan under section 256G.07.

(c) If a person with an approved education program under section 119B.03, subdivision 3, or 119B.05, subdivision 1, begins receiving MFIP or DWP assistance, the person continues to receive child care assistance for the approved education program until the person's education is included in an approved MFIP or DWP employment plan or until redetermination, whichever occurs first.

(f) If a person's MFIP or DWP assistance ends and the approved MFIP or DWP employment plan included education, the person continues to be eligible for child care assistance for education under transition year child care assistance until the person's education is included in an approved education plan or until redetermination.

EFFECTIVE DATE. This section is effective December 18, 2017.

Sec. 17. [119B.105] EXTENDED ELIGIBILITY AND AUTHORIZATION.

Subdivision 1. Three-month extended eligibility period. (a) A family in a situation under paragraph (b) continues to be eligible for up to three months or until the family's eligibility suspended. During extended eligibility, the amount of child care authorized shall continue at the same number or more hours. The family must continue to meet all other eligibility requirements under this chapter.

(b) The family’s three-month extended eligibility period applies when:

(1) a participant's employment or education program ends permanently;

(2) the other parent moves in and does not participate in an authorized activity;

(3) a participant's MFIP assistance ends and the participant is not participating in an authorized activity or the participant's participation in an authorized activity is unknown;

(4) a student parent under section 119B.011, subdivision 19b, stops attending school; or

(5) a participant receiving basic sliding fee child care assistance or transition year child care assistance applied for MFIP assistance and is not participating in an authorized activity or the participant's participation in an authorized activity is unknown.
Subd. 2. **Extended eligibility and redetermination.** (a) If the family received three months of extended eligibility and redetermination is not due, to continue receiving child care assistance the participant must be employed or have an education plan which meets the requirements of section 119B.10, subdivision 3, or have an MFIP or DWP employment plan. If child care assistance continues, the amount of child care authorized shall continue at the same number or more hours until redetermination, unless a condition in section 119B.095, subdivision 1, paragraph (b), applies. A family subject to section 119B.095, subdivision 1, paragraph (b), shall have child care authorized based on a verified activity schedule.

(b) If the family’s redetermination occurs before the end of the three-month extended eligibility period to continue receiving child care assistance, the participant must verify that the participant meets eligibility and activity requirements for child care assistance under this chapter. If child care assistance continues, the amount of child care authorized is based on section 119B.10. A family subject to section 119B.095, subdivision 1, paragraph (b), shall have child care authorized based on a verified activity schedule.

**EFFECTIVE DATE.** This section is effective December 18, 2017.

Sec. 18. Minnesota Statutes 2016, section 119B.11, subdivision 2a, is amended to read:

Subd. 2a. **Recovery of overpayments.** (a) An amount of child care assistance paid to a recipient in excess of the payment due is recoverable by the county agency under paragraphs (b) and (c), even when the overpayment was caused by agency error or circumstances outside the responsibility and control of the family or provider.

(b) (1) An overpayment must be recouped or recovered from the family if the overpayment that benefited the family by causing the family to pay less for child care expenses than the family otherwise would have been required to pay under child care assistance program requirements, this chapter must be established and recovered according to clauses (1) to (5), with the following exceptions:

(i) an overpayment estimated to be less than $500 must not be established or collected;

(ii) the portion of an overpayment that occurred more than one year before the date of overpayment determination must not be established or collected; or

(iii) an overpayment designated solely as agency error must not be established or collected.

(2) If the family remains eligible for child care assistance and an overpayment is established, the overpayment must be recovered through recoupment as identified in Sec. 18.
Minnesota Rules, part 3400.0187, except that the overpayments must be calculated and
collected on a service period basis. If the family no longer remains eligible for child care
assistance, the county may choose to initiate efforts to recover overpayments from the family
for overpayment less than $50. If the overpayment is greater than or equal to $50,

(3) If the family is no longer eligible for child care assistance and an overpayment is
established, the county shall seek voluntary repayment of the overpayment from the family.

