

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill modifies several child care assistance provisions and consolidates the MFIP and Basic Sliding Fee child care programs.

Child Care assistance programs receive federal, state, and county funds to subsidize the child care expenses of eligible families, including families participating in the Minnesota Family Investment Program (MFIP) or the Diversionary Work Program (DWP), and working families or students who receive no cash assistance and have incomes at or below 175 percent of the federal poverty guidelines (FPG), adjusted for family size, at program entry and up to 250 percent of FPG, adjusted for family size, at program exit.

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#### Article 1: Child Care Policy

- 1 General eligibility requirements for all applicants for child care assistance.** Amends § 119B.09, subd. 1. Adds a statutory reference. Modifies the maximum household income in order for a family to be eligible for child care assistance.
- 2 Deferral period.** Amends § 119B.09, by adding subd. 11. Requires a notice of negative action to be mailed at least 60 days prior to the effective date of the action, if a family experiences a change in income or authorized activity that results in a reduction in the amount of care that can be authorized and the family timely reports the change and meets certain other criteria. Requires families to pay the highest co-pay amount for the family size during the deferral period if their eligibility ends due to an increase in income. Restricts the

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circumstances under which a child care provider may be assessed an overpayment for a payment made during the deferral period.

- 3 **Child care assistance parental fee schedule.** Amends § 119B.12, by adding subd. 3. Paragraph (a) requires the commissioner to develop a bi-weekly family co-payment schedule for child care assistance families with annual incomes less than or equal to 75 percent of the state median income. Requires the schedule to be a sliding scale based on the income of the parent. Prohibits co-payments from exceeding 10 percent of the adjusted gross income of families at the upper end of the highest step on the co-payment schedule. Makes the new schedule effective July 1, 2007, with full implementation required by January 1, 2008. Requires the current fee schedule to remain in effect until the new schedule is fully implemented.

Paragraph (b) requires the parent co-payment to be reduced by 10 percent if the child care provider the parent uses is licensed, and an additional 10 percent if the child care provider the parent uses has been approved for a provider rate differential for accreditation.

- 4 **Subsidy restrictions.** Amends § 119B.13, subd. 1. Paragraph (a) modifies the maximum child care provider reimbursement rates effective the first Monday in January 2008.

Paragraph (b) requires rate changes to be implemented for services provided in March 2008, unless a participant eligibility redetermination or a new provider agreement is completed between January 1 and February 28, 2008. Requires new cases approved on or after January 1, 2008, to have the maximum rates implemented immediately.

Paragraph (c) increases the frequency of child care provider rate surveys from once every two years to no less than once every year. Requires the commissioner to implement the survey results using the 75<sup>th</sup> percentile.

Paragraph (e) requires the commissioner to determine a maximum rate for each type of care on a half-day basis.

### **Article 2: Child Care Assistance Consolidation**

- 1 **Child care services.** Amends § 119B.02, subd. 1. Removes language limiting the commissioner to distributing child care money to counties within the limits of available appropriations (makes the consolidated program forecasted). Removes language related to allocating federal reimbursements for child care to counties. Requires the commissioner, rather than counties, to use the federal money to expand child care services.
- 2 **Contractual agreements with tribes.** Amends § 119B.02, subd. 2. Modifies statutory references related to eligibility (this is due to the consolidation of programs). Removes language referring specifically to the Basic Sliding Fee child care program.
- 3 **Eligible participants.** Amends § 119B.03, subd. 3. Modifies eligibility language to allow for consolidation of the child care assistance programs.
- 4 **Family move; continued participation.** Amends § 119B.03, subd. 9. Paragraph (a) removes language related to the portability pool (the portability pool becomes unnecessary with a consolidated, forecasted program). Specifies that when a family receiving child care assistance moves from one county to another county, the family must be admitted into the new county's child care assistance program if the family continues to meet the income and eligibility guidelines of the program and notifies the receiving county within a specified

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period of time.

Paragraph (b) specifies receiving county duties.

- 5 **Application; entry points.** Amends § 119B.03, subd. 10. Removes references to the Basic Sliding Fee child care program.
- 6 **Establishment.** Amends § 119B.035, subd. 1. Removes references to the Basic Sliding Fee child care program.
- 7 **Eligible families.** Amends § 119B.035, subd. 2. Removes a reference to the Basic Sliding Fee program.
- 8 **Assistance.** Amends § 119B.035, subd. 4. Removes references to the Basic Sliding Fee child care program.
- 9 **Implementation.** Amends § 119B.035, subd. 5. Removes a reference to the Basic Sliding Fee program.
- 10 **Federal reimbursement.** Amends § 119B.05, subd. 5. Requires the state, along with counties, to maximize their federal reimbursement under federal programs for money spent for persons eligible for child care assistance.
- 11 **Reporting and payments.** Amends § 119B.08.

