Overview

H.F. 3128 disqualifies an assistance unit from receiving Minnesota Family Investment Program benefits when an MFIP participant has a sixth occurrence of noncompliance. It also makes various other changes to the Minnesota Family Investment Program (MFIP), and it modifies how state general fund expenditures can be reported to meet Minnesota's maintenance of effort (MOE) requirement for the federal TANF block grant program.

Article 1: TANF Initiatives to Promote Self Sufficiency

Provisions in Article 1 of the delete-everything amendment:

Disqualify an assistance unit from receiving MFIP benefits for at least one month when a participant has a sixth occurrence of noncompliance. Require a case file review, a face-to-face meeting and an automatic fair hearing before such a disqualification can occur. A participant who fails a required random drug test two times is also disqualified for at least one month. (Sections 5, 6, 10, 12 to 15, and 28)

Distribute, or pass-through, all current child support and maintenance collections to MFIP participants. The child support payments are not disregarded by MFIP, but instead are treated as unearned income in calculating MFIP eligibility and benefit amounts. (Sections 1 to 4 and 7 to 9)

Establish a Local Interventions for Self Sufficiency grant program to provide additional funding to counties for hard-to-employ MFIP recipients. (Section 23)

Exempt a parent of a child eligible for personal care attendant services from the MFIP employment and training requirement, and give a good cause exception if the parent misses the MFIP orientation because of a disruption in the child's PCA services. (Sections 11 and 22)

Make other modifications to the employment and training services component of MFIP. (Sections 17 to 21)

Permit a family to receive Diversionary Assistance once every 12 months, and to be eligible for this
program when the household income is below 200 percent of poverty. (Section 16)

Create a grant program to reduce the risk of out of wedlock pregnancies among youth who are in prostitution or at risk of prostitution. (Section 24)

1 Income. (Amends § 119B.011, subd. 15) Provides that, for purposes of determining eligibility for most child care assistance programs, "income" includes child support and maintenance distributed to the family under section 2 of this article.

2 Child support distribution. (Adds subd. 15 to § 256.741) Requires the state to distribute, or pass-through, to MFIP participants all current child support and maintenance assigned to the state.

3 Use of money. (Amends § 256J.02, subd. 2) Adds two permitted uses of federal TANF and state appropriations: payment to the federal government for child support passed-through to a custodial parent; and programs and pilot projects in chapter 256K.

4 Unearned income. (Amends § 256J.08, subd. 86) Provides that for purposes of MFIP, "unearned income" includes child support and maintenance payments.

5 Eligibility after disqualification due to noncompliance. (Adds subd. 3. to § 256J.15) In paragraph (a), specifies that an applicant for the Minnesota family investment program (MFIP) who was disqualified from the program because of noncompliance with the program's requirements, and who re applies for MFIP within six months of the disqualification, is considered to be a new MFIP applicant. This means that the $2,000 asset limit and the initial income test apply, and that if the applicant is determined to be eligible, the MFIP assistance will be provided in vendor payment form for up to six months.

In paragraph (b), reduces an assistance unit's grant by 10 percent of the applicable MFIP standard of need for the first three months that the assistance unit returns to MFIP under this subdivision.

6 Persons convicted of drug offenses. (Amends § 256J.26, subd. 1) Specifies that when an MFIP participant who is a convicted drug offender fails a random drug test the first time, the assistance unit's grant must be vendor paid for rent and utilities, and any remainder reduced by 30 percent of the MFIP standard of need before it is paid to the participant. For failing a drug test two times, the assistance unit is disqualified from MFIP for at least one month. Provides that a county may not impose this disqualification unless the participant first receives a face-to-face meeting as required in section 12 of this article.

7 Monthly income test. (Amends § 256J.33, subd. 4) For purposes of determining monthly income under MFIP, deletes requirement that child support and maintenance "anticipated to be received" by a family be considered.

8 Prospective budgeting. (Amends § 256J.34, subd. 1) Deletes references to how child support is treated for the first two months an individual receives MFIP. Treatment of child support would instead be regulated by sections 4 and 7 of this article.