(4) If the county is unable to recoup the overpayment through voluntary repayment, the
county shall initiate civil court proceedings to recover the overpayment unless the county's
costs to recover the overpayment will exceed the amount of the overpayment.

(5) A family with an outstanding debt under this subdivision is not eligible for child care
assistance until:

(i) the debt is paid in full; or

(ii) satisfactory arrangements are made with the county to retire the debt consistent
with the requirements of this chapter and Minnesota Rules, chapter 3400, and the family is
in compliance with the arrangements.

(c) The county must recover an overpayment from a provider if the overpayment did
not benefit the family by causing it to receive more child care assistance or to pay less for
child care expenses than the family otherwise would have been eligible to receive or required
to pay under child care assistance program requirements, and benefited the provider by
causing the provider to receive more child care assistance than otherwise would have been
paid on the family's behalf under child care assistance program requirements. If the provider
continues to care for children receiving child care assistance, the overpayment must be
recovered through reductions in child care assistance payments for services as described in
an agreement with the county. The provider may not charge families using that provider
more to cover the cost of recouping the overpayment. If the provider no longer cares for
children receiving child care assistance, the county may choose to initiate efforts to recover
overpayments of less than $50 from the provider. If the overpayment is greater than or equal
to $50, the county shall seek voluntary repayment of the overpayment from the provider.
If the county is unable to recoup the overpayment through voluntary repayment, the county
shall initiate civil court proceedings to recover the overpayment unless the county's costs
to recover the overpayment will exceed the amount of the overpayment. A provider with
an outstanding debt under this subdivision is not eligible to care for children receiving child
care assistance until:

(1) the debt is paid in full; or

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(2) satisfactory arrangements are made with the county to retire the debt consistent with
the requirements of this chapter and Minnesota Rules, chapter 3400, and the provider is in
compliance with the arrangements.

(d) When both the family and the provider acted together to intentionally cause the
overpayment, both the family and the provider are jointly liable for the overpayment
regardless of who benefited from the overpayment. The county must recover the overpayment
as provided in paragraphs (b) and (c). When the family or the provider is in compliance
with a repayment agreement, the party in compliance is eligible to receive child care
assistance or to care for children receiving child care assistance despite the other party's
noncompliance with repayment arrangements.

(e) A provider overpayment designated as an agency error because of the application of
an incorrect maximum rate must not be established or collected. Any other provider
overpayment designated as agency error must be established and collected.

(f) Notwithstanding any provision to the contrary in this subdivision, an overpayment
must be established and collected if the overpayment was caused in any part by wrongfully
obtaining assistance under section 256.98 or by benefits paid while an action is pending
appeal under section 119B.16, if on appeal the commissioner finds that the appellant was
ineligible for the amount of child care assistance paid.

EFFECTIVE DATE. This section is effective October 23, 2017.

Sec. 19. Minnesota Statutes 2016, section 119B.12, subdivision 2, is amended to read:

Subd. 2. Parent fee. A family must be assessed a parent fee for each service period. A
family's parent fee must be a fixed percentage of its annual gross income. Parent fees must
apply to families eligible for child care assistance under sections 119B.03 and 119B.05.
Income must be as defined in section 119B.011, subdivision 15. The fixed percent percentage
is based on the relationship of the family's annual gross income to 100 percent of the annual
state median income. Parent fees must begin at 75 percent of the poverty level. The minimum
parent fees for families between 75 percent and 100 percent of poverty level must be $2 per
biweekly period. Parent fees must provide for graduated movement to full payment. At
initial application, the parent fee is established for the family's 12-month eligibility period.
At redetermination, if the family remains eligible, the parent fee is recalculated and is
established for the next 12-month eligibility period. A parent fee shall not increase during
the 12-month eligibility period. Payment of part or all of a family's parent fee directly to
the family's child care provider on behalf of the family by a source other than the family
shall not affect the family's eligibility for child care assistance, and the amount paid shall
be excluded from the family's income. Child care providers who accept third-party payments
must maintain family specific documentation of payment source, amount, and time period
covered by the payment.

