

Human Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Supporting Tribal Child Welfare Agencies and the American Indian Child Welfare Initiative

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	9,905	11,878	14,477	14,365
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	-
Net Fiscal Impact = (Expenditures – Revenues)	9,905	11,878	14,477	14,365
FTEs	1	1	1	0

Recommendation:

The Governor recommends investing \$21.8 million in FY 2024-2025, \$14.5 million in FY 2026 and \$14.4 million in FY 2027 to expand and bolster the American Indian Child Welfare Initiative (Initiative). First, this proposal would support the Mille Lacs Band of Ojibwe in its ongoing efforts to build the child welfare infrastructure and programming necessary to join the Initiative. Second, this proposal would increase funding to the 3 tribal nations currently participating in the Initiative to ensure adequate funding for their Initiative programs. Finally, this proposal will provide funding to seven non-Initiative tribes to hire staff to liaise with counties to help ensure they follow best practices and state and federal laws governing child protection and child welfare work with American Indian children and families.

Rationale/Background:

This proposal recognizes and honors the sovereignty of tribal nations. It also takes one step toward reversing the grave injustices and trauma caused to American Indians by decades of government policies, including removal of tens of thousands of American Indian, Alaska Native and Hawaiian Native children from their families and tribes for placement in boarding schools for the purpose of eliminating the cultural identity of Indian children.¹

This proposal has 3 components:

- Enable Mille Lacs Band of Ojibwe to join the Initiative.
- Increase funding for existing Initiative Tribes to help ensure they have adequate funding for their child welfare programs.
- Provide funding for tribes that are not part of the Initiative to hire staff to work with counties on state and federal child welfare laws and best practices for working with Indian children and families.

The American Indian Child Welfare Initiative

Minnesota leads the nation in the disproportionate representation of American Indian children in foster care. When compared to white children, Indian children experience a higher rate of involvement in the child welfare system from being overly reported, screened in for a maltreatment response, and selected for an investigation rather than assessment. American Indian children are about 5 times more likely to be reported as abused or

¹ For more on the Indian Boarding School era from 1819 to 1969, see: [Federal Indian Boarding School Initiative Investigative Report, May 2022](#)

neglected than White children, and 16.4 times more likely than white children in Minnesota to experience foster care.²

Several components that are both internal and external to the child welfare system influence these disparities: bias in identification and maltreatment reporting; child welfare worker bias; the impact of historical trauma; socioeconomic factors, including inequitable outcomes in education, health and corrections; poverty; institutional racism and discriminatory practices; and the everyday stress related to experiencing prejudicial behaviors in interactions with others.

The Initiative was authorized in 2005 as a means of honoring tribal child welfare systems serving families in a cultural context, through an Indigenous practice model lens.³ Initiative Tribes have authority to deliver child welfare services to American Indian children and families living on the reservation. In doing so, they take on the child welfare responsibilities and costs from counties in the reservation. Currently, 3 tribes in Minnesota have implemented the Initiative – White Earth Nation, Leech Lake Band of Ojibwe, and Red Lake Nation. Mille Lacs Band of Ojibwe is poised to become the 4th Initiative Tribe.

Participating Initiative tribes have outperformed state and federal indicators in Child and Family Service Reviews (CFSR's) in areas of safety, permanency, and wellbeing. This includes intervention services for families which engaged parents in holistic healing, and retention of parents in supportive services, which created connections to identity and wellbeing and increased resilience and wellness. Parents have demonstrated longer term success and creation of recovery oriented communities engaged in culture and family wellness. Initiative tribes have exceeded federal indicators for relative placements, stability of those placements, and increased connections for children with their families – all of which are known to improve resilience and wellbeing in children. The Initiative has also provided a pathway to improved relationship building between the tribal nations and the local counties impacted by the tribal assumption of jurisdiction. In turn, this has eliminated most of the child welfare related questions of responsible agency and jurisdiction.

Mille Lacs Band of Ojibwe – Planning and Initiative Implementation

The Mille Lacs Band is in final planning stages and stands ready to become the fourth tribal nation to join the Initiative in January of 2025. To do so, the Mille Lacs Band needs funding to finish planning, as well as ongoing state funding to implement the Initiative once planning is complete.

The Mille Lacs Band Family Services program is fully capable of serving Band members with the assistance of the Initiative and it is anticipated that families will achieve improved outcomes through this model. The Mille Lacs Band has been working toward systems improvements and infrastructure readiness in the Family Services Department to implement the Initiative.

Ensuring a uniform response from a Tribal agency rather than seven individual counties will help to eliminate disproportionality in the child welfare system of Mille Lacs Band children. This proposal will also assist the Mille Lacs Band in implementing the Families First Prevention Services Act. It would also benefit local counties and reduce contentious relationships.

Four years of county SSIS data on Mille Lacs children and families were examined in the creation of this proposal. Mille Lacs families experience a high rate of assessment and investigation, and children experience a high placement rate. Maintaining family and cultural connections is essential to the well-being of American Indian children. This proposal would allow the Mille Lacs Band Family Services program to build a robust differential response and family preservation unit to meet the needs of families and provide supportive services. This model is

² See: [Minnesota's Out-of-home Care and Permanency Report, 2020](#)

³ [Minn. Stat. § 256.01, subd. 14b](#)

anticipated to reduce the numbers of children in the foster care system and reduce family and community removal trauma.

Funding for Existing Initiative Tribes

White Earth and Leech Lake were the first to implement the Initiative in 2005 and have demonstrated consistent and impressive success throughout. Both tribal nations were successful in implementing a customary practice model; reducing out of home placements; and creating helping systems that worked holistically with mental health, ceremony, and substance abuse treatment programs for the entire family. Both were also successful in partnering with other tribal supportive housing programs and parent mentor programs which also aided in the long term outcomes for families.

Red Lake Nation joined the Initiative in 2021 and was immediately successful in reducing the number of children in foster care by 50% through improved differential response and creation of family preservation programming. Families have been engaged in services as the tribe implemented a cultural practice model consistent with Anishinaabe child rearing customs and practices.

The existing Initiative tribes, Red Earth Nation, White Earth Nation, and Leech Lake Band of Ojibwe, have expressed a critical need to increase their base funding. Each of the tribes has unique needs based upon their culture, traditions and the families in their communities. Their financial needs include enhancing family preservation services, addressing the increase in out-of-home placement costs and operational needs, including cost of living increases for current staff salaries, and hiring new FTEs to ensure they are fully staffed.

One specific example of the need for increased funding is that Initiative Tribes have reported an increase in placement costs for children in specialized settings related to substance abuse, mental health and behavioral health needs. Children served in these specialized settings are in need of the additional structure and stability that is required for their care.

Current law provides \$3 million in annual property tax aid for out-of-home placement costs to Beltrami County, with that aid expiring after payments in calendar year 2024.⁴ When Red Lake Nation took over child protection responsibilities for Indian children on the reservation, Beltrami County began transferring this property tax aid to the Tribe. Red Lake Nation will face a significant reduction in their funding when the property tax payments expire.

Funding for Non-Initiative Tribes

Minnesota's tribes that are not part of the Initiative also provide child welfare services for children and families living on their reservations. These non-Initiative tribal agencies provide culturally sensitive and responsive social services to Indian families. Some of the services they provide include crisis intervention, case management, prevention services, and out-of-home placement supervision.

There is a long-standing practice of local county social service agencies sending notice to Minnesota tribes when a parent and or child indicates they may have an association with a Minnesota tribe. The request under this section of the proposal is to support tribes in assessing a child or parent's eligibility for membership with that tribe where it is not known and work with counties to ensure state and federal laws and best practices are followed when providing child protection services to Indian children and families.

⁴ See Laws of Minn. 2014, Ch. 150, Art. 4, § 6

Six of Minnesota's non-Initiative tribes⁵ have requested funding to hire staff dedicated to working with counties regarding state and federal legal requirements and child welfare best practices related to Indian children, families and tribes.

Proposal:

Mille Lacs Band of Ojibwe

Mille Lacs Band requires three phases of funding.

