

House Research Act Summary

CHAPTER: 205

SESSION: 1999 Regular Session

TOPIC: Family and Early Childhood Education Finance

Date: May 26, 1999

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Overview

This bill funds programs in the Department of Children, Families and Learning for early childhood education and development, child care, self-sufficiency, adult education, prevention and intervention programs, and community and systems change.

It establishes fraud prevention requirements for child care assistance, restructures the co-payments for child care assistance, transfers certain crime prevention programs to the department of public safety, and provides additional aid for adult basic education programs in nonmetropolitan areas.

Section

Article 1:

Children and Family Support Programs

- 1 General; data privacy.** Adds child care assistance programs and the department of children, families and learning (DCFL) to existing exceptions to the data privacy act. Permits the disclosure of administrative data between named departments.
- 2 Early childhood learning and childhood protection.** Clarifies the types of programs required to be housed in early childhood facilities for purposes of obtaining the maximum allowable construction or rehabilitation grant.
- 3 Applicant.** Technical changes to definition of *applicant* in the child care assistance programs.
- 4 Application.** Defines *application* for the child care assistance programs as a universal application form submitted to the county indicating a family's desire to receive assistance.
- 5 Family.** Changes the definition of *family* in child care assistance programs by including specified adults who are temporarily absent from the home. Defines dependent adult family member as a full-time student who is supported 50 percent or more by the family.

- 6 **Income.** Technical and other changes to the definition of *income* for child care assistance programs - assistance for at-home infant care is included in income and foster care assistance, child care assistance and earnings of students are excluded from income.
- 7 **MFIP.** Defines *MFIP* for the child care assistance program as the state's MFIP program, work first program and certain tribal contracts..
- 8 **Provider.** Technical changes to the definition of *provider* in child care assistance programs. *Day care* is replaced with *child care*, *legal nonlicensed* is replaced with *license exempt*, and *AFDC* is replaced with *MFIP*. Specifies that a provider cannot be a member of the family receiving child care assistance. *MFIP* is substituted for *MFIP-S* or *AFDC* in several sections of the bill.
- 9 **Transition year families.** Includes families leaving the work-first program in the definition of transition year families and adds job search to the eligible activities for transition year families.
- 10 **Child care fund.** Adds job search and at-home infant care program to the child care fund which is defined in current law as a program providing child care assistance and child care development grants.
- 11 **Child care services.** Corrects a federal citation and makes technical changes.
- 12 **Supervision of counties.** Authorizes the commissioner of children, families and learning to supervise and distribute money to counties that administer child care programs. The commissioner is required to provide training and support services for the counties and adopt rules to establish minimum administrative standards for child care services provided by county boards.
- 13 **Universal application form.** Directs the commissioner of DCFL to develop and distribute an application form for child care assistance with a notice of eligibility requirements and penalties for wrongfully obtaining child care assistance.
- 14 **Program integrity.** Requires the commissioner of DCFL, in cooperation with the commissioner of human services, to enforce program integrity and fraud prevention requirements for the child care assistance programs.
- 15 **Allocation period; notice of allocation.** Changes the name and citation for the required county child care plan.
- 16 **Waiting list.** Requires counties that administer child care assistance to make a preliminary determination of eligibility before including a family on the waiting list for the basic sliding fee assistance. Counties are also required to update the list at least every six months. Families seeking assistance are required to provide eligibility information to the county. Removes obsolete language for student applications for child care assistance.
- 17 **Eligible recipients.** Extends participants from eligibility for the basic sliding fee program. Deletes reference to *AFDC*.
- 18 **Funding priority.** Adds participants who have completed the work first program to the second priority for receiving assistance through the basic sliding fee program.
- 19 **Allocation formula.** Modifies the allocation formula for the basic sliding fee program to direct more resources to counties with unmet needs. Additional money is distributed based on four factors: basic sliding fee expenditures, numbers of families in transition year child care; numbers of families on the waiting list in the first, second and third priority (minor parents without a diploma; participants in transition year and portability pool); and the total numbers of families on the waiting list.
- 20 **Portability pool.** Makes a clarifying change.
- 21 **Commissioner to administer program.** Corrects citation and deletes unnecessary language.