**Subd. 1. Reports.** No changes made.

**Subd. 2. Quarterly payments.** Removes language allowing the commissioner to certify an advance of up to 25 percent of the allocation (this becomes unnecessary with a forecasted program).

**Subd. 3. Child care fund plan.** Removes language penalizing counties with a reduction in their allocations if their child care fund plan is not approved by a certain date. Requires the commissioner to withhold payments to counties until they have an approved plan. Requires counties to maintain services despite any withholding of payments.

**Subd. 4. Withholding or reduction of funds.** Removes language related to county allocations and reallocations. Allows the commissioner to withhold or reduce funds intended to reimburse counties for child care costs under the child care fund if the county does not meet the reporting or other requirements of the child care assistance program.

- 12 **Temporary ineligibility of military personnel.** Amends § 119B.09, subd. 4a. Removes language related to the Basic Sliding Fee waiting list.
- 13 **Date of eligibility for assistance.** Amends § 119B.09, subd. 7. Paragraph (a) removes a reference to MFIP child care program rules.

Paragraph (b) removes references to MFIP and transition year child care.

- 14 **Employment or training eligibility.** Amends § 119B.10.

**Subd. 1. Assistance for persons seeking and retaining employment.** Makes a technical change.

**Subd. 1a. Assistance for persons participating in employment plan.** Lists certain persons who are eligible for child care assistance.

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**Subd. 2. Financial eligibility required.** No changes made.

**Subd. 3. Child care assistance during education.** Paragraph (a) lists the persons eligible for child care assistance for education or training.

Paragraph (b) limits education or training for certain persons to 48 months or the length of time necessary to complete the degree, whichever is shorter.

**Subd. 4. Satisfactory progress.** Requires students enrolled in an education program to be making satisfactory progress toward completion of the program as stipulated in the school's satisfactory progress policy.

**Subd. 5. Limiting duration of training.** Prohibits counties from limiting the duration of child care subsidies for a person in an employment or educational program, except when the person is found to be ineligible under the child care fund eligibility standards. Requires any limitations to be based on a person's employment plan in the case of an MFIP participant.

**Subd. 6. Maximum length of time for training.** Specifies the maximum length of time a person is eligible for child care assistance for education and training. Excludes certain basic or remedial programs from the time limitation.

**Subd. 7. MFIP student moves to another county.** Requires that MFIP participants who move from one county to another and who meet certain criteria continue to receive child care assistance from the county responsible for the MFIP participant's current employment plan.

- 15     **County contributions required.** Amends § 119B.11, subd. 1. Removes a reference to the Basic Sliding Fee program.
- 16     **Parent fees.** Amends § 119B.12, subd. 2. Removes statutory references to the MFIP and Basic Sliding Fee child care programs and replaces them with a reference to child care financial eligibility.
- 17     **Administrative expenses.** Amends § 119B.15. Removes references to the MFIP and Basic Sliding Fee child care programs.
- 18     **Duties of the commissioner.** Amends § 119B.24. Removes a reference to the Basic Sliding Fee program.
- 19     **Direction to commissioner of finance.** Requires the commissioner of finance to include in the February and November forecast of state revenues and expenditures the state obligation for the child care assistance program, beginning with the November 2007 forecast.
- 20     **Revisor's instruction.** Instructs the revisor to renumber certain statutory sections and make necessary cross-reference changes consistent with the renumbering in the next bound edition of the Minnesota Statutes.
- 21     **Revisor's instruction.** Requires the revisor to correct internal cross-references to sections affected by the repealer. Allows the revisor to make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.
- 22     **Repealer.** Repeals §§ 119B.011, subdivisions 20 (transition year families) and 20a (transition year extension families); 119B.03, subdivisions 1 (allocation period; notice of allocation), 2 (waiting list), 4 (funding priority), 5 (review of use of funds; reallocation), 6 (allocation formula), 6a (allocation due to increased funding), 6b (allocation due to decreased funding), and 8 (guaranteed floor); 119B.05, subd. 1 (eligible participants); 119B.07 (use of money); 119B.09, subd. 3 (priorities; allocations); and 119B.11, subd. 4

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(maintenance of funding effort).