July 1 – 2023 to June 30, 2024: Phase 1. This phase includes tribal court code changes, the development of policies and procedures which meet federal requirements, the development of a Title IV-E agreement and IV-E unit, MA agreement, and local county agreements. The creation of such a large-scale system takes time, and assistance from individuals who are aware of the requirements and steps that need to be taken, which Mille Lacs has at their disposal. There is time needed to implement Families First Preservation Service Act requirements, and hire, train and orient the staff needed to carry out the requirements of the Initiative.

Funding for Phase 1 will enable the Mille Lacs Band Family Services Program to continue infrastructure building by hiring employees dedicated to Initiative readiness and development, engaging consultants with experience in Initiative planning and implementation, beginning to provide direct services to families to improve wellbeing and enhance family preservation and reunification, and paying for standard administrative costs. The cost for this provision is \$3.3 million.

July 1, 2024 to January 1, 2025: Phase 2. During this phase, Mille Lacs Band will continue to finalize a multitude of contracts and agreements required for implementation of the Initiative, and hire staff needed to implement an Initiative program. Mille Lacs Band will also develop internal codes, policies, and other systemic changes necessary to implement the Initiative. It is expected that this proposal will enable MLBO to achieve readiness to join the Initiative and begin phasing in cases from counties beginning January 1, 2025. The cost for this provision is \$5.3 million.

January 1, 2025: Implementation. Once Mille Lacs Band is fully prepared to implement the Initiative, they will need ongoing funding to run their program, as is the case with the other Initiative Tribes. The cost for this provision is \$7.9 million.

In addition, to support the MLBO's planning for and use of the Social Services Information System (SSIS), and ensure that all requirements/mandates are met, one temporary (3 years) unclassified employee who would be a subject matter expert dedicated to working on all the SSIS-specific needs is required. This position must apply knowledge of child welfare policies, understand the needs of the MLBO and the Initiative agreement, and understand SSIS functionality to analyze business/policy requirements and support the MLBO in using SSIS for child welfare work as they transition into being an Initiative Tribe. The cost for this provision is \$141,000 in FY 2024, \$165,000 in FY 2025 and FY2026.

Funding for Existing Initiative Tribes

This proposal will provide increased funding for the 3 existing Initiative Tribes in these amounts:

- \$1.8 million for Leech Lake Band of Ojibwe
- \$824 thousand for White Earth Nation
- \$3.0 million for Red Lake Nation

Additionally, each existing Initiative Tribe and the Mille Lacs Band of Ojibwe, would receive \$80,000 annually to hire 1 FTE responsible for working with counties on serving American Indian children in the child welfare system

⁵ Tribes that would receive these funds are: Bois Forte Band of Chippewa, Fond Du Lac Band of Lake Superior Chippewa Reservation, Grand Portage Band of Lake Superior Chippewa reservation, Lower Sioux Indian Community, Prairie Island Indian Community, and Upper Sioux Community. The Shakopee Mdewakanton Sioux Community did not request funding.

using best practices and in accordance with state and federal laws. As described below, tribes that are currently not participating in the AICWI would also receive support for this activity.

The total cost for this provision is \$5.9 million in FY2024 and ongoing.

Funding for Non-Initiative Tribes

This proposal will provide \$80,000 for six non-Initiative tribes for the purpose of hiring 1 FTE each to work with counties regarding state and federal laws and best practices for serving American Indian children and families in the child welfare system.

The total cost for this provision is \$480,000 in FY2024 and ongoing.

Impact on Children and Families:

Providing additional funds to the 3 existing Initiative Tribes and Mille Lacs Band to join the Initiative will help ensure American Indian children and families receive culturally based family preservation programming, and family intervention and support services intended to support family connectedness. Culturally appropriate services will address the specific needs of American Indian children and families and be attuned to the historical and present trauma they experience.

Specific to Mille Lacs Band, this proposal would improve the quality of the child welfare services that American Indian children and families receive throughout the Mille Lacs Band reservation. With more comprehensive and regional support for the Mille Lacs Band to implement a uniform response that is culturally based and engages family in a cultural context, it is anticipated that outcomes for Mille Lacs Band families will improve. It will enable the Mille Lacs Band to implement a culturally based practice model focusing on engagement and wellbeing of families. This meaningful engagement with American Indian families, relatives, and children will keep American Indian children within their families or, at a minimum, with their extended families and communities where they can continue to thrive and maintain connections. It is the intention of this proposal that more Mille Lacs Band children and families will receive child welfare case management services that are more culturally responsive and appropriate.

Providing funding to the non-Initiative Tribes will help ensure the tribes are able to work with counties to follow state and federal laws and best practices involving Indian children and families in the child welfare system. As culturally relevant and appropriate services become the norm, it is anticipated that the disproportionate overrepresentation of American Indian children in the child welfare system will be reduced.

Equity and Inclusion:

The proposal is grounded in the need for the state to address the disproportionate overrepresentation of Indian children in the child welfare system. It honors tribal sovereignty, and better ensures Indian children and families will be served in a culturally relevant manner and that children remain safely at home with their parents, relatives or kin.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

The provisions in this proposal were developed based upon requests from tribal nations and communities during the past three tribal summits.

Impacts to Counties:

Initiative Tribes assume child welfare responsibilities for American Indian children of that tribe. The affected county social service agencies are relieved of responsibility for responding to reports of abuse and neglect for those children. Counties involved in the Initiative have had decreased caseload sizes, increased resources, and decreased staffing needs as a result.

IT Costs:

Not applicable.

Results:

It is expected that this proposal will enable the Mille Lacs Band to achieve readiness to join the Initiative and begin phasing in cases from counties beginning January 1, 2025.

It will also result in tribal nations and communities having greater bandwidth for working with counties so that state and federal laws and best practices are utilized to protect Indian families from separation and trauma.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
General Fund			9,905	11,878	21,783	14,477	14,365	28,842
HCAF					-			-
Federal TANF					-			-
Other Fund					-			-
Total All Funds			9,905	11,878	21,783	14,477	14,365	28,842
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
General Fund	45	Children's Services Grants - MLBO Planning & Implementation	3,337	5,294	8,631	7,893	7,893	15,786
General Fund	45	Children's Services Grants - Fully Fund Current AICWI Tribal Nations	5,992	5,992	11,984	5,992	5,992	11,984
General Fund	45	Staffing increase at non-AICWI tribal nations	480	480	960	480	480	960
General Fund	12	Children and Family Services Admin (1,1,1,0)	141	165	306	165	0	165
General Fund	REV1	Admin FFP @ 32%	-45	-53	-98	-53	0	-53
Requested FTE's								
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 27-28
			1	1	1	1	0	0

Statutory Change(s):

New section 260.786

Human Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Food Security for Minnesota Families

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	32,515	12,860	11,860	11,755
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	32,515	12,860	11,860	11,755
FTEs	7	7	7	6

Recommendation:

The Governor recommends investing \$45.4 million in FY 2024-2025 and \$23.6 million in FY 2026-2027 to support food security among Tribal Nations, increase base funding for the Minnesota Food Shelf Program, provide additional outreach for the Supplemental Nutrition Assistance Program (SNAP), and invest in emergency food distribution facilities across the state. Specifically, this recommendation includes the following investments:

- Tribal Food Sovereignty: \$6 million in FY 2024-2025 and \$4 million in FY 2026-2027 (ongoing) to support food security and food sovereignty among Tribal Nations and American Indian communities.
- Minnesota Food Shelf Program: \$12 million in FY 2024-2025 and \$12 million in FY 2026-2027 (ongoing) to increase base funding for the Minnesota Food Shelf Program. Base funding is currently \$3.386 million per biennium.
- Capital for Emergency Food Distribution Facilities: \$19 million in one-time capital in FY 2024, to be available through FY 2027, to improve and expand emergency food distribution facilities across the state.
- SNAP Outreach: \$6 million in FY 2024-2025 and \$6 million in FY 2026-2027 (ongoing) to support additional outreach and application assistance to Minnesotans who may be eligible for SNAP.
- Implementation Support: \$2.4 in FY2024-25 and \$2.4 in FY2026-2027 (ongoing) in staff infrastructure to operationalize these programs

Rationale/Background:

The first component of this proposal is designed to improve access and equity for food security programs within tribal and American Indian communities in a way that recognizes and promotes tribal food sovereignty and sustainability. This will address and seek to eliminate state barriers and food apartheid, and will also address chronic poor nutrition as a result of a history of inadequate and harmful federal government policies.