- 22 **Eligible participants.** Makes clarifying changes and deletes obsolete and unnecessary language to eligibility for MFIP child care assistance. Includes families participating in tribal contracts in the eligible groups.
- 23 **Commissioner to administer block grant.** Deletes unnecessary language.
- 24 **At-home infant child care program.** Makes clarifying, eligibility and participation changes to the assistance program for eligible parents who provide full-time care for their infant up to the age of one year.
- Subd. 1. Establishment.** Specifies that payments under the programs are a subsidy in lieu of assistance. Requires families to be eligible or participating in the basic sliding fee program. Requires set-aside of the basic sliding fee appropriation, subject to the federal match and maintenance of effort requirements. Authorizes a year-end carry-forward of unspent funds for the basic sliding fee program, within the same biennium.
- Subd. 2. Eligible families.** Requires families to be participating in the basic sliding fee program or an authorized activity at the time of application.
- Subd. 3. Eligible parent.** Adds a definition of eligible parent. For the at-home program, an eligible parent is defined as a birth, adopted or stepparent.
- Subd. 4. Assistance.** Clarifies the relationship of participation in the at-home program and assistance through the basic sliding fee program. A family on the waiting list for basic sliding fee assistance may participate in the at-home program and continue to progress on the waiting list. Families who become eligible for basic sliding fee assistance while on the at-home program, must be provided assistance or placed on the top of the waiting list when they leave the at-home program. A family receiving basic sliding fee assistance may participate in the at-home program and return to the basic sliding fee program. Families who are not on the basic sliding fee waiting list may apply to the at-home program and, if eligible, be placed on the basic sliding fee waiting list.
- Clarifies that the period of assistance under the at-home program is deducted from the MFIP work exclusion and assistance does not establish an employee-employer relationship.
- Subd. 5. Implementation.** Requires counties to administer the program and DCFL to develop and provide information to aid parents with child care decisions.
- 25 **Use of money.** Eliminates obsolete exemption for certain students and makes clarifying and technical changes.
- 26 **Special revenue account for child care.** Establishes an account in the special revenue fund for the deposit of monies from the assignment of child care in child support orders. Money in the account is appropriated to the commissioner of DCFL for basic sliding fee child care assistance.
- 27 **Child care fund plan.** Changes the name of the required county child care plan. Clarifies that the plan must specify the rates paid for children with special needs.
- 28 **General eligibility requirements for all applicants for child care assistance.** Eliminates requirements related to eligibility for the former AFDC program. Clarifies that the eligibility criteria requiring cooperation with child support includes cooperation for all children in the family.
- 29 **Priorities; allocations.** Substitutes *MFIP* for *AFDC*.
- 30 **Date of eligibility for assistance.** Changes the subdivision title and substitutes *MFIP* for *AFDC*.
- 31 **Assistance for persons seeking and retaining employment.** Changes the work requirement for full-time students from 20 hours to 10 hours per week. Clarifies that work-study programs

count as employment.