9 Significant change in gross income. (Amends § 256J.34, subd. 4) Deletes reference to supplementary assistance payments and the forwarding of child support, because under the plan in this bill child support would no longer be forwarded.

10 Fair hearings. (Adds subd. 2 to § 256J.40) In a new subdivision 2, creates an automatic fair hearing for an MFIP participant who is otherwise subject to disqualification under section 12.

11 Good cause exemption for not attending orientation. (Amends § 256J.45, subd. 3) Specifies that a caregiver with a child who is eligible for personal care attendant (PCA) services has a good cause exemption for failing to attend the MFIP orientation if the caregiver is prevented from attending the orientation because the PCA services are not provided.

12 Sanctions for participants not complying with program requirements. (Amends § 256J.46, subd. 1) In paragraph (a), provides a definition of "an occurrence of noncompliance." Also clarifies that, for
a two-parent assistance unit, each occurrence of noncompliance by either parent is considered a separate occurrence of noncompliance.

In paragraph (b), clauses (1) and (2), updates terminology to refer to an "assistance unit" rather than a "household." In clause (2), also specifies that the 30 percent sanction with vendor payment applies to a third, fourth, or fifth occurrence of noncompliance.

In a new clause (3) of paragraph (b), disqualifies an assistance unit from receiving MFIP assistance when there is a sixth occurrence of noncompliance. Requires this disqualification to be in effect for at least one full month. Specifies that this disqualification cannot occur before the participant receives an automatic fair hearing under section 10.

In paragraph (c), requires that the review of a participant's case file which is in current law at the 30 percent sanction level be done before a 10 percent sanction can be imposed. Also requires that this case review be done by staff other than the participant's current job counselor.

In paragraph (d), permits a county to offer a participant a face-to-face intervention in the participant's home by a county representative, in place of the face-to-face meeting specified in paragraph (e). Requires the participant's needs and possible reasons for noncompliance to be assessed during the home intervention, and recommendations for service referrals or modifications to the participant's approved plan to be reported to the job counselor.

In paragraph (e), before a 30 percent sanction for a second occurrence of noncompliance can be imposed, requires a face-to-face meeting with county or employment and training service provider staff. Requires this meeting to be conducted by staff other than the participant's current job counselor. Requires the participant's plan and the continued noncompliance to be reviewed, and requires staff to determine: if the participant qualifies for a good cause exception; if the participant qualifies for an employment and training exemption; and the appropriateness of the activities in the participant's plan.

13 Sanctions for refusal to cooperate with support requirements. (Amends § 256J.46, subd. 2)
Clarifies that an MFIP caregiver who is sanctioned for refusing to cooperate with support requirements is not disqualified for a sixth occurrence of noncompliance, if the only requirement the caregiver is not meeting is cooperation with support requirements.

14 Dual sanctions. (Amends § 256J.46, subd. 2a) Provides that a participant who is subject to sanctions for noncompliance with program requirements as well as for noncooperation with support requirements faces the same disqualification sanction for a sixth instance of noncompliance as is specified in section 12 of this article.

15 Sanction status after disqualification. (Adds subd. 3. to § 256J.46) Provides that if an MFIP applicant who was disqualified from the program because of noncompliance returns to MFIP within six months of the disqualification, the applicant is considered to have a first occurrence of noncompliance. Requires the applicant to stay in compliance with program requirements for six months in order for a subsequent occurrence of noncompliance to be considered a first occurrence.

16 Eligibility. (Amends § 256J.47, subd. 1) Loosens the eligibility standards for the diversionary assistance (DA) program, by permitting a family to receive DA once every 12 months, rather than once every 36 months as in current law. Also raises the income eligibility threshold for DA, from below 140 percent to below 200 percent of the federal poverty guidelines.

17 Work activity. (Amends § 256J.49, subd. 13) Specifies that the inclusion of English as a second language (ESL) classes as an approved work activity is limited by the provisions of sections 19 and 20 of this article.