The Tribal Nations and American Indian communities in Minnesota experience greater health disparities and inequalities compared to white communities. Recent public health research by Indigenous scholars has drawn strong correlations between current health disparities and distal determinants of health like historical trauma, genocide, loss of land, and boarding schools for Indigenous communities throughout the United States, including Minnesota. In addition to historical distal determinants, current distal determinants like colonial structures and structural racism have an impact on Indigenous people's health and well-being. Tribal Nations, urban American Indian organizations, and members of the Governor's Food Security Work Group identified the needs of American Indian communities and created recommendations for the Tribal Food Sovereignty component of the proposal.

In addition to the food security needs of American Indian communities, food support continues to be in high demand across Minnesota due to the high prices for food and other necessities impacting family budgets. Minnesotans made more than 3.6 million visits to food shelves in 2021. Relatedly, Minnesota has seen a 15% increase in the number of people participating in SNAP between 2020 and 2021. Even with this growth, it is estimated that up to 41% of people with low incomes do not have access to SNAP. This increase in food insecurity is expected to persist even after the pandemic recovery period, as low-income Minnesotans struggle to meet their basic needs amid higher household costs and constrained budgets.

The proposed funding for the Minnesota Food Shelf Program and SNAP outreach reflects an emphasis and commitment to equity and uses these funds to make investments that will inform years of future system improvements. Grants to food shelves direct resources to the grassroots of the emergency food system, which has been historically underfunded. Emergency food programs address unmet food needs in a variety of ways. Families receiving SNAP often report running out of food before the end of the month. Minnesotans who do not qualify for SNAP are often left hungry, without the resources to purchase food. This proposal responds to unmet needs and systemic underinvestment in Minnesota's emergency food network.

In addition to needed investments in food and supplies, emergency food distribution facilities in Minnesota are also under strain. A recent statewide survey of food shelf clients and food shelf managers indicated that food shelves need more freezer/cooler and dry storage space in order to expand their food services to meet the demand of Minnesotans experiencing food insecurity. Food shelves reported that there was more food than they could take because they lacked capacity to safely and appropriately store the food, reporting storage and distribution challenges that had been made more problematic by the pandemic.

Proposal:

Tribal Food Sovereignty

This first component of this proposal intends to improve access and equity for food security programs within tribal and American Indian communities in a way that recognizes and promotes tribal food sovereignty and sustainability. This proposal will allocate funds to assist Tribal Nations in achieving self-determination and improve collaboration and partnership building between American Indian communities and the State. This is a new initiative building on pandemic response work and learnings from the distribution of federal emergency funds and the inequities and gaps that were discovered from the pandemic response.

Grants

The recipients of this funding will be Tribal Nations.

- \$3 million per year in FY24-25 and \$2 million per year thereafter in ongoing funds to support and promote food security for 11 Tribal Nations. Allowable uses of funds may include:
 - Costs to purchase, produce, process, transport, store, and coordinate the distribution of nutritious food to individuals and families, including culturally connected food items to meet Minnesotans diverse needs.
 - Materials to support program sustainability identified by the technical assistance plan. The funds will be used to support the development of sustainable food infrastructure at the community level.
 - Technology to facilitate no-contact or low-contact food distribution and outreach models.
 - Training and technical assistance to support evolving food distribution models and effective outreach strategies for long-term public health approaches.
- \$750,000 in onetime funding for culturally relevant training for building food access and sustainability. This funding would provide for trainings, travel, and facilitation costs, with the remainder providing for state staff training.

Administrative or programmatic capacity

- The Tribal Food Sovereignty component of the proposal includes 3 FTE's to manage the grant funding and provide project management and technical assistance support.

This work complements the equity work of the Governor's One Minnesota Plan, The Emergency Food Assistance Program, Minnesota Food Shelf Program, and the Food Security Work Group. This proposal will increase food access, food security, and equity for American Indians by expanding partnerships between Tribal Nations and the department. This proposal also provides funding to Tribal Nations to support their communities' efforts for further developing food access and sustainability in culturally relevant and appropriate ways.

Increase Base Funding for the Minnesota Food Shelf Program

This proposal adds \$6 million in ongoing annual investments to the existing base of the Minnesota Food Shelf Program. With increased funds, current and new grantees representing nonprofits and Tribal Nations throughout the state of Minnesota will be able to receive an increase in funds or a new grant to support food security.

Allowable uses of funds include:

- Costs to purchase, produce, process, transport, store, and coordinate the distribution of nutritious food to individuals and families. This includes purchase of culturally connected food items to meet Minnesotans diverse needs.
- Personal hygiene supplies, including menstrual products and diapers, as well as cleaning and disinfecting supplies to promote effective public health.
- Technology to facilitate innovative food distribution and outreach models.
- Training and technical assistance to support evolving food distribution models and effective outreach strategies.

This proposal includes 2 FTE to manage the increase in grant funding and provide project management support.

Capital for Emergency Food Distribution Facilities

This proposal includes a one-time capital investment of \$19 million in FY 2024 to improve the infrastructure of food shelf and Tribal Nation food program facilities. These one-time funds would begin in FY 2024, for use through FY 2027. This investment will allow local food shelves to improve and expand options to meet the increasing needs of Minnesotans with low-income experiencing food insecurity. The historic under-investment in food shelves (especially in Greater Minnesota) means that in many areas of the state there are still no viable food shelf options. Additionally, providers' response to the pandemic strained already underfunded food shelf facilities. Modifications of structures/spaces and on-going wear-and-tear has exacerbated the need for significant investments in the food shelf infrastructure statewide. This funding would improve and expand food shelf facilities throughout the state. Funds would support:

- Adding freezer/cooler space and dry storage space.
- Improving the safety and sanitation of existing food shelves.
- Addressing on-going wear-and-tear and deferred maintenance of existing food shelves.

This component also includes hiring 1 temporary FTE, beginning in FY 2024 and ending in FY 2026, as capital projects of this size require sufficient administrative resources to ensure funds are distributed effectively, efficiently, and with the oversight needed to maintain program integrity.

Outreach and Application Assistance for SNAP-Eligible Minnesotans

This proposal requests \$3 million annually to provide outreach and application assistance to eligible Minnesotans who are not enrolled in SNAP. This funding will help support organizations across the state to provide education, information, and assistance to help Minnesotans apply for SNAP using culturally relevant and community-driven approaches. Referrals for SNAP application assistance increased more than 40% from 2020 to 2021.

This proposal includes 1 FTE to administer the grant funding and provide technical assistance to grantees.

Impact on Children and Families:

The first component of this proposal is a holistic approach for the whole family including children, youth, and adults to build on current state initiatives and expand equitable access for food security programs in partnership with Tribal Nations and American Indian organizations. Access to culturally relevant food supports children and families to thrive in school, at work, and in their communities. Adequate food security leads to emotional, spiritual, and physical well-being that leads to long-term healthy and independent communities.

This will help create a healthy and stable foundation for Minnesota families by ensuring safe access to culturally relevant food and promoting a healthy start. Ongoing feedback from Tribal Nations has indicated that food is medicine and therefore allocating funds for Tribal Nations and American Indian organizations will lead the development of a self-sustaining food infrastructure that leads to stable lives, positive mental health outcomes, and successful communities.

Many of the activities funded in this proposal will be evidence-based practices or culturally based practices that will improve healthy food consumption and increase food security. The Food Security Work Group conducted interviews with representatives from Tribal and American Indian organizations and learned about the needs and barriers that families in their communities are experiencing with accessing food. This proposal takes a multi-generational approach by promoting food security solutions that address the needs of everyone living in a household from young children to elders.