**EFFECTIVE DATE.** This section is effective October 23, 2017.

Sec. 20. Minnesota Statutes 2016, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) Beginning February 3, 2014 February 26, 2018,
the maximum rate paid for child care assistance in any county or county price cluster under
the child care fund shall be the greater of the 25th percentile of the 2014 2016 child care
provider rate survey or the maximum rate effective November 28, 2011 February 3, 2014.
The commissioner may: (1) assign a county with no reported provider prices to a similar
price cluster; and (2) consider county level access when determining final price clusters.

(b) A rate which includes a special needs rate paid under subdivision 3 may be in excess
of the maximum rate allowed under this subdivision.

(c) The department shall monitor the effect of this paragraph on provider rates. The
county shall pay the provider's full charges for every child in care up to the maximum
established. The commissioner shall determine the maximum rate for each type of care on
an hourly, full-day, and weekly basis, including special needs and disability care. The
maximum payment to a provider for one day of care must not exceed the daily rate. The
maximum payment to a provider for one week of care must not exceed the weekly rate.

(d) Child care providers receiving reimbursement under this chapter must not be paid
activity fees or an additional amount above the maximum rates for care provided during
nonstandard hours for families receiving assistance.

(e) When the provider charge is greater than the maximum provider rate allowed, the
parent is responsible for payment of the difference in the rates in addition to any family
co-payment fee.

(f) All maximum provider rates changes shall be implemented on the Monday following
the effective date of the maximum provider rate.

(g) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration
fees in effect on January 1, 2013, shall remain in effect.

**EFFECTIVE DATE.** Paragraph (a) is effective February 26, 2018.
Sec. 21. Minnesota Statutes 2016, section 119B.13, subdivision 6, is amended to read:

Subd. 6. Provider payments. (a) A provider must bill only for services documented according to section 119B.125, subdivision 6. The provider shall bill for services provided within ten days of the end of the service period. If bills are submitted within ten days of the end of the service period, payments under the child care fund shall be made within 30 days of receiving a complete bill from the provider. Counties or the state may establish policies that make payments on a more frequent basis.

(b) If a provider has received an authorization of care and been issued a billing form for an eligible family, the bill must be submitted within 60 days of the last date of service on the bill. A bill submitted more than 60 days after the last date of service must be paid if the county determines that the provider has shown good cause why the bill was not submitted within 60 days. Good cause must be defined in the county's child care fund plan under section 119B.08, subdivision 3, and the definition of good cause must include county error. Any bill submitted more than a year after the last date of service on the bill must not be paid.

(c) If a provider provided care for a time period without receiving an authorization of care and a billing form for an eligible family, payment of child care assistance may only be made retroactively for a maximum of six months from the date the provider is issued an authorization of care and billing form.

(d) A county or the commissioner may refuse to issue a child care authorization to a licensed or legal nonlicensed provider, revoke an existing child care authorization to a licensed or legal nonlicensed provider, stop payment issued to a licensed or legal nonlicensed provider, or refuse to pay a bill submitted by a licensed or legal nonlicensed provider if:

(1) the provider admits to intentionally giving the county materially false information on the provider's billing forms;

(2) a county or the commissioner finds by a preponderance of the evidence that the provider intentionally gave the county materially false information on the provider's billing forms, or provided false attendance records to a county or the commissioner;

(3) the provider is in violation of child care assistance program rules, until the agency determines those violations have been corrected;

(4) the provider is operating after:

(i) an order of suspension of the provider's license issued by the commissioner;

(ii) an order of revocation of the provider's license; or
(iii) a final order of conditional license issued by the commissioner for as long as the
conditional license is in effect;

(5) the provider submits false attendance reports or refuses to provide documentation
of the child's attendance upon request; or

(6) the provider gives false child care price information.