18 Participation requirements for single-parent and two-parent cases. (Amends § 256J.50, subd. 5) Requires single-parent MFIP cases to participate in employment and training services within one month of receiving MFIP. (Under current law, each county can choose when in the first six months of MFIP eligibility it requires its single-parent cases to participate in employment services.)
19 **Job search; job search support plan.** (Amends § 256J.52, subd. 3) In paragraph (a), specifies that adult basic education activities or ESL classes can be included in a job search support plan for no more than half of the required 30 hours per week of job search. In paragraph (d), limits the approval of ESL activities in a job search support plan to participants who are below a spoken language proficiency level of SPL5 or its equivalent. Limits ESL activities to a total of 24 months. Requires the job counselor to give preference to an intensive ESL program if one is available.

20 **Employment plan; contents.** (Amends § 256.52, subd. 5) Amends the provisions relating to an employment plan to place the same limitations on ESL activities in an employment plan as paragraph (d) in the previous section placed on the job search support plan.

21 **Employment activities required.** (Adds new subd. 5c to § 256J.52) Requires the job counselor to ensure that by the fourth month of employment and training services, at least half of a participant's required hours of work activities are met through employment activities such as: unsubsidized employment; subsidized private or public sector employment; work experience; on-the-job training; apprenticeships; or internships.

22 **Employment and training services component; exemptions.** (Amends § 256J.56) Adds an exemption category for caregivers with a child who is eligible for personal care attendant (PCA) services. Specifies that caregivers in this category are presumed to be prevented from obtaining or retaining employment.

23 **Local intervention grants for self sufficiency.** (Adds news subd. 2b to § 256J.62) In paragraph (a), requires the commissioner to make grants to county and tribal TANF programs to more effectively serve hard-to-employ MFIP participants. Requires grant funds to be allocated as specified in paragraphs (b) and (c).

   In paragraph (b), specifies that each county or tribal program must first receive a guaranteed minimum annual allocation of $25,000.

   In paragraph (c), specifies that of the remaining grant funds, 85 percent be allocated based on the proportion of single-parent MFIP cases who have received MFIP for at least 25 months, and that 15 percent be allocated based on the proportion of two-parent MFIP cases who have received MFIP for at least 25 months. Cases with caregivers who are over age 60 are excluded from the caseload for purposes of these allocations.

   In paragraph (d), permits grant funds to be used to provide services to hard-to-employ participants and their families. Requires that services provided be intended to reduce the number of MFIP participants who are expected to reach their 60-month time limit.

   In paragraph (e), prohibits grant funds from being used to provide benefits that meet the federal definition of "assistance," and which therefore count towards a recipient's 60-month limit on assistance, to an assistance unit that is only receiving the food portion of MFIP. (Note: Receiving only the food portion of MFIP benefits does not count towards a recipient's 60-month limit on assistance.)

   In paragraph (f), sunsets the local intervention grants program on June 30, 2003.

24 **At-risk youth out of wedlock pregnancy prevention grants.** (Adds new § 256K.35)

   **Subd. 1. Establishment and purpose.** Establishes a statewide grant program to reduce the incidence of out of wedlock pregnancies among youth who are at risk of being prostituted or currently being used in prostitution. The program's goal is to increase the number of short-term shelter beds for these youth in the state, so that the number of youth at risk of being sexually exploited or being sexually exploited and thus at risk of an out of wedlock pregnancy is reduced.

   **Subd. 2. Grants.** Requires the commissioner of human services to make grants to nonprofit corporations or government agencies to provide emergency and transitional housing for at-risk
children and teens. Requires the commissioner to give priority to applicants who offer 24-hour emergency facilities.

**Subd. 3. Grant application; eligibility.** Specifies criteria that an applicant for a grant must meet.

**Subd. 4. Uses of grant funds.** Requires grant funds to be used to create and maintain shelter for homeless, runaway and thrown-away youth. Permits grant funds to be used for supportive services to reduce the risk of out of wedlock pregnancy among the youth served. Prohibits grant funds from being used to conduct general education or awareness programs that are unrelated to the operation of a shelter.