Children represent over one-third of food shelf visits in Minnesota. Households with children also face higher rates of food insecurity than households overall. Nationwide, 14.8% of all households with children, and 15.3% of all households with children under age six, were food insecure in 2020. By comparison, the rate of food insecurity among households overall (10.5%), and among households without children (8.8%), was substantially lower.¹ In Minnesota, there were over 3.6 million visits to food shelves in 2021. Of these, children accounted for approximately 35% of food shelf visits in Minnesota, while senior visits have increased by 31% since 2019.²

Minnesota also saw a 15% increase in the number of people participating in SNAP between 2020 and 2021. This increase is expected to persist even after the pandemic recovery period, as higher costs for groceries and other necessities continue to strain family budgets. Almost half of the people who receive SNAP in Minnesota are children. Access to food ensures children and families have the resources to thrive in school, work, and their communities.

Equity and Inclusion:

This proposal will reduce inequities within food support programs for American Indians by providing equitable access to existing programs and new methods of food support for American Indian communities. This proposal was created based on feedback and input from Tribal nations and American Indian communities to identify needs, gaps, and recommendations for improving equity and access to food resources. This proposal will help achieve equitable access to food and resources, staff support, and relationship building with Tribal Nations and American Indian organizations to create more equitable outcomes.

The funding for food shelves, food banks, and meal programs will increase the availability of culturally connected foods and build capacity of historically underinvested and underserved communities – specifically Black, Indigenous, people of color, and rural communities – in response to unmet needs and lessons learned throughout

¹ U.S. Department of Agriculture, [Food Security in the U.S.: Key Statistics and Graphics](#), 2020.

² Hunger Solutions Minnesota, [Food Shelf Statistics report](#), 2021

the pandemic. In July 2020, 37% of Minnesotans reported some level of food insecurity.³ Black and Hispanic/Latino Minnesotans reported food insecurity at more than double the rate of White residents (83% of Black residents and 70% of Hispanic residents, compared to 32% of White residents).³ Fifty-two percent of Asian residents and 55% of people of other races, including American Indians, also reported some degree of food insecurity.³ Even before COVID-19, Minnesota showed significant disparities in who struggled to have enough to eat. Black and American Indian Minnesotans were six times as likely to be enrolled in the Supplemental Nutrition Assistance Program (SNAP) as White residents were, and Hispanic/Latino and Asian residents were about three times as likely to be enrolled in the program.³

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
 No

The first component of this proposal provides funding to Tribal Nations and American Indian organizations. This proposal was generated from meetings and interviews with Tribal Nations and American Indian organization representatives via the American Indian Food Security Work Group over the course of a year and half of its work. Representatives from the Tribes and American Indian organizations have been regularly engaged on this project.

The funding in this proposal would provide support across the emergency food system – including 300+ food shelves and Tribal Nations, with an emphasis on community engagement from those with lived experience and the availability of emergency food supports. Grants to Tribal Nations recognize Tribal sovereignty and provide access to resources that have been historically unavailable to Tribes. Tribal Nations can use these designated resources to meet their needs including with entities such as food banks, regional wholesalers, small businesses, and local growers and producers. Funding flexibility allows for staffing and other gaps to create access to food.

Impacts to Counties:

This proposal does not impact counties financially and or impact county operations.

IT Costs:

N/A

Results:

The following performance measures will be used to evaluate the first component of this proposal:

- **Quantity:**
 - The number of food shelves established
 - The number of Gathering Native American Trainings provided
- **Quality:**
 - Summary reports will be created to monitor the food integrity and quality.
 - Relationships established between Tribal Nations, American Indian organizations and DHS (measured by number of meetings)
- **Result:**
 - Fewer American Indians will experience food insecurity. Many of the activities funded in this proposal will be culturally based practices that will improve healthy food consumption and increase food security.⁴

³ Wilder Foundation, [New Food Insecurity Data Highlight Minnesota's Continuing Disparities and the Need for Multi-Sector Solutions](#), 2020.

⁴ County Health Rankings, [What Works for Health](#)

Fewer Minnesota families will be food insecure as a result of these investments. Results will also include:

- The number of emergency food programs funded, and the grant amounts received
- The amount of freezer/cooler equipment and dry storage space added to food shelves
- The number application assistance referrals received by SNAP outreach organizations.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
General Fund			32,515	12,860	26,375	11,860	11,755	23,615
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
GF	47	Children and Economic Support Grants	12,750	12,000	24,750	11,000	11,000	22,000
GF	47	Capital Project	19,000					
GF	12	Children and Family Services Admin (4)	1,125	1,264	2,389	1,264	1,111	2,375
GF	REV1	Admin FFP @ 32%	(360)	(404)	(764)	(404)	(356)	(760)
Requested FTE's								
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
GF	12	Children and Families Admin	7	7	7	7	6	6

Statutory Change(s):

Not applicable.

Human Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Support After Foster Care

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	8,158	8,974	8,974	8,974
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,158	8,974	8,974	8,974
FTEs	6	6	6	6

Recommendation:

The Governor recommends investing \$17.1 million in FY 2024-25 and \$17.9 million in FY 2026-27 to expand the capacity of the adolescent services unit to better serve older youth at risk of, currently in and exiting out of foster care. In addition, this proposal would provide new or increased funding for programs serving older youth, including Successful Transition to Adulthood for Youth (STAY) in the Community, Minor Connect, and Support Beyond 21 (new program). This proposal also provides funding to reduce caseloads for county and tribal case managers working with youth in extended foster care, and funding to expand Public Private Adoption Initiative services to include Transfer of permanent physical and legal and custody (TPLPC) and child-specific recruitment services to children and youth, ages six to 21. Finally, this proposal includes an appropriation for the Department of Human Services (department) to undertake a research and engagement process regarding the use of Supplemental Security Income (SSI) and Retirement Survivors and Disability Insurance (RSI) to meet the best interests of an eligible child in foster care.

Rationale/Background:

Youth that have experienced foster care need assistance developing the skills necessary to live independently, including education and employment services, building permanent connections, and ensuring housing stability. This population is at high risk of homelessness, higher rates of pregnancy before turning 21, incarceration and lower educational outcomes. Historically, youth who leave foster care at age 18 or older face worse outcomes than their peers.¹

In Minnesota, youth between the ages of 15 and 17 were among the most likely to experience out-of-home care in 2020, including 3,222 youth ages 14-17, 1,106 youth ages 18-20 in extended foster care, and 105 state wards turned 18 before being adopted. Of the state wards, 21 (18.3 percent) continued in care after turning 18 through the extended foster care program.² Of the individuals who experienced homelessness in Minnesota on a single night in January 2022, 25 percent of those were children and youth under age 18, and 10 percent were young adults ages 18-24.³

Minor youth, 15-17 years old, who are experiencing homeless without the support of a parent or legal guardian are a difficult population to serve. A response tailored to youth 15-17 years old experiencing homelessness is

¹ Supporting Older Youth Beyond Age 18: Examining Data and Trends in Extended Foster Care 2019.

<https://www.childtrends.org/publications/supporting-older-youth-beyond-age-18-examining-data-and-trends-in-extended-foster-care>

² Minnesota Child Welfare Database 2021. <https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/child-protection-foster-care-adoption/child-welfare-data-dashboard/>

³ Point in Time Count Information: [Point-in-Time Count Information — Minnesota's HMIS \(hmismn.org\)](#)

needed. Intentionally hiring adults with recent lived experience will help the department develop policies and programs that support better outcomes and provide a first-hand Minnesota perspective of the issues youth face while transitioning out of foster care.

The Public Private Adoption Initiative (PPAI) is a program where the department contracts with private child-placing agencies to provide adoption services and adoption-related services to children under state guardianship or tribal jurisdiction. Currently, six private agencies work closely with county and tribal social services agencies to place children with adoptive families or relatives' concurrent foster families. These partnerships maximize strengths and resources of private agencies and county and tribal social service agencies to ensure that children are placed in permanent homes, and that they and their families receive the support they need.