- 32 Recovery of overpayments.** Makes clarifying and technical changes governing the recovery of excessive payments through child care assistance programs.
- 33 Parent fee.** Eliminates the prohibition against recalculating and reducing child care assistance co-payments with the addition of family members.
- 34 Child care rates.** Eliminates the definition of *accredited* for the payment of a provider bonus and authorizes the commissioner to approve credentials that qualify for a provider bonus. Makes clarifying and technical changes.
- Extension of employment opportunities.** Technical and clarifying changes.
- 36 Administrative expenses.** Technical change substituting *MFIP* for *AFDC*.
- 37 Child development education and training loans.** Increases from 12 to 24 months the amount of time a provider must stay in child care for the loan to become forgivable.
- 38 Duties of commissioner.** Eliminates a statutory requirement for DCFL to report on the child care system. This is consistent with the report sunset in 1997.
- 39 Financing program.** Adds child care business planning assistance to the authorized uses of an existing financing program operated by a nonprofit corporation.
- 40 Developmental screening aid.** Increases the amount school districts are reimbursed for pre-school screening to \$40 per child from \$25 per child.
- 41 Participants' fees.** Requires school districts to establish a reasonable sliding fee scale for early childhood family education classes.
- 42 ECFE revenue.** Increases the revenue in the ECFE funding formula beginning in fiscal year 2002, to \$120 from \$113.50 per child under five living in a district per child.
- 43 ECFE levy.** Changes the ECFE tax rate to .5282 percent of adjusted tax capacity consistent with the proportion of aid and levy in the revenue formula. Requires the commissioner to establish a tax rate beginning with levies for fiscal year 2002 that raises \$21 million in fiscal year 2002 and \$22 million in fiscal year 2003.
- 44 School-age care programs.** Authorizes school districts without board sponsored school-age care programs to allow appropriate, insured groups to use school facilities for school-age care programs. Requires schools to provide access to school facilities for school-age care programs when the facilities are not in use. Authorizes a district to establish reasonable rules for the use of school facilities including schedules, insurance requirements, and adequately trained supervisory staff.
- Districts are encouraged to coordinate school-age care programs with other education programs, and services.
- Extended day programs* is changed to *school-age care programs* in this section and in section 45.
- 45 School-age care revenue.** Changes the equalizing factor to \$3,280 consistent with the proportion of aid and levy in current law. Makes technical change.
- 46 Insurance; family service collaboratives.** Authorizes the commissioner of DCFL to designate a collaborative to act as the lead in obtaining liability insurance coverage.
- 47 Increased costs; Part C.** Technical change.
- 48 Duties as state agency.** Requires the commissioner of human services to cooperate with the commissioner of DCFL to enforce program integrity and conduct fraud prevention investigations for child care assistance.
- 49 Final order in hearing under section 119B.16.** Directs the state human services referee to

recommend an order to the commissioner of DCFL in appeals by applicants or recipients of child care assistance. The commissioner may affirm, reverse or modify the order by the referee. The order may be appealed to district court.

- 50 **Additional powers of the commissioner; subpoenas.** Adds the commissioner of DCFL to the commissioners of human services and health in the authority, under current law, to review county actions and direct matters under their respective jurisdictions for a hearing. Provides local agencies with authority to request a subpoena to compel the release of information prior to an administrative fraud disqualification hearing.
- 51 **Judicial review.** Adds the commissioner of DCFL to the commissioners of human services and health with respect to the rights of a party under current law to appeal to district court decisions that are under the jurisdiction of each commissioner.
- 52 **Hearing authority.** Clarifies that the child care assistance program is included in the requirement for local agencies to initiate fraud disqualification hearings for individuals accused of wrongfully obtaining assistance. Makes technical changes.
- 53 **Effect of assignment.** Directs the commissioner of human services to deposit assigned child support collections in the account in the special revenue fund for child support collections. The funds are appropriated for child care assistance under the basic sliding fee program.
- 54 **Wrongfully obtaining assistance.** Adds child care assistance programs to other programs that, under current law, define wrongfully obtaining assistance as theft. For child care assistance, theft includes a provider wrongfully receiving payments or furnishing a false assistance claim.
- 55 **Division of recovered amounts.** Distributes wrongfully obtained child care assistance according to current law which allows a county to keep 25 percent of any amount recovered through the county collection system.
- 56 **Disqualification from program.** Provides penalties for families found guilty of wrongfully obtaining child care assistance. The penalties are immediate disqualification from all child care programs for periods of three months (first offense), six months (second offense), and two years (third offense), followed by permanent disqualification.
- 57 **Department responsibilities.** Adds child care programs and medical care programs to other public assistance programs that provide forms to authorize the release of information necessary for fraud investigation.
- 58 **Funding.** Adds child care assistance programs to the list of county-administered programs for reimbursement for fraud investigation and program compliance.
- 59 **Municipality.** Clarifies that a collaborative must have a plan approved by the children's cabinet to be defined as a municipality.
- 60 **Program components.** Requires adolescent parenting programs to provide transportation options for parents and their children.
- 61 **Plan for integration.** Directs the commissioner of DCFL to develop and report to the legislature by January 15, 2001 on a plan to integrate child care and early childhood education programs and services, including the delivery, location, integration and accessibility of programs and services. The plan must include recommendations and draft legislation.
- 62 **Pre-tax child care account; assistance.** Directs the commissioner of DCFL to cooperate with the commissioner of revenue to provide assistance for employers to establish pre-tax child care accounts using the child care and development fund. Requires a progress report to the legislature by February 1, 2000.
- 63 **Parent fee schedule.** Directs the commissioner to amend the rules on co-payments for child care assistance to set parent fees as follows (incomes are maximums for a three person family):