25 **Work group on sanction recommendations.** Requires a legislative work group on MFIP sanction recommendations to be established. Requires the chairs of the house and senate human services policy committees to each appoint five legislators, two of whom must be members of the minority party, to the work group. Requires the work group to review the implementation of current MFIP sanction policy and make recommendations for necessary improvements by January 1, 2001.

26 **Federal TANF funds; appropriations.**

**Subd. 1. Additional TANF appropriations.** Specifies that the sums appropriated to the commissioner of human services in this section are in addition to the federal TANF appropriations contained in the 1999 Omnibus Health and Human Services Appropriations Act.

**Subd. 2. Local intervention grants.** Makes a blank appropriation for fiscal year 2001 for the local intervention grants for self sufficiency in section 23 of the article. Requires the commissioner of finance to establish the base level funding for this grant program in fiscal years 2002 and 2003 at unspecified levels.

**Subd. 3. Distribution of child support recoveries.** Makes a blank appropriation for fiscal year 2001 to reimburse the federal government for the federal share of child support recoveries distributed to noncustodial parents under section 2 of this article.

**Subd. 4. At-risk youth out of wedlock pregnancy prevention grants.** Appropriates $5 million for the at-risk youth out of wedlock pregnancy prevention grants under section 22 of this article. Sets the base level funding for this program at $5 million for fiscal years 2002 and 2003.

**Subd. 5. Job counselor training.** Appropriates $320,000 for training MFIP job counselors. Also adds this amount to base level funding in fiscal years 2002 and 2003.

**Subd. 6. Intensive intervention grant.** Appropriates $500,000 for a one-time grant to the Southeast Asian MFIP services collaborative for an intensive intervention transitional employment training project.

27 **TANF maintenance of effort funds.** Specifies that for fiscal years 2002 and 2003 the commissioner must claim allowable state expenditures for the state working family credit program as TANF MOE spending equal to the amount of state medical assistance expenditures that are attributable to the child support distribution provision in section 2 of this article.

28 **Repealer.** Repeals § 256J.46, subdivision 1a, which contains obsolete language providing a transitional rule for applying sanctions for recipients transitioning on to MFIP from its predecessor programs.

**Article 2: TANF MOE Expenditure Oversight**

Provisions in Article 2 of this bill:
Specify which state expenditures may be counted for purposes of meeting the TANF MOE expenditure requirements in federal law (Sections 6 and 7)
Provide for interim review of TANF MOE expenditures by the Legislative Advisory Commission (Section 1)
Exclude TANF funds from various provisions that require state agencies to maximize the use of...
Delete a rider in 1999 session law which authorizes the commissioner of human services to use any allowable source of state expenditure in claiming TANF MOE expenditures (Section 8)

Place upper limits on the state's TANF MOE expenditures (Section 9)

1 **State TANF MOE expenditures; expenditure review.** (Adds new § 3.3006) Creates an LAC review mechanism if the statutorily-specified list of approved MOE spending in section 6 of the article will be insufficient to meet the federal requirements for MOE spending and the legislature cannot take timely action to avoid a federal penalty.

   **Subd. 1. Definitions.** For purposes of this section, defines "TANF MOE" as the state maintenance of effort for the federal TANF block grant. Defines "commissioner" as the commissioner of human services.

   **Subd. 2. State TANF MOE expenditures.** Provides that the state's TANF MOE expenditure requirements must be met as provided in section 6 of the article, unless the interim procedures specified in subdivisions 3 and 4 apply.

   **Subd. 3. Interim procedures.** Permits the commissioner to report additional state expenditures as TANF MOE expenditures if the spending on the programs listed in section 6 of the bill are insufficient to meet the federal requirements and the legislature cannot take timely action to address the shortfall. However, the legislative advisory commission (LAC) review that is specified in subdivision 4 must occur before the commissioner may report the additional expenditures as MOE.