When children in foster care cannot be reunified with their parents, transfer of permanent legal and physical custody (TPLPC) is a permanency option that allows children to be placed permanently with their relatives.⁴ Children do better when placed with relatives or kin, remaining connected to their culture and community. Expansion of PPAI services to include TPLPC will increase the likelihood that a relative or kin caregiver can be engaged and supported to be a permanency resource for a child or youth waiting in out of home care. In many cases, if a relative or kin is not identified, the child could remain in care into adolescence increasing the barriers to achieving permanency and increasing the likelihood a youth would age out of foster care. Increasing education, guidance and support to county and tribal staff providing child-specific recruitment services should increase the number of possible relative or non-relative permanency resources identified for youth, decreasing the number of youth aging out of care.

The Successful Transition to Adulthood for Youth (STAY) program is a federal funding source that has been allocated to county and tribal agencies since 1987. The STAY program promotes a successful transition to adulthood for current and former foster youth from ages 14 up to their 23rd birthday. The purpose is to support them through transitional services such as assistance in obtaining a high school diploma and post-secondary education, career exploration, training and opportunities to practice daily living skills (such as financial literacy training and driving instruction), substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention), and achieve meaningful, permanent connections with a caring adult. STAY also allows them to engage in age or developmentally appropriate activities, positive youth development, and experiential learning that reflects what their peers in intact families experience.

The Minor Connect program is a program designed to work with youth ages 15 to 17 that are experiencing homelessness without the support of a parent or guardian. Youth work with a case manager they otherwise would not have. The program is also supported by non-profit agencies that assist youth in returning home to their caregivers or find alternative housing options when that is not possible.

The Support Beyond 21 program will provide financial assistance to youth for one year after leaving the extended foster care program. After that one year, the program is designed as a step-down program and will provide financial assistance in increments that reduce every three months for the proceeding year. This will assist youth with budgeting and financial literacy after leaving foster care. Youth that currently leave extended foster care are not provided any additional financial support. The department learned from young people and advocacy groups that they need more support instead of an abrupt end to financial support. Case managers will also be available throughout the state to assist these young people in transitioning out of foster care.

A recent report from The Marshall Project and National Public Radio found that most states and local governments, including some of Minnesota's local social services agencies, use SSI and RSDI payments to defray the out-of-home placement costs for an eligible child.⁵ Currently, many state and local child welfare agencies,

⁴ Minn. Stat., section 260C.515, subd. 4; Minn. Stat., section 256N.02, subd. 16

⁵ See: [States Take Social Security Benefits Of Foster Care Children To Pay For Services : NPR](#)

child welfare advocates, and policy makers across the nation are discussing how these payments should be used in the best interests this vulnerable population of children. Legislation was introduced during Minnesota's 2022 legislative session that would have required the department to establish trust accounts for each child eligible for these federal funds. Before the department could implement a complex trust program for this population of children, many questions must be answered. For example, what is the financial impact on local social services agencies if these funds are no longer available, how does SSI interact with federal Title IV-E payments for a child eligible for both, and what entity outside of the department could manage a trust and how much would that cost? There are also policy and implementation questions that require engagement with a broad group of interested stakeholders, including, but not limited to individuals with lived experience in foster care, parents/guardians, foster parents, county and tribal social service agencies, and advocates for children and families impacted by the child protected system. Funding is needed to support this important research, engagement and planning process.

Proposal:

This proposal would provide six new FTEs to expand the adolescent services and permanency units. The department will intentionally recruit adults with recent lived experience for two of the new positions. Other provisions in the proposal are:

STAY in the Community: (previously known as the Healthy Transition to Adulthood (HTA) and the Healthy Transition and Homeless Prevention (HTHP) programs) will be expanded statewide. This will allow the department to provide services equitably to the overrepresented communities of African American, American Indian and lesbian, gay, bisexual, transgender and queer (LGBTQ+) youth, as well as youth living in rural Minnesota, where there is often a shortage of services and shelter. In 2015, federal law increased the age range of children served by STAY. However, despite expanding the program to more children, funding has not changed since 2006. Currently, there are over 9,000 youth eligible for services in Minnesota. Historically, Minnesota has served less than a third of the eligible youth. Additional funding will allow the department to serve more youth, offer the program statewide, and provide culturally specific programming to African American, American Indian, and LGBTQ+ youth. Annually this grant serves approximately 3,000 youth, this increase would support services to 6,000 eligible youth.

Cost: \$1,958,000 in FY 2024 and \$2,095,000 in FY 2025 and annually thereafter.

Support Beyond 21: As explained above, this would be a new program. It would provide one year of additional financial support for youth transitioning out of extended foster care through a step-down model. This program would be administered through a grantee that will not only distribute the financial assistance, but would provide additional resources including information regarding financial literacy. This program is expected to serve approximately 175 youth per year.

Cost: \$600,000 for FY 2024 and \$1,200,000 in FY 2025 and annually thereafter.

Minor Connect: This proposal would establish the Minor Connect program. This program serves youth ages 15 to 17 that are experiencing homelessness without a parent or legal guardian. Minors on their own are some of the least visible and most vulnerable people who experience homelessness. For example, the Minnesota 2018 Point-in-Time count identified 26 youth under age 18 in Hennepin County who experienced homelessness on their own. Yet, from March 1, 2018 to June 30, 2020, the pilot operating in Hennepin County received referrals for 156 minors. This indicates there is likely an undercount of these youth. This proposal would expand this program to two to three Tribes or counties across the state. Expanding this program would serve youth that are not currently being served and are at a very high risk of poor outcomes and homelessness.

Cost: \$800,000 per fiscal year for program administration and one FTE to coordinate the program for the department.

Reduce worker caseloads: County and tribal child welfare caseloads are too high. This proposal would provide funding for additional county and tribal child welfare staff to work with youth in extended foster care. The additional funding would reduce caseload sizes for counties and tribes that participate in Minnesota's American Indian Child Welfare Initiative. Smaller caseloads will improve outcomes for youth in the foster care system by ensuring workers have adequate time to provide these youth with services. Funds would be allocated through an application process. Caseworkers that are working with at least one youth in extended foster care, and those that have a caseload of over 15 children/youth would be eligible to apply. Priority will be given to those with the highest caseloads.

Cost: \$3,000,000 in FY 2024 and annually thereafter for program costs and one FTE to manage the grants.

Recruitment FTE and PPAI expansion: The proposal would also provide additional resources for county and tribal permanency efforts through increased PPAI contract amounts. Additional PPAI funding would expand services to include child-specific recruitment services and TPLPC arrangements for prospective relative caregivers and child-specific recruitment services. More funding for PPAI contracts would assist county and tribal agencies to achieve permanency and increase the number of relative and kin placement rates. In addition, county case managers often have high caseloads affecting the ability to provide extensive child-specific recruitment services to youth in need of permanency. Ensuring all children and youth, ages six to 21, have equitable access to effective child-specific recruitment strategies and services will help reduce the number of children who remain in foster care well into adolescence, reduce permanency timelines, and reduce the number of children who age out of foster care without having achieved permanency.

Cost: \$770,000 per year for program costs and one FTE to manage the grant.

Hire adults with recent lived experience: The department's policy on adolescent safety, permanency and well-being lacks the voice of individuals with recent lived experience. These young adults would assist the adolescent services unit on addressing poor outcomes by analyzing data, informing the department on policies and lived experience. The young adults would assist with the Youth Leadership Councils and other grants provided through the Adolescent Services Unit. This proposal would enable the department to add much-needed staff to support the Adolescent Safety and Permanency units. The department would recruit and hire adults with recent lived experience to fill two FTE positions. This will better ensure policies developed are grounded in real-life experiences.

Cost: Two FTEs to provide policy and data analysis and program consultation.

Hire an adolescent services unit supervisor: This position would supervise 4 existing staff who provide policy and grant management for the Chafee (STAY programs), Education and Training Vouchers, Extended Foster care, Independent Living Plan, 180-Day Transition Plan, Credit Reports, National Youth in Transition Database (NYTD) and minor parent, as well as the five new positions in this proposal.

Cost: One FTE to supervise the adolescent services unit.

Use of federal funds for children in out-of-home placement

This proposal includes funding for the department to work with an external contractor to complete a comprehensive research and engagement process to develop a plan for using SSI and RSDI funds in the best interests of children in out-of-home placement. The agency will provide a report to the legislature that includes the research and engagement findings, estimated costs, and recommendations for an implementation plan developed through this process.