2.20 percent of adjusted gross income for families with incomes between 101.01 percent of poverty (\$14,019) and 35 percent of state median income (\$16,529);

2.70 percent of adjusted gross income for families with incomes between 35.01 percent of state median income and 42 percent of state median income (\$19,827);

3.75 percent of adjusted gross income with graduated increases to 20.0 percent for families with incomes between 42.01 and 75 percent of state median income (\$35,406).

- 64 Childhood learning materials; contributions.** Requires the commissioner to initiate contacts with businesses and other organizations to encourage them to donate materials designed to help children ages four and under to develop the skills necessary for success in reading and in school.
- 65 Additional ECFE aid.** Provides additional state aid to early childhood family education programs for fiscal year 2000 equal to \$2.46 per child under five in a participating school district.
- 66 Consolidation plan.** Requires the commissioner to study ways to consolidate the MFIP, transition year, and basic sliding fee programs into one child care assistance program during the next biennium.
- 67 State money to be used as match for welfare-to-work grant money.** Encourages the commissioner of finance to identify state expenditures that could be used as a potential match for \$5 million of federal welfare-to-work funds.
- 68 Transfer of programs.** Transfers the drug policy and violence prevention program from the department of children, families and learning to the department of public safety.
- 69 Inconsistent amendments.** Provides that the amendments to specified child care statutes in article 1 of this act take precedence over amendments in S.F. No. 1585, the MFIP technical correction bill, if enacted.
- 70 Revisor instruction.** Directs the revisor to change *learning readiness* to *school readiness* and to make name changes to statutory headnotes.
- 71 Appropriations.** Makes general fund appropriations to the department of children, families and learning early childhood programs and child care. See spreadsheet.
- Subd. 6. Head Start.** Allocates \$1 million each year for full year children ages 0 to 3.
- Subd. 9. Basic sliding fee.** Authorizes the commissioner to forecast any surplus in the set-aside for the at-home infant care program and reallocate it to the basic sliding fee program six months before the end of the biennium. \$25,000 is allocated to develop and distribute material on the at-home infant care program.
- 72 Federal TANF transfers.** Transfers federal TANF money and appropriates it to the child care and development fund in the department of children, families and learning for child care, child care development, and program integrity costs. Requires expenditures to be consistent with federal regulations and that the maximum allowable funds are used for programs in this section. See spreadsheet.
- Subd. 3. Transition year families.** Appropriation for uninterrupted child care.
- Subd. 4. Child care development.** Allocations of \$100,000 for a grant for facilities development and \$20,000 for assistance for pre-tax accounts.
- 73 Repealer.** Repeals sections 119B.01, subdivision 15, definition of AFDC; 119B.03, subdivision 7, basic sliding fee allocation exception; 119B.05, subdivision 6 and 7, access child care program and child care assistance diversion; 119B.075, child care reserve account; 119B.17, Minnesota early childhood care and education council; 124D.14, additional ECFE revenue; and section 63 parent fee schedule rule directive.

Community and Systems Change

- 1 **Community education levy.** Changes the tax rate to .4795 percent of adjusted net tax capacity consistent with the proportion of aid and levy in current law.
- 2 **Tax rate adjustment.** Clarifies the session law that changed all of the statutory tax rates, equalizing factors, and revenue amounts based on tax rates.
- 3 **Equalizing factors.** Clarifies the session law that changed all of the statutory tax rates, equalizing factors, and revenue amounts based on tax rates.
- 4 **Appropriations.** Makes general fund appropriations to the department of children, families and learning for family service collaboratives, community education aid, adults with disabilities program aid, hearing-impaired adults and First Call Minnesota. See spreadsheet.