   **Subd. 4. Legislative advisory commission review.** Requires the commissioner of finance to submit recommendations for additional allowable TANF MOE expenditures to the LAC members for their review. If the LAC does not request further review within ten days, no further LAC review is required. If any LAC member request further review of the proposed expenditures, the governor must submit the TANF MOE recommendations to the LAC for its review and recommendation. If the LAC fails or refuses to make a recommendation promptly, that is the same as the LAC making a negative recommendation about the expenditures.

   **Subd. 5. Forecast inclusion of interim changes not allowed.** Prohibits any changes in federal TANF expenditures or state expenditures for TANF MOE that may occur as a result of the interim procedures in this section from being incorporated into the February or November forecasts, unless the LAC review required under subdivision 4 has occurred and the commissioner of finance has approved the expenditures under those procedures.

2 **Child care services.** (Amends § 119B.02, subd. 1) Amends the requirement that commissioner of children, families and learning maximize federal money to limit this requirement to federal child care and development block grant funds only. Also corrects a reference to the child care title of the federal welfare reform law (Title VI of Public Law Number 104-193).

3 **Specific powers.** (Amends § 256.01, subd. 2) In clause (15) of this subdivision, clarifies that the commissioner of human services' authority to develop and implement special projects to maximize reimbursements does not apply to activities that are funded with federal TANF dollars.

4 **Program established.** (Amends § 256.995, subd. 1) Clarifies that the commissioner of human services' authority to maximize federal funds in the program of school-linked services for at-risk children and youth does not apply to activities that are funded with federal TANF dollars.

5 **TANF maintenance of effort.** (Adds new § 256J.025) Specifies what state general fund expenditures can be reported as TANF MOE expenditures.
Subd. 1. Sources of state money for TANF MOE. Specifies five types of expenditures that can be reported for TANF MOE purposes:

MFIP cash assistance benefits
MFIP child care assistance
state, county and tribal MFIP administrative costs
state, county and tribal employment services activities
for FY 2002 and 2003 only, the portion of state working family tax credit expenditures that equal the amount of the state share of medical assistance (MA) costs that are attributable to the additional MA cases estimated to result from distributing child support under the provision in Article 1, section 2.

Subd. 2. Sufficient qualified state expenditures required annually. In paragraph (a), requires the commissioner of human services to ensure that the state meets its annual TANF MOE expenditure requirement. If the state money for the programs listed in subdivision 1 is not sufficient to do this, requires the commissioner to either recommend additional allowable sources of expenditures to the legislature, or to provide the recommendations to the LAC under the expenditure review procedures in section 1 of the article.

In paragraph (b), provides that if the commissioner uses the transfer authority granted in the omnibus health and human services appropriations bill to meet the state's TANF MOE requirements in a given reporting period, the commissioner must inform the chairs of the appropriate legislative committees about those transfers.

7 TANF MOE. (Adds subd. 84a to § 256J.08) Adds a definition of "TANF MOE," the state maintenance of effort for the federal TANF block grant, in the MFIP chapter of statutes.

8 (Amends Laws 1999, chapter 245, article 1, section 2, subdivision 10) Deletes a rider from the 1999 health and human services omnibus bill that authorizes the commissioner of human services to apply any allowable source of state expenditure to meet TANF MOE requirements.

9 Upper limit on TANF MOE expenditures.

Subd. 1. State appropriations used to meet TANF MOE. Specifies upper limits on the amounts of state expenditures that can be reported in fiscal years 2000 and 2001. (The total expenditures across all activities listed in this section is $191.138 million for each year.)

Subd. 2. Human services expenditures limited. Specifies the following upper limits on TANF MOE expenditures from human services activities:

MFIP cash assistance: $91.307 million in FY 2000; $92.337 million in FY 2001
MFIP administration: $28.759 million in each year
MFIP employment services: $ 6.722 million in each year

Subd. 3. Child care assistance expenditures limited. Specifies the following upper limits on TANF MOE expenditures from child care assistance activities:

MFIP child care: $64.350 million in FY 2000; $63.320 million in FY 2001

10 Effective date. Makes the sections in Article 2 immediately effective.