Impact on Children and Families:

By hiring young adults with lived experience, the department would develop an increased understanding of foster youths' needs. This would enable the department to focus on improving services and outcomes for youth. The department will increase oversight of adoption recruitment services for older youth and provide education and technical assistance to county, tribal, as well as private child-placing agencies on permanency. Expanding the STAY program statewide would better ensure youth throughout the state have access to independent living services. Establishing the Minor Connect program would support needed services for unaccompanied minors who are currently not being served. The establishment of the Support Beyond 21 Program will provide an additional year of financial support to youth exiting extended foster care, helping prevent homelessness. Reduce caseload sizes for counties and Initiative Tribes would better ensure caseworkers have adequate time support youth in extended foster care. Expansion of PPAI services would ensure more relative caregivers receive adoption services and consideration as a permanency resource for children and youth waiting in care, to include adoption and TPLPC. In addition, increasing department oversight of all recruitment services provided to older youth waiting in foster care would help ensure equitable access to thorough recruitment services for all youth in foster care. Overall, this proposal will create better outcomes for older youth as they leave foster care.

Equity and Inclusion:

Minnesota has some of the nation's highest racial disparities within the child welfare system. American Indian children were 16.4 times more likely, African American children more than 2.4 times, and those identified as two or more races were 6.8 times more likely than white children to experience care, based on Minnesota population estimates from 2019. These same children remain in foster care longer than white children do. Research shows LGBTQ+ youth are overrepresented within the child welfare system. Minnesota does not collect data on the number of foster youth who identify as LGBTQ+, however, some studies have found that about 30 percent of youth in foster care identify as LGBTQ+.⁶ There is also an over-representation of youth with disabilities. Approximately 25 percent of youth entering care in 2020 and approximately 31 percent of youth continuing in care had an identified disability that further impairs their ability to achieve and sustain stable employment and housing. Homelessness is a race equity issue. American Indian, African American and youth in the LGBTQ+ community are overrepresented among people experiencing homelessness.

This proposal would better ensure that more children of color and American Indian children would achieve permanency through adoption or TPLPC with relatives and kin than they do now. Expanding services for youth would better ensure the entire state has access to independent living services, and that culturally specific programming would be available for children of color and American Indian children, and LGBTQ+ youth. During the previous Minor Connect pilot, 61 percent of the youth served identified as African American. Providing services and resources to older foster youth would help prevent homelessness for this population in which African American youth are over-represented.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
 No

This recommendation will benefit Tribes because they will have an opportunity to apply for funding to decrease their caseloads for those working with youth in extended foster care. The department would provide funding to Initiative Tribes in order to hire staff, ensuring manageable caseloads. It will not increase expenditures for tribes; however, it will provide additional support for Tribal case management for the youth they serve. In addition, the other provisions of this proposal will provide statewide access to community services provided through state

⁶ <https://youth.gov/youth-topics/lgbtq-youth/child-welfare#:~:text=Studies%20have%20found%20that%20about,youth%20not%20in%20foster%20care>.

grants and additional programming after age 21. The ability for PPAI agencies to expand services will assist tribal staff in their efforts to achieve permanency for children and youth on their caseload by increasing engagement with relatives and providing additional placement supports. Tribal staff who are involved in PPAI cases will need to be actively engaged in the review process, including development and implementation of a new plan or new plan components.

Impacts to Counties:

There will be a positive impact on counties because they will have an opportunity to apply for funding to decrease their caseloads for those working with youth in extended foster care. The department would provide funding to counties in order to hire staff, ensuring manageable caseloads. It will not increase expenditures for counties; however, it will provide additional supports from the state for case management services the youth receive from the local agency. In addition, the other provisions of this proposal will provide statewide access to community services provided through state grants and additional programming after age 21. All of these efforts are to improve outcomes for older youth in and/or transitioning out of foster care. The ability for PPAI agencies to expand services will assist county staff in their efforts to achieve permanency for youth on their caseload, increase engagement with relatives and provide additional placement supports. County staff who are involved in PPAI cases will need to be actively engaged in the review process, including development and implementation of a new plan or new plan components.

IT Costs:

Not applicable.

Results:

- PPAI: Currently, the PPAI program monitors PPAI performance on the following measures: amount of contract funding utilization, number of adoptive placements, number of relative engagement services, number of relative and non-relative adoption home studies completed, number of child-specific recruitment services provided, permanency outcomes for youth receiving child-specific recruitment services, number of adoptive placement disruptions, and number of post-adoption services completed.
- STAY in the Community: Currently, the program monitors performance on the following measures: number of youth served; number of independent living plans; number of group and individual independent living skills sessions; youth outcomes regarding homelessness, incarceration, parenting, substance abuse, education, employment, permanent connections, transportation, financial literacy, housing, preventative health activities, and social-emotional wellness.
- Minor Connect: The Minor Connect pilot began in 2018 and ended in 2020. The goal of Minor Connect is to provide minors with housing stability, such as living with parents, relatives, supportive friends, or supportive housing programs. Too often minors find themselves in unstable housing situations, such as couch hopping, staying in shelters or living in the streets. This table shows the housing situations when minors entered the Minor Connect pilot and when the Minor Connect pilot ended:

Housing	Intake*	Discharge**	Ongoing services***
Living with parents	10%	28%	16%
Living with relatives		16%	21%
Living with friends		17%	18%
Couch hopping with family/friends	60%	1%	
Shelter	21%	2%	5%
Unsheltered	2%		5%
Transitional living program	1%	2%	8%
Host home		4%	8%
Permanent supportive housing		15%	8%
Market rate rental			5%

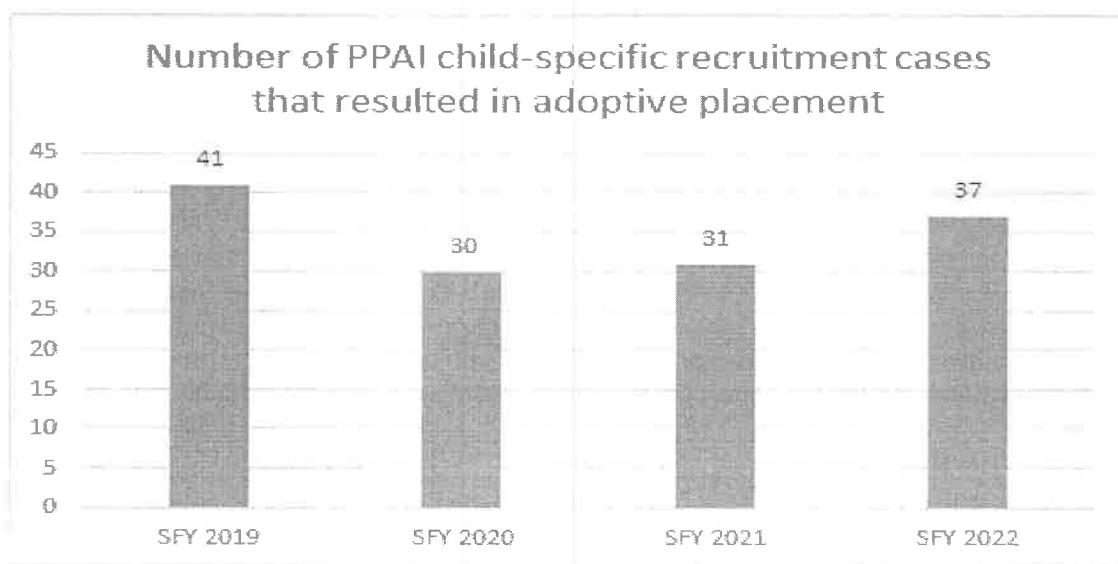
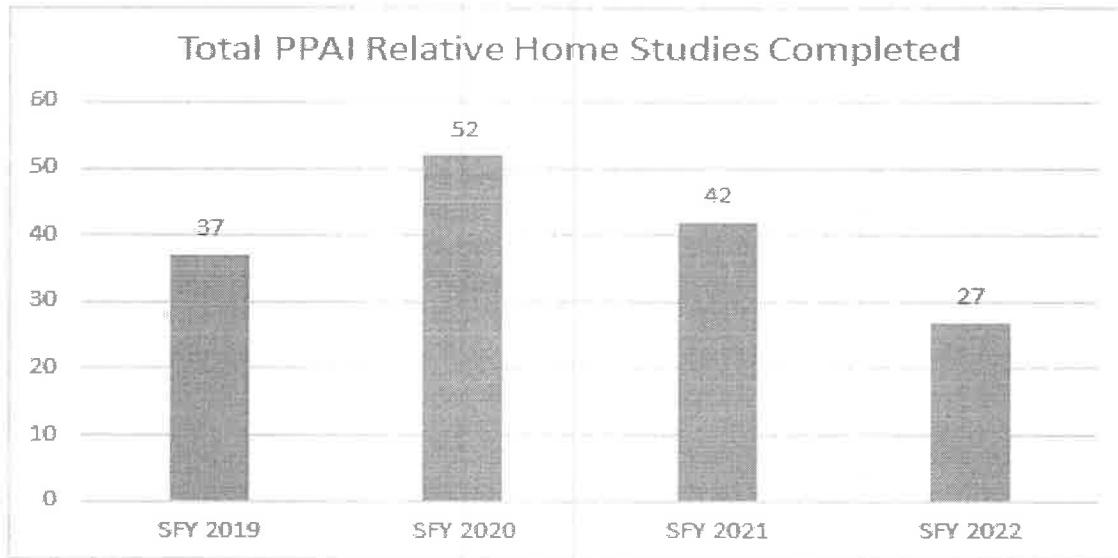
Housing	Intake*	Discharge**	Ongoing services***
College campus		1%	3%
Other	7%	13%	3%
Not recorded		2%	