Article 3:

Prevention and Intervention

- 1 **After-school academic, character and enrichment grants.** Provides coding for and makes changes to an after- school grant program originally established in 1996 session law. Provides competitive grants for community and nonprofit organizations, political subdivisions and school-based programs. Establishes an application process. Specifies priority neighborhoods for grants in Minneapolis and St. Paul. Specifies the program outcomes which include:
 - increasing numbers of children participating in after-school activities;
 - support for academic achievement;
 - reduction in juvenile crime;
 - increased school attendance and reduced school suspensions;
 - increased numbers of youth engaged in community service and other character building activities;
 - increasing skills in technology, arts, sport, and other activities; and
 - increasing and supporting achievement and development of adolescent parents.
- 2 **Expected outcomes; male responsibility grants.** Clarifies that the grant recipients must demonstrate program outcomes that include:
 - reduction in teen pregnancy;
 - increase in establishment of paternity;
 - increase in child support orders and collections;
 - understanding of child development and the importance of fathers;
 - understanding of abstinence; and
 - understanding of the long-term responsibility of fatherhood.
- 3 **Grant application; male responsibility grants.** Adds a requirement that grant applicants must describe how the effectiveness of the program will be evaluated.
- 4 **Fees allocated; alcohol impaired driver special revenue fund.** Changes the statutory use of a portion of the special revenue fund so that it can be used for programs for elementary and secondary school students. Under current law it must be used for programs for schools.
- 5 **Appropriations.** Makes general fund appropriations to DCFL for violence prevention education grants, abused children programs, children's trust fund, family visitation centers, after school enrichment grants, and alcohol-impaired driver (from the special revenue fund for a community collaborative project, and prevention programs for American Indians), adolescent parenting

grants, and male responsibility and fathering grants. See spreadsheet.

Article 4:

Self-sufficiency and Lifelong Learning

- 1 Software sale fund.** Requires proceeds to be credited to the weatherization program from the sale or licensing of software products or services developed by or for the department of children, families and learning to support the achieved savings assessment program.
- 2 English as a second language.** Changes the requirement for teaching English as a second language in adult basic education (ABE) programs from requiring a teacher's license to requiring a degree in English or other named disciplines.
- 3 English as a second language programs.** Establishes the criteria for teaching English as a second language in adult education programs consistent, except for instruction in the workplace, with the requirements in section 2. Adult basic education program instructors in the workplace are required to be fluent in English.
- 4 Basic service level.** Requires districts and consortiums of districts to establish a basic service level for each ABE site within the district that describes the minimum levels of instruction and services. The commissioner of DCFL must approve the basic service level.
- 5 ABE aid.** Converts the adult basic education aid formula from 65 percent of the general education formula for each full time equivalent student to a fixed dollar amount multiplied by the number of full time equivalent students in the prior program year. For fiscal year 2000, the amount is \$2,295 and \$2,338 for fiscal year 2001.
- 6 Basic population aid.** Provides \$1 per capita funding (with a \$4,000 minimum) to districts that offered ABE programs in fiscal year 1999 with populations below 30,000 and an approved basic service level under section 4. The additional aid must be used to support sites that meet the approved basic service level.
- 7 Adult graduation aid eligibility.** Replaces 65 percent of the general education formula allowance in the adult graduation aid formula with formulas for calculating the aid for fiscal year 2000 and 2001 and later.
- 8 Family assets; household eligibility.** Changes the income and asset eligibility in the family assets for independence program to 185 percent of poverty and \$15,000 in assets from 200 percent of poverty and \$25,000 in assets. Provides for the use of TANF funds to match the savings of eligible participants.
- 9 Family assets; withdrawal.** Changes the match requirements for savings in the family asset program to \$1.50 for every dollar saved from \$2 per dollar saved for matches from state and nonstate sources. State sources may include TANF funds. Clarifies that the fiscal agent is responsible for custodial accounts for participating families.
- 10 Program reporting; family asset program.** Clarifies the reporting requirements of the fiscal agent. The fiscal agent must report quarterly to the commissioners of human services and DCFL identifying individual accounts.
- 11 ABE service delivery study group.** Directs the commissioner of DCFL to establish a task force on ABE services and report to the legislature by January 15, 2000. The task force must examine ways to increase the effectiveness of ABE, incorporate technology, and make changes to ABE delivery to serve more learners maintain statewide programs, and recognize outcomes. The group must include legislators, representatives of programs, and the department.
- 12 Appropriations.** Makes general fund appropriations to the department of children, families and learning for Minnesota economic opportunity grants, transitional housing programs, food bank program, adult basic education aid, adult basic population aid, adult graduation aid, GED tests,

family assets for independence and lead hazard reduction. See spreadsheet.