(e) For purposes of paragraph (d), clauses (3), (5), and (6), the county or the commissioner
may withhold the provider's authorization or payment for a period of time not to exceed
three months beyond the time the condition has been corrected.

(f) A county's payment policies must be included in the county's child care plan under
section 119B.08, subdivision 3. If payments are made by the state, in addition to being in
compliance with this subdivision, the payments must be made in compliance with section
16A.124.

**EFFECTIVE DATE.** Paragraph (a) is effective September 25, 2017.

Sec. 22. Minnesota Statutes 2016, section 256P.05, subdivision 1, is amended to read:

Subdivision 1. **Exempted programs.** Participants A participant who qualify qualifies
for child care assistance programs under chapter 119B, Minnesota supplemental aid under
chapter 256D, and group residential housing under chapter 256I on the basis of eligibility
for Supplemental Security Income are exempt from this section. A participant who qualifies
for a child care assistance program under chapter 119B is subject to subdivision 2 of this
section.

**EFFECTIVE DATE.** This section is effective July 30, 2018.

Sec. 23. Minnesota Statutes 2016, section 256P.07, subdivision 3, is amended to read:

Subd. 3. **Changes that must be reported.** An assistance unit must report the changes
or anticipated changes specified in clauses (1) to (12) within ten days of the date they occur,
at the time of recertification of eligibility under section 256P.04, subdivisions 8 and 9, or
within eight calendar days of a reporting period, whichever occurs first. An assistance unit
must report other changes at the time of recertification of eligibility under section 256P.04,
subdivisions 8 and 9, or at the end of a reporting period, as applicable. When an agency
could have reduced or terminated assistance for one or more payment months if a delay in
reporting a change specified under clauses (1) to (12) had not occurred, the agency must
determine whether a timely notice could have been issued on the day that the change
occurred. When a timely notice could have been issued, each month's overpayment
subsequent to that notice must be considered a client error overpayment under section 21.1
119B.11, subdivision 2a, or 256P.08. Changes in circumstances that must be reported within
10 days must also be reported for the reporting period in which those changes occurred.
Within ten days, an assistance unit must report:

(1) a change in earned income of $100 per month or greater with the exception of a

program under chapter 119B;

(2) a change in unearned income of $50 per month or greater with the exception of a

program under chapter 119B;

(3) a change in employment status and hours with the exception of a program under
chapter 119B;

(4) a change in address or residence;

(5) a change in household composition with the exception of programs under chapter
256I;

(6) a receipt of a lump-sum payment with the exception of a program under chapter
119B;

(7) an increase in assets if over $9,000 with the exception of programs under chapter
119B;

(8) a change in citizenship or immigration status;

(9) a change in family status with the exception of programs under chapter 256I;

(10) a change in disability status of a unit member, with the exception of programs under
chapter 119B;

(11) a new rent subsidy or a change in rent subsidy with the exception of a program
under chapter 119B; and

(12) a sale, purchase, or transfer of real property with the exception of a program under
chapter 119B.

EFFECTIVE DATE. This section is effective December 18, 2017.

Sec. 24. Minnesota Statutes 2016, section 256P.07, subdivision 6, is amended to read:

Subd. 6. Child care assistance programs-specific reporting. (a) In addition to
subdivision 3, an assistance unit under chapter 119B, within ten days of the change, must
report:
(1) a change in a parentally responsible individual's visitation schedule or custody arrangement; and

(2) a change in permanent end in a parentally responsible individual's authorized activity status; and

(3) if the unit's family's annual included income exceeds 85 percent of the state median income, adjusted for family size.

(b) An assistance unit subject to chapter 119B.095, subdivision 1, paragraph (b), must report a change in the unit's authorized activity status.

(c) An assistance unit must notify the county when the unit wants to reduce the number of authorized hours for children in the unit.

**EFFECTIVE DATE.** This section is effective December 18, 2017.

Sec. 25. **REPEALER.**

Minnesota Statutes 2016, section 119B.07, is repealed effective December 18, 2017.