*N=156

**N=118; Discharged from Minor Connect pilot

***N=38; Receiving ongoing services by community provider after pilot

The following tables illustrate:



- Support Beyond 21: Data will be collected on how many youth are being served, as well as a survey at the end of the program to receive feedback from youth directly on the program and how it assisted them in transitioning out of foster care.
- Caseload Sizes: Counties and tribes will have an opportunity to apply for these grants in order to reduce caseload of those working with youth in extended foster care. We will be asking the agencies that receive the grants to provide feedback on how effective the program was in increasing contact and improving

- outcomes for youth aging out of foster care. We are especially interested in ensuring all youth have multiple supportive adults that are committed to assisting these youth in the future.
- Hiring adults with recent lived experience: By hiring adults with lived experience, the department hopes to improve outcomes of youth transitioning out of foster care. This will include better methods and tracking youth that leave foster care without a permanency outcome.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
General Fund			8,158	8,974	17,131	8,974	8,974	17,947
HCAF					-			-
Federal TANF					-			-
Other Fund					-			-
Total All Funds			8,158	8,974	17,131	8,974	8,974	17,947
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
GF	45	STAY in the Community	1,958	2,095	4,053	2,095	2,095	4,190
GF	45	Support Beyond 21	600	1,200	1,800	1,200	1,200	2,400
GF	45	Minor Connect	800	800	1,600	800	800	1,600
GF	45	Grants to reduce county caseloads	3,000	3,000	6,000	3,000	3,000	6,000
GF	12	SSI/RSDI	500	500	1,000	500	500	1,000
GF	45	Increase to PPAI	770	770	1,540	770	770	1,540
GF	12	Children and Family Services Admin	779	895	1,674	895	895	1,790
GF	REV1	Admin FFP @ 32%	(249)	(286)	(535)	(286)	(286)	(572)
Requested FTE's								
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
GF	12	Children and Family Services Admin	6	6	6	6	6	6

Human Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: New Non-Caregiver Sex Trafficking Response Path

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	85	17	17	17
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	85	17	17	17
FTEs	0	0	0	0

Recommendation:

The Governor recommends investing \$102,000 in the FY 2024-25 biennium and \$34,000 in the FY 2026-27 biennium and ongoing to fund implementation of an enhanced child protection response to reports of child sex trafficking. MN.IT will use these funds for programming the new track in the Social Services Information System (SSIS). There is no base budget for these activities.

Rationale/Background:

Between July 2017 and June 2022, child welfare agencies in Minnesota received 2,340 reports of sex trafficking or sexual exploitation of children.¹ In that time, a total of 73 agencies received reports, and 42 counties received 10 or more reports. Out of the total number of reports, 727 were screened in for a child protection investigation via sex trafficking (350), sexual exploitation (357), or both (20). These investigations included 631 alleged child victims. Based on a random sample review of reports, 19% of these reports allege victimization of youth by parents, guardians, or other relatives, and can be any age (17% under age 12).

In 2015, federal law defined reports of sex trafficking and sexual exploitation, regardless of the relationship between the alleged perpetrator and the youth, as “sexual abuse”.² State law adopted a conforming definition effective May 29, 2017.³ As a result, all reports of child sex trafficking in Minnesota now require a child protection family investigation. For all other maltreatment types, child protection agencies only have authority to investigate reports against alleged offenders who are caregivers, parents, or household members.⁴

A sexual abuse investigation requires that face-to-face contact with a child be made within 24 hours of receiving the report to assess the child’s safety.⁵ In addition, the child protection agency is required to contact the alleged offender and offer the opportunity for an interview. All child protection and law enforcement investigations must be cross-reported and coordinated.

The investigation response was designed for reports involving families and caregivers who live with the child victim. Requiring child welfare contact with the alleged sex trafficker is problematic for youth, families, child welfare staff, and partners. County and tribal child welfare agencies report that contact exposes the victim and can lead to:

¹ Data from the Social Services Information System (SSIS), Minnesota’s statewide automated child welfare information system

² Public Law 114-22, 2015

³ Minn. Stat. § 260E.03.18

⁴ Minn. Stat. § 260E.14, subd. 2

⁵ Minn. Stat. 260E.20, subd. 2

- Retaliation or threats toward the youth and family
- Re-entry into trafficking or exploitation
- Threats to worker safety
- Undermining or jeopardizing the law enforcement investigation of the sex trafficking scheme
- Traumatizing the child and family by notifying the trafficker and exposing them to an investigation of the non-caregiver sex trafficker.

The child welfare system requires a new response track that eliminates the need for contact between the alleged non-caregiver sex trafficker and local child welfare agency staff. This will improve safety outcomes for children and families and provide more victim-responsive services for trafficked youth in Minnesota.

This proposal was developed by the Department of Human Services (department) Child Trafficking and Exploitation Work Group, which includes youth, parents, survivor subject matter experts, advocates, counties, tribes, law enforcement, and other state agencies. The concerns youth had regarding safety and potential harm related to contact with non-caregiver alleged sex traffickers was the paramount issue that guided the creation of the non-caregiver sex trafficking assessment.

Identical legislation creating a new response path for non-caregiver sex trafficking was introduced during the 2020 session as [HF 3780](#) (Edelson)/[SF 3787](#) (Hoffman) and in the 2021 session as [HF 1943](#) (Pinto)/[SF 1729](#) (Hoffman). During the 2022 session, the human services and judiciary/civil law committees in both the House and Senate recommended the bill to pass on unanimous votes.

Proposal:

This proposal creates an enhanced child welfare response that will improve safety and better meet the individualized needs of child victims and their families. This will be accomplished through establishing a new non-caregiver sex trafficking assessment track in Minnesota law.

Through the new track, child welfare agencies will perform an assessment of child safety, risk of subsequent child maltreatment, and strengths and needs of the child and the family. Unlike the current process for all reports of sex trafficking and sexual exploitation, the non-caregiver sex trafficking assessment will not include a determination as to whether child maltreatment occurred but will determine the need for services to address the safety of the child and family members, and the risk of subsequent maltreatment. Law enforcement will handle contact with an alleged trafficker, not the child welfare agency. This response track will be assigned only when sex trafficking by a non-caregiver is alleged. Reports of caregiver sex trafficking will continue to be investigated to determine if maltreatment occurred.

This proposal would be effective August 1, 2024, which allows time for changes to the Social Services Information System (SSIS), Minnesota's statewide automated child welfare system, and for development of guidance and training to support implementation. This cost for this proposal is entirely to pay for updates to SSIS.