13 **Repealer.** Repeals section 124D.53, subdivision 6, the proration of ABE appropriations

Article 5:

Resource and Referral Programs

- 1 **Scope.** Establishes that the definitions in the definition section apply to all of chapter 119B.
- 2 **Legal nonlicensed child care provider.** Defined for the purposes of child care assistance, as a provider excluded from licensing under human services licensing laws.
- 3 **Distribution of funds for operation of child care resource and referral programs.** Clarifies that the commissioner of DCFL distributes funds to resource and referral programs. Recodes existing rule making authority in this section.
- 4 **Designation of organizations.** Consolidates authority of the commissioner to designate the organizations that operate resource and referral programs.
- 5 **Basis for distributing funds.** Recodifies the formula allocation to programs that under current law is in section 119B.21, subdivision 2.
- 6 **Local match requirement.** Reinstates the match requirement for local programs.
- 7 **Child care resource and referral programs.** Clarifies and simplifies the duties of a resource and referral program that are described in current law in section 119B.19.
- 8 **Facility improvement expenses.** Technical and clarifying changes to definition in current law.
- 9 **Interim financing.** Technical and clarifying changes to definition in current law.
- 10 **Training program.** Technical and clarifying changes to definition in current law.
- 11 **Region.** Defines *region* as the economic development regions defined in law. Current law uses the same definition of region.
- 12 **Distribution of grant funds.** Clarifies the commissioner's responsibility to distribute funds to resource and referral programs to make grants. The commissioner must distribute funds for: 1) child care services grants; and 2) family child care technical assistance grants. Authorizes the commissioner to retain 10 percent of the appropriations for statewide initiatives, including training, collaboration efforts and research and data collection. Authorizes resource and referral programs to apply for funding through the statewide set aside. Under current law resource and referral programs make both types of grants authorized in this section.
- 13 **Basis for distributing grant funds.** Requires 90 percent of the grant funds to be distributed to child care resource and referral programs for child care services grants and technical assistance grants. Authorizes the commissioner of DCFL to retain 10 percent of the appropriations for statewide initiatives and develop a process to distribute these funds.
- 14 **Child care regional proposal review committees.** Changes the name and clarifies the responsibilities of the existing advisory committees.
- 15 **Child care services grants.** Clarifies and simplifies the existing authority and purposes for child care services grants made by resource and referral programs.
- 16 **Eligible grant recipients.** Clarifies and simplifies the existing eligibility criteria for child care services grants. Adds creation, expansion, or improvement of child care programs for ethnic immigrant and refugee communities as a eligible purpose.
- 17 **Grant match requirements.** Clarifies and simplifies the existing requirement for a 25 percent local match for a child care services grant.
- 18 **Family child care technical assistance grants.** Clarifies and simplifies the existing authority of resource and referral programs to make grants of up to \$1,000 for family child care and clarifies

the purposes of these grants.

- 19 Statewide advisory task force.** Clarifies and simplifies the existing advisory group convened by the commissioner. Adds school-age care providers to the membership. Eliminates the requirement for regional representation by resource and referral programs. Clarifies the commissioner's ability to compensate members.
- 20 Authority.** Clarifies and simplifies the existing authority of county boards to provide child care services, contract with resource and referral programs and develop child care.
- 21 Revisor instruction.** Provides for renumbering sections to put definitions in alphabetical order and reorganize the sections of resource and referral programs.
- 22 Repeals.** Sections 119B.18, subdivisions 1 and 2 (establishment and duties of resource and referral programs), 119B.19, subdivision 3, 4, and 5 (program services, grant requirements and priority for grants) 119B.20, subdivision 1 to 11 (definitions), 119B.21, subdivision 4, 6, and 12 (child care services grants, advisory committee costs), and 119B.22 (commissioner assistance to child care providers)