Impact on Children and Families:

This proposal will protect the safety of children and families by diverting non-caregiver sex trafficking reports from the family investigation track into the new non-caregiver human trafficking assessment track. Doing so will allow child protection agencies to focus on assessing the safety and service needs of the alleged child victim and their family or caregivers, while law enforcement pursues the criminal investigation.

Equity and Inclusion:

This proposal will improve the child welfare response to trafficking and exploitation of all youth. The new response path is designed for children of all ages and is inclusive of all genders, nationalities, races, cultural backgrounds, political statuses and abilities.

Data from SSIS indicates that there is an over-representation of children of color and American Indian children, who are victims of sex trafficking or sexual exploitation. From June 2017 through April 2022, 13% of child victims in child protection sex trafficking or sexual exploitation investigations were Indian Child Welfare Act (ICWA)-eligible (16% in sex trafficking investigations). National research shows that LGBTQ children (as high as one in four alleged victims), foreign nationals and children living with disabilities are also at high risk for sex trafficking and exploitation.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
 No

Like the impact on county child welfare agencies, the American Indian Child Welfare Initiative tribes would be impacted both during initial implementation of the new assessment response and long term as the caseworkers conduct assessments. Department staff conducted engagement with tribal social services agencies during development of this proposal. This outreach included one-on-one meetings with American Indian community organizations and tribal representatives, trainings and discussions in collaborative tribal councils and networks, and meetings with indigenous survivors of trafficking and exploitation.

Impacts to Counties:

The proposal will require county child welfare staff to modify their screening and intake processes, review new guidance, and access updated training on the new response and documentation. After this initial implementation, the non-caregiver sex trafficking assessment response to non-caregiver sex trafficking reports may decrease the number of caseworker hours per case. This proposal will also reduce potential harm to caseworkers, alleged victims and their families. This proposal does not affect counties financially because they are already required to respond to all reports of sex trafficking.

More than 25 counties have participated in the development of the non-caregiver sex trafficking assessment response over the past five years, largely through the department's Child Trafficking and Exploitation Work Group.

IT Costs

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	140,748	28,150	28,150	28,150	28,150	28,150
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total						
MNIT FTEs	140,748	28,150	28,150	28,150	28,150	28,150
Agency FTEs						

Results:

Since May 29, 2017, the department has collected data regarding the quantity of reports, demographics of victims, and maltreatment determinations. Through the new response path, the department expects to see improved response to reports involving sex trafficking of children and youth, increased safety of the child/youth, clearer roles between local child welfare agencies and law enforcement, and improved assessment and access to comprehensive services for youth and families.

Fiscal Detail

Net Impact by Fund (dollars in thousands)			FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
General Fund			85	17	102	17	17	34
HCAF					-			-
Federal TANF					-			-
Other Fund					-			-
Total All Funds			85	17	102	17	17	34
GF	11	SSIS changes @ 60% state share	85	17	101	17	17	34
		Requested FTE's						
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27

Statutory Change(s):

Multiple in Chapter 260E

Human Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Employment and Income Verification for Public Assistance Programs

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends investing \$2 million in fiscal years 2024-2025 and \$2 million in fiscal years 2026-2027 to support accurate and timely employment and income verification for public assistance program eligibility through a third party contract.

Rationale/Background:

Currently, many large employers use a third party vendor, such as The Work Number (TWN), to provide employment and wage verification to all employee income verification inquiries. Counties are not able to obtain timely income verification for clients employed by these employers without using the third party vendor.

In 2011, the Department of Human Services (DHS) piloted a program with six counties for online income verification, and in 2014 entered into a contract with The Work Number (TWN) to provide online income verification for employees of businesses that used the TWN service. This was used by DHS and its county partners for both healthcare and non-healthcare programs, including Medical Assistance (MA), the Minnesota Family Investment Program (MFIP), the Child Care Assistance Program (CCAP), and the Supplemental Nutrition Assistance Program (SNAP). The costs were primarily covered by a 90% federal contribution made available through Medicaid funds.

Following passage of the Patient Protection and Affordable Care Act, the new Federal Data Services Hub eliminated the need for Minnesota to use the service for a large portion of public health care program recipients. By 2016, Minnesota's public health care programs were largely no longer utilizing TWN, eliminating the primary financial support for the contract DHS had entered into with the vendor. DHS engaged county partners to reassess their use of the tool, and counties responded by indicating that TWN was a critical tool for efficient, timely, and accurate employee income verification.

In addition to the primary use of TWN as a valuable service for CCAP, SNAP, and MFIP verifications, TWN continues to be used as a tool for verifying earned income for those public health care program enrollees whose eligibility is determined outside the IT system that utilizes the Federal Data Services Hub. In particular, TWN is an effective tool to verify income for people enrolled in MA for employed persons with disabilities and for MA for seniors age 65 or older who may supplement retirement income via a part-time job. Following the end of the federal public health emergency, Minnesotans enrolled in health care programs will undergo renewal of their eligibility, as the temporary COVID-19 policies that have permitted continuous coverage end, and programs gradually return to normal policies and operations. For MA cases that do not have access to the Federal Data

Services Hub, TWN will be an important electronic verification tool, enabling eligibility workers to forgo requests for paper paystubs and lifting the burden of providing paper proof from enrollees with earned income.

Due to the continued use of TWN by DHS' county and tribal partners for non-healthcare public programs and for certain MA populations, the funding needed to sustain this effort has exceeded ad-hoc internal funding requests. DHS has continued to support this effort through temporary extensions of its contract with TWN, with the understanding that a permanent funding solution was still needed. Without a permanent funding solution, DHS will need to withdraw financial support for contracting with this third party vendor.

A central contract managed by the state allows for a lower overall cost for electronic income verifications. The current contract is structured based on contracting for a certain number of verifications. The larger the number of verifications purchased, the lower the cost per verification. Costs would be significantly higher if counties had to procure individual contracts for TWN services.

Proposal:

This proposal invests \$2 million in fiscal years 2024-2025 and \$2 million in fiscal years 2026-2027 to provide a partial, ongoing funding solution for DHS' contract with The Work Number (TWN), allowing the service to continue for counties utilizing it as a tool for employee income verifications for non-healthcare public programs and certain MA populations. This funding will partially support continued use of this accurate and timely employee income verification tool for program eligibility through a third party contract. If the contract is higher than this request, counties might be asked to contribute, or the number of hits available in the contract might be reduced. This will result in additional work for counties, and burdens and delays for families.

Year to year changes in the number of transactions purchased from the Work Number have been difficult to predict. However, in recent years, use of the Work Number increased dramatically is expected to continue to grow. Transactions grew by over 20% in both FY 2020 and 2021 and by 43% in FY 2022.

TWN provides wage and employment verification services for many companies nationwide. The list of employers using it as a service is growing, and these employers refer any inquiries for employment verification to TWN. Based on feedback received from DHS' county partners, TWN continues to be a valuable tool: The vendor provides an online service for income verification inquiries, returns all income related to a Social Security Number rather than just income for the specified person and employer, and provides instant results for all employee income verification requests. This proposal addresses continued reliance among counties on ongoing access to these services.

Impact on Children and Families:

TWN is used for a number of public assistance programs serving low-income children and families, including CCAP, MFIP, and SNAP. TWN provides timely and accurate employment and wage verification for DHS' county and tribal partners and serves as an efficient eligibility tool for children and families served by public assistance programs. TWN allows counties and tribes to provide better customer service to low-income children and families in need of assistance and helps ensure that public dollars are supporting qualifying Minnesotans.

Equity and Inclusion:

Racial and ethnic disparities in Minnesota are prevalent across a range of economic measures, including income levels, poverty rates, and rates of unemployment.¹ These economic disparities often mean that people of color and American Indians are disproportionately likely to turn to public assistance programs that help supplement low-incomes and provide a safety net during periods of wage volatility or unemployment. For instance, people of

¹ Minnesota Department of Employment and Economic Development, "Minnesota Economic Disparities by Race and Origin," 2020. https://mn.gov/deed/assets/061020_MN_disparities_final_tcm1045-435939.